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As filed with the Securities and Exchange Commission on April 7, 2017

Registration No. 333-216000

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

FDO Holdings, Inc.*

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	5211 (Primary Standard Industrial Classification Code Number)	27-3730271 (I.R.S. Employer Identification Number)

**2233 Lake Park Drive
Smyrna, Georgia 30080
(404) 471-1634**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Trevor S. Lang
Executive Vice President and Chief Financial Officer
FDO Holdings, Inc.
2233 Lake Park Drive
Smyrna, Georgia 30080
(404) 471-1634**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)(4)
Class A Common Stock, \$0.001 par value per share	\$150,000,000	\$17,385

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Includes additional shares the underwriters have the option to purchase. See "Underwriting."
- (3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
- (4) Previously paid by the Registrant.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

* FDO Holdings, Inc. is the registrant filing this Registration Statement with the Securities and Exchange Commission. Prior to the date of effectiveness of the Registration Statement, FDO Holdings, Inc. will be renamed Floor & Decor Holdings, Inc. The securities issued to investors in connection with this offering will be shares of Class A common stock in Floor & Decor Holdings, Inc.

Subject to Completion
Preliminary Prospectus dated April 7, 2017

PROSPECTUS

Shares



Floor & Decor Holdings, Inc.
Class A Common Stock

This is Floor & Decor Holdings, Inc.'s initial public offering. We are selling _____ shares of our Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. We expect the public offering price to be between \$ _____ and \$ _____ per share. We intend to apply to list our Class A common stock on the New York Stock Exchange under the symbol "FND."

Following this offering, we will have two classes of common stock outstanding: Class A common stock and Class C common stock. The rights of the holders of our Class A common stock and our Class C common stock are generally identical, except that shares of Class C common stock are non-voting. Our shares of Class C common stock also will automatically convert into shares of our Class A common stock upon certain circumstances. See "Description of Capital Stock—Common Stock—Conversion Rights."

Investing in our Class A common stock involves risks that are described in the "Risk Factors" section beginning on page 18 of this prospectus.

	Per Share	Total
Public offering price	\$ _____	\$ _____
Underwriting discount(1)	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

(1) We refer you to "Underwriting" beginning on page 154 of this prospectus for additional information regarding underwriting compensation.

The underwriters may also exercise their option to purchase up to an additional _____ shares of Class A common stock from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

The shares will be ready for delivery on or about _____, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

BofA Merrill Lynch	Barclays	Credit Suisse	UBS Investment Bank
Goldman, Sachs & Co.	Jefferies	Piper Jaffray	Wells Fargo Securities
	Houlihan Lokey		

The date of this prospectus is _____, 2017.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.



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LOW PRICES**



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SHOP**



**FREE DESIGN
SERVICES**



**EMPOWERED
CULTURE**



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**ON AVERAGE, EACH FLOOR & DECOR STORE
CARRIES OVER 1 MILLION SQ. FT. OF
QUALITY IN-STOCK FLOORING!**



YOU HAVE TO SEE IT TO BELIEVE IT!®

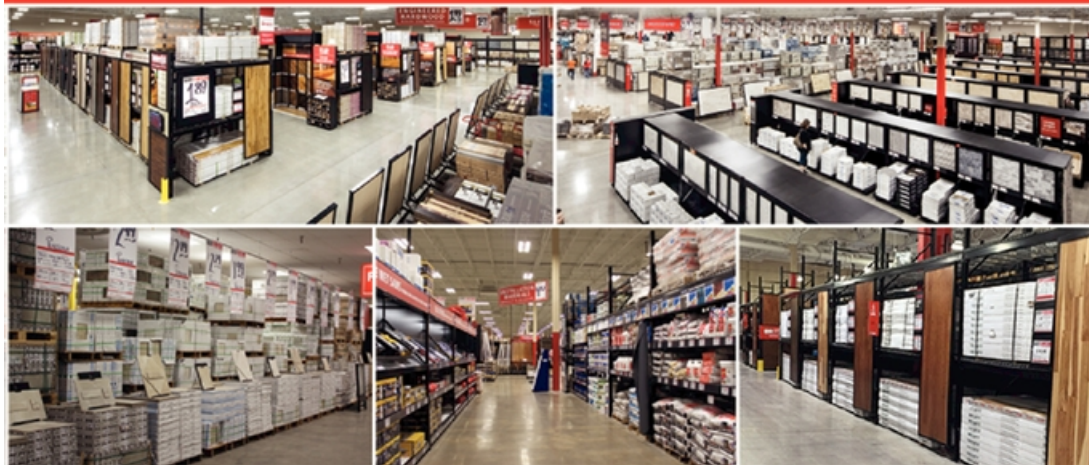


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You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be distributed to you. Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of Class A common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of such free writing prospectus.

Persons who come into possession of this prospectus and any such free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

TRADEMARKS AND TRADE NAMES

This prospectus includes our trademarks and trade names, including Floor & Decor and our logo, which are protected under applicable intellectual property laws and are the property of our wholly owned subsidiary, Floor and Decor Outlets of America, Inc., a Delaware corporation ("F&D"). This prospectus also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks, service marks and trade names referred to in this prospectus may appear without the ® or TM symbols. We do not intend our use or display of other parties' trademarks, service marks or trade names to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

PROSPECTUS SUMMARY

This summary highlights the information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making an investment decision. Some of the statements in this summary constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements."

Prior to the effectiveness of the registration statement of which this prospectus is a part, we were renamed Floor & Decor Holdings, Inc. Except where the context suggests otherwise, the terms "Floor & Decor Holdings, Inc.," "Floor & Decor," the "Company," "we," "us," and "our" refer to Floor & Decor Holdings, Inc., a Delaware corporation formerly known as "FDO Holdings, Inc.," together with its consolidated subsidiaries. Because our Class C common stock generally has identical rights to our Class A common stock (except that Class C common stock is non-voting) and converts into our Class A common stock on a one-to-one basis under certain circumstances, we generally refer to our Class A common stock and Class C common stock collectively herein as our "common stock." Unless indicated otherwise, the information in this prospectus (i) has been adjusted to give effect to a $\frac{1}{2}$ -for-one stock split of our common stock to be effected prior to the consummation of this offering, (ii) assumes that all shares of our Class B common stock are automatically converted on a one-to-one basis into shares of our Class A common stock upon the consummation of this offering pursuant to our restated certificate of incorporation (our "certificate of incorporation") and (iii) assumes the underwriters will not exercise their option to purchase up to an additional $\frac{1}{2}$ shares of our Class A common stock.

Our Company

Founded in 2000, Floor & Decor is a high-growth, differentiated, multi-channel specialty retailer of hard surface flooring and related accessories with 72 warehouse-format stores across 17 states. We believe that we offer the industry's broadest in-stock assortment of tile, wood, laminate and natural stone flooring along with decorative and installation accessories at everyday low prices positioning us as the one-stop destination for our customers' entire hard surface flooring needs.

We appeal to a variety of customers, including professional installers and commercial businesses ("Pro"), Do it Yourself customers ("DIY") and customers who buy the products for professional installation ("Buy it Yourself" or "BIY"). Our Pro customers are loyal, shop often and help promote our brand. The combination of our category and product breadth, low prices, in-stock inventory in project-ready quantities, proprietary credit offerings, free storage options and dedicated customer service positions us to gain share in the attractive Pro customer segment. We believe our DIY customers spend significant time planning their projects while conducting extensive research in advance. We provide our customers with the education and inspiration they need before making a purchase through our differentiated online and in-store experience.

Our warehouse-format stores, which average approximately 72,000 square feet, are typically larger than any of our specialty retail flooring competitors' stores. Other large format home improvement retailers only allocate a small percentage of their floor space to hard surface flooring and accessories. When our customers walk into a Floor & Decor store for the first time, we believe they are amazed by our visual presentation, our store size, our everyday low prices and the breadth and depth of our merchandise. Our stores are easy to navigate and designed to interactively showcase the wide array of designs and product styles a customer can create with our flooring and decorative accessories. We engage our customers both through our trained store associates and designers who can assist in narrowing choices and making the process of home renovation easier, as well as our staff dedicated to serving Pro customers. In addition to our stores, our website *FloorandDecor.com* showcases

our products, offers informational training and design ideas and has our products available for sale, which a customer can pick up in-store or have delivered. Our ability to purchase directly from manufacturers through our direct sourcing model enables us to be fast to market with a balanced assortment of bestseller and unique, hard to find items that are the latest trend-right products. Based on these characteristics, we believe Floor & Decor is redefining and expanding the addressable market size of the hard surface flooring category and that we have an opportunity to significantly expand our store base to approximately 400 stores nationwide within the next 15 years, as described in more detail below.

Over the last five years, we have invested significant resources across our business and infrastructure to support innovation and growth. We believe that these investments will continue to strengthen our customer value proposition and further differentiate Floor & Decor from our competition, positioning us for continued market share gains. We have made significant investments in product innovation across all categories, improving our assortment and seeking to provide more value to our Pro, DIY and BIY customers. We have also invested in technology and personnel to support our stores. From fiscal 2011 to fiscal 2014, our general and administrative expenses and capital expenditures grew at a rate exceeding our net sales growth. We believe that these investments have enabled us to drive successful, scalable growth, as demonstrated by the doubling of our average net sales per store between fiscal 2011 and fiscal 2016 (for all stores open prior to fiscal 2011). We believe that our investment in our business will continue to improve our customer value proposition, differentiating us and strengthening our competitive advantage.

We believe our strong financial results are a reflection of our consistent and disciplined culture of innovation and reinvestment, creating a differentiated business model in the hard surface flooring category, as evidenced by the following:

- eight consecutive years of double digit comparable store sales growth averaging 15.3% per year (and averaging 16.5% per year for fiscal 2012 to fiscal 2016), with a 19.4% increase in fiscal 2016;
- while our newer stores generally have higher comparable store sales growth, our stores opened prior to 2012 averaged comparable store sales growth of 15.5% for fiscal 2016;
- store base expansion from 30 warehouse-format stores at the end of fiscal 2012 to 69 at the end of fiscal 2016, representing a CAGR of 23.1%; we added 12 warehouse-format stores during fiscal 2016, which was a 21.1% growth in units compared to fiscal 2015;
- total net sales growth from \$336.7 million to \$1,050.8 million from fiscal 2012 to fiscal 2016, representing a CAGR of 32.9%;
- net income growth from \$12.8 million to \$43.0 million from fiscal 2012 to fiscal 2016, representing a CAGR of 35.3%;
- Adjusted EBITDA growth from \$32.6 million to \$108.4 million from fiscal 2012 to fiscal 2016, representing a CAGR of 35.1%, which includes significant investments in our sourcing and distribution network, integrated IT systems and corporate overhead to support our future growth. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of

net income to Adjusted EBITDA, see Note 8 to the information contained in "—Summary Consolidated Financial and Other Data."



Our Competitive Strengths

We believe our strengths, described below, set us apart from our competitors and are the key drivers of our success.

Unparalleled Customer Value Proposition. Our customer value proposition is a critical driver of our business. The key components include:

Differentiated Assortment Across a Wide Variety of Hard Surface Flooring Categories. Our stores are generally larger than those of our specialty retail flooring competitors, and we allocate substantially more square footage to hard surface flooring and accessories than large home improvement retailers. We believe we have the most comprehensive in-stock, trend-right product assortment in the industry within our categories with on average approximately 3,500 stock keeping units ("SKUs") in each store. Additionally, we customize our product assortment at the store level for the regional preferences of each market. We have an ongoing product line review process across all categories that allows us to identify and interpret emerging trends in hard surface flooring. We work with our suppliers to quickly introduce new products and styles in our stores. We appeal to a wide range of customers through our "good/better/best" merchandise selection, as well as through our broad range of product styles from classic to modern, as well as new trend-right products. We consistently innovate with proprietary brands and products that appeal to certain customers with over 50 proprietary brands, including AquaGuard® and NuCore®.

Low Prices. We provide everyday low prices in the retail hard surface flooring market. Our merchandising and individual store teams competitively shop each market so that we can offer our flooring products and related accessories at low prices. We also work with our vendors to identify and create new, affordable products in categories traditionally considered high-end to further democratize hard surface flooring by providing a greater number of options to a larger customer base. We believe we are unique in our industry in employing an "everyday low price" strategy, where we strive to offer our products at consistently everyday low prices throughout the year instead of engaging in frequent promotional activities. Our ability to provide these low prices is supported by our direct sourcing model, which strives to eliminate third-party intermediaries and shortens time to market. We believe this strategy creates trust with our Pro, DIY and BIY customers because they consistently receive low prices at Floor & Decor without having to wait for a sale or negotiate to obtain the lowest price.

One-Stop Project Destination with Immediate Availability. Our large in-stock assortment, including decorative and installation accessories, differentiates us from our competitors. Our stores stock job-size quantities to immediately fulfill a customer's entire flooring project. On average, each warehouse-format store carries approximately 3,500 SKUs, which equates to 1.3 million square feet of flooring products or \$2.5 million of inventory at cost. Customers also have access to all of our inventory for in-store pick up or delivery through *FloorandDecor.com*.

Unique and Inspiring Shopping Environment. Our stores average approximately 72,000 square feet and are typically designed with warehouse features, including high ceilings, clear signage, bright lighting and industrial racking and are staffed with knowledgeable store associates. We offer an easy-to-navigate store layout with clear lines of sight and departments organized by our major product categories of tile, wood, laminate, natural stone, decorative accessories and installation accessories. We believe our unique signage, which clearly displays individual product features and benefits, improves the ease of shopping and facilitates customer decision making. We encourage customers to interact with our merchandise, to experiment with potential designs and to see the actual product they will purchase, an experience that is not possible in flooring stores that do not carry in-stock inventory in project-ready quantities. The majority of our stores have design centers that showcase project ideas to further inspire our customers, and we employ experienced designers in all of our stores to provide free design consulting. Additionally, we provide a robust online experience for potential customers on *FloorandDecor.com*. We believe inspiring and educating customers within our stores and on our website provides us with a significant competitive advantage in serving our customers.

Extensive Service Offering to Enhance the Pro Customer Experience. Our focus on meeting the unique needs of the Pro customer, and by extension the BIY customer, drives our estimated sales mix of approximately 60% Pro and BIY customers, which we believe represents a higher percentage than our competitors. We provide an efficient one-stop shopping experience for our Pro customers, offering low prices on a broad selection of high-quality flooring products, deep inventory levels to support immediate availability of our products, modest financial credit, free storage for purchased inventory, the convenience of early store hours and, in most stores, separate entrances for merchandise pick-up. Additionally, each store has a dedicated Pro sales force with technology to service our Pro customer more efficiently, and we have rolled out Pro Zones, which are areas offering a variety of services to Pro customers, in a majority of our stores. We believe by serving the needs of Pro customers, we drive repeat and high-ticket purchases, customer referrals and brand awareness from this attractive and loyal customer segment.

Decentralized Culture with an Experienced Store-Level Team and Emphasis on Training. We have a decentralized culture that empowers managers at the store and regional levels to make key decisions to maximize the customer experience. Our store managers, who carry the title Chief Executive Merchant, have significant flexibility to customize product mix, pricing, marketing, merchandising, visual displays and other elements in consultation with their regional leaders. We tailor the merchandising assortment for each of our stores for local market preferences, which we believe differentiates us from our national competitors that tend to have standard assortments across markets. Throughout the year, we train all of our employees on a variety of topics, including product knowledge, leadership and store operations. We have made important investments in the training and development of our people, including the creation of a full time training department. Approximately 70% of our new store management positions are filled through internal promotions. We also have incentive compensation programs for all employees, regardless of position or title. We believe our decentralized culture and coordinated training foster an organization aligned around providing a superior customer experience, ultimately contributing to higher net sales and profitability.

Sophisticated, Global Supply Chain. Our merchandising team has developed direct sourcing relationships with manufacturers and quarries in over 18 countries. We currently source our products from more than 180 vendors worldwide and have developed long-term relationships with many of them. We often collaborate with our vendors to design and manufacture products for us to address emerging customer preferences that we observe in our stores and markets. We procure the majority of our products directly from the manufacturers, which eliminates additional costs from exporters, importers, wholesalers and distributors. We believe direct sourcing is a key competitive advantage, as many of our specialty retail flooring competitors are too small to have the scale or the resources to work directly with suppliers. Over the past several years, we have established a Global Sourcing and Compliance Department to, among other things, enhance our policies and procedures to address compliance with appropriate regulatory bodies, including compliance with the requirements of the Lacey Act of 1900 (as amended, the "Lacey Act"), the California Air Resources Board ("CARB") and the Environmental Protection Agency ("EPA"). We also utilize third-party consultants for audits, testing and surveillance to ensure product safety and compliance. Additionally, we have invested in technology and personnel to collaborate throughout the entire supply chain process to support our direct sourcing model, which has improved our ability to find, manage and source trend-right merchandise quickly and at lower costs, allowing us to offer products at low prices while maintaining attractive gross margins.

Highly Experienced Management Team with Proven Track Record. Led by our Chief Executive Officer, Tom Taylor, our management team brings substantial expertise from leading retailers and other companies across core functions, including store operations, merchandising, marketing, real estate, e-commerce, supply chain management, finance, legal and information technology. Tom Taylor, who joined us in 2012, spent 23 years at The Home Depot, where he most recently served as Executive Vice President of Merchandising and Marketing with responsibility for all stores in the United States and Mexico. Our Executive Vice President and Chief Merchandising Officer, Lisa Laube, has over 30 years of merchandising and leadership experience with leading specialty retailers, including most recently as President of Party City. Our Executive Vice President and Chief Financial Officer, Trevor Lang, brings more than 20 years of accounting and finance experience, including 17 years of Chief Financial Officer and Vice President of Finance experience at public companies, including most recently as the Chief Financial Officer and Chief Administrative Officer of Zumiez Inc.

Our Growth Strategy

We expect to continue to drive our strong net sales and profit growth through the following strategies:

Open Stores in New and Existing Markets. We believe there is an opportunity to significantly expand our store base in the United States from 72 warehouse-format stores currently to approximately 400 stores nationwide over the next 15 years based on our internal research with respect to housing density, demographic data, competitor concentration and other variables in both new and existing markets. We plan to target new store openings in both existing and new, adjacent and underserved markets. We have a disciplined approach to new store development, based on an analytical, research-driven site selection method and a rigorous real estate approval process. We believe our new store model delivers strong financial results and returns on investment, targeting net sales on average of \$10 million to \$13 million and positive four-wall Adjusted EBITDA (as defined below) in the first year, pre-tax payback (as defined below) in two to three years and cash-on-cash returns (as defined below) of greater than 50% in the third year. On average, our stores opened after 2011 have exceeded this model. Over the past several years, we have made significant investments in personnel, information technology, warehouse infrastructure and connected customer strategies to support our current growth and the expansion of our stores. We intend to grow our store base by approximately 20% annually over the next several years. The performance of our new stores opened over the last three years, the performance of our older stores over that same time frame, our disciplined real estate strategy and the

track record of our management team in successfully opening retail stores support our belief in the significant store expansion opportunity.

Increase Comparable Store Sales. We expect to grow our comparable store sales by continuing to offer our customers a dynamic and expanding selection of compelling, value-priced hard surface flooring and accessories while maintaining strong service standards for our customers. We regularly introduce new products into our assortment through our category product line review process, including collaboration with our vendors to bring to market innovative products such as water-resistant laminates. Because almost half of our stores have been opened for less than three years, we believe they will continue to drive comparable store sales growth as they ramp to maturity. While our newer stores generally have higher comparable store sales growth, our stores opened prior to 2012 averaged comparable store sales growth of 15.5% for fiscal 2016. We believe that we can continue to enhance our customer experience by focusing on service, optimizing sales and marketing strategies, investing in store staff and infrastructure, remodeling existing stores and improving visual merchandising and the overall aesthetic appeal of our stores. We also believe that growing our proprietary credit offering, further integrating connected customer strategies and enhancing other key information technology, will contribute to increased comparable store sales. As we increase awareness of Floor & Decor's brand, we believe there is a significant opportunity to gain additional market share, especially from independent flooring retailers and large format home improvement retailers. We are also adding adjacent categories that align with flooring projects like frameless glass in the bathroom and customized countertops for the kitchen. We believe the combination of these initiatives plus the expected growth of the hard surface flooring category described in more detail under "Our Industry" below will continue to drive strong comparable store sales growth.

Continue to Invest in the Pro Customer. We believe our differentiated focus on Pro customers has created a competitive advantage for us and will continue to drive our net sales growth. We will invest in gaining and retaining Pro customers due to their frequent and high-ticket purchases, loyalty and propensity to refer other potential customers. We have made important investments in the Pro services regional team to better recruit and train the Pro services team in each store, new technology such as integrated customer relationship management ("CRM") software to help us further penetrate and grow our Pro business, dedicated phone lines for our Pro customers to call and text, commercial credit and open account terms, jobsite delivery, a dedicated website for Pro customers, training on technical flooring installation solutions, and tools to facilitate large commercial jobs sourced throughout the store. We plan to further invest in initiatives to increase speed of service, improve financing solutions, leverage technology, elevate our Pro branding, dedicate additional store and regional staffing to support Pro customers and enhance the in-store experience for our Pro customers. We have implemented a "Pro Zone" in a majority of our stores that focuses on the specific needs of the Pro customer. Building on our success in serving the Pro customer, in 2016 we entered the adjacent commercial sales channel, thus increasing the size of the addressable market we serve. Our commercial effort, which we have branded F&D Commercial, initially targets corporate customers with large flooring needs across the hospitality, multi-family and retail sectors. We believe Pro customers will continue to be an integral part of our sales growth, and the commercial channel will provide incremental revenue and profit opportunities in the future.

Expand Our "Connected Customer" Experience. Floor & Decor's online experience allows our Pro, BIY and DIY customers to explore our product selection and design ideas before and after visiting our stores and offers the convenience of making online purchases for delivery or pick up in-store. We believe our online platform reflects our brand attributes and provides a powerful tool to educate, inspire and engage our consumers, and we view our website and multi-channel strategies as leading our brand. Our research indicates that 71% of our shoppers have visited our website. We continuously invest in our connected customer strategies to improve how our customers experience our brand. For example, we regularly update our website, which provides our customers with inspirational

vignettes, videos, products and education. Additional initiatives include: (i) implementing our new CRM to obtain a single view of our customers, (ii) developing personalized content based on location, purchase and browsing history, (iii) developing more relevant content and improved search and purchasing tools to help customers add decorative and installation accessories, (iv) creating frequently asked questions to help customers choose the best product for their jobs and (v) implementing online scheduling tools to access our designers. While the hard surface flooring category has a relatively low penetration of e-commerce sales due to the nature of the product, we believe our connected customer presence represents an attractive growth opportunity to drive consumers to Floor & Decor.

Enhance Margins Through Increased Operating Leverage. Since 2011, we have invested significantly in our sourcing and distribution network, integrated IT systems and corporate overhead to support our growth. We expect to leverage these investments as we grow our net sales. Additionally, we believe operating margin improvement opportunities will include enhanced product sourcing processes and overall leveraging of our store-level fixed costs, existing infrastructure, supply chain, corporate overhead and other fixed costs resulting from increased sales productivity. We anticipate that the planned expansion of our store base and growth in comparable store sales will also support increasing economies of scale.

Recent Developments

Repricing of Term Loan Facility

On March 31, 2017, we entered into a repricing amendment to the credit agreement governing our \$350.0 million senior secured term loan facility maturing on September 30, 2023 (the "Term Loan Facility"). The amendment reduced the margins applicable to our term loan from 3.25% per annum (subject to a leverage-based step-down to 2.75%) to 2.50% per annum (subject to a leverage-based step-down to 2.00%) in the case of base rate loans, and from 4.25% per annum (subject to a leverage-based step-down to 3.75%) to 3.50% per annum (subject to a leverage-based step-down to 3.00%) in the case of LIBOR loans (subject to a 1.00% floor on LIBOR loans), provided that each of the leverage-based step-downs is contingent upon the consummation of our initial public offering. The amount and terms of the Term Loan Facility were otherwise unchanged.

Selected Risks

In considering our competitive strengths, our growth strategy and an investment in our common stock, you should carefully consider the risks highlighted in the section entitled "Risk Factors" following this prospectus summary. In particular, we face the following challenges:

- general economic conditions and discretionary spending by our customers are affected by a variety of factors beyond our control;
- the hard surface flooring industry's dependence on home remodeling activity;
- any failures by us to successfully anticipate trends may lead to loss of consumer acceptance of our products, resulting in reduced net sales;
- challenges posed by our planned new store and distribution center growth or unexpected difficulties encountered during our expansion;
- net sales growth could be adversely affected if comparable store sales growth is less than we expect;
- increased competition in the highly fragmented and competitive hard surface flooring industry, which could cause price declines, decrease demand for our products and decrease our market share;

- the significant capital requirements to fund our expanding business, which may not be available to us on satisfactory terms or at all;
- our dependence on a number of suppliers, any failure by any of them to supply us with quality, regulatory compliant products on terms and prices acceptable to us;
- any failures by us to identify and maintain relationships with a sufficient number of qualified suppliers could harm our ability to obtain products that meet our high quality standards at low prices;
- any failures by us or our suppliers to comply with applicable laws, regulations or our compliance standards;
- changes in trade policy, tax laws and regulations; and
- the continued retention of certain key personnel and our ability to attract, train and retain highly qualified managers and staff.

For information regarding how our leverage affects our business, financial condition and operating results, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Our Industry

Floor & Decor operates in the large, growing and highly fragmented \$10 billion hard surface flooring market (in manufacturers' dollars), which is part of the larger \$20 billion U.S. floor coverings market (in manufacturers' dollars) based on a 2016 study by Catalina Research, Inc., a leading provider of market research for the floor coverings industry (the "Catalina Floor Coverings Report"). We estimate that after the retail markup, we represent only approximately 5% of an estimated \$17 billion market. The competitive landscape of the hard surface flooring market includes big-box home improvement centers, national and regional specialty flooring retailers, and independent flooring retailers. We believe we benefit from growth in the overall hard surface flooring market, which, based on the Catalina Floor Coverings Report, grew on average 8% per year from 2012 to 2016 and is estimated to grow on average 5% per year from 2017 through 2021. We believe that growth in the hard surface flooring market has been and will continue to be driven by home remodeling demand drivers such as the aging household inventory, millennials forming households, existing home sales, rising home equity values and the secular shift from carpet to hard surface flooring. In addition, we believe we have an opportunity to increase our market share as our competitors are unable to compete on our combination of price, service and in-stock assortment.

For more than a decade, hard surface flooring has consistently taken share from carpet as a percentage of the total floor coverings market, increasing from 39% of the market in 2002 to 51% in 2015 based on the Catalina Floor Coverings Report. Historically, mix shift towards hard surface flooring has been driven by product innovation, changing consumer preferences, better hygiene qualities, increasing ease of installation and higher durability. Product innovation, which has been aided by the increasing use of technology such as inkjet tile printing, waterproof wood-look flooring and water-resistant laminates, and non-traditional uses of hard surface flooring including walls, fireplaces and patios have increased the size of the hard surface flooring market and has allowed us to better serve customer needs.

Concurrent Transactions—Common Stock Changes

In connection with this offering:

- we will effect a 2-for-one stock split of all classes of our common stock prior to the consummation of this offering;
- all shares of our Class B common stock (which currently are not entitled to vote and which were issued as a result of the exercise of stock options) will be automatically converted on a one-to-one basis into shares of our Class A common stock (and will then be entitled to one vote per share) upon the consummation of this offering pursuant to our certificate of incorporation; and
- all shares of our Class C common stock (which currently are not entitled to vote and will remain non-voting shares) will remain outstanding and non-voting, but will generally participate equally with our shares of Class A common stock in all other respects following the consummation of this offering.

We refer to these changes herein as the "Common Stock Changes." All shares of Class A common stock offered to the public pursuant to this prospectus will be entitled to one vote per share and no other class of common stock is entitled to any votes per share. See "Description of Capital Stock" for more information.

Our Sponsors

Upon the closing of this offering, Ares Corporate Opportunities Fund III, L.P. ("Ares"), a fund affiliated with Ares Management, L.P. ("Ares Management"), will beneficially own, in the aggregate, approximately 10% of our outstanding Class A common stock and FS Equity Partners VI, L.P. and FS Affiliates VI, L.P., funds affiliated with Freeman Spogli Management Co., L.P. (collectively "Freeman Spogli" or "Freeman Spogli & Co." and together with Ares, our "Sponsors"), will beneficially own, in the aggregate, approximately 10% of our outstanding Class A common stock and 100% of our outstanding Class C common stock. These amounts compare to approximately 10% of our outstanding Class A common stock represented by the shares sold by us in this offering, assuming no exercise of the underwriters' option to purchase additional shares. As a result, these stockholders acting together, or Ares or Freeman Spogli acting alone, will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of us or our assets. Also, our Sponsors may acquire or hold interests in businesses that compete directly with us, or may pursue acquisition opportunities that are complementary to our business, making such acquisitions unavailable to us. The Investor Rights Agreement (as defined in "Certain Relationships and Related Party Transactions") also contains agreements among our Sponsors with respect to voting on the election of directors and board committee membership. See "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Our principal stockholders will continue to have substantial control over us after this offering, will be able to influence corporate matters and may take actions that conflict with your interest and have the effect of delaying or preventing changes of control or changes in management, or limiting the ability of other stockholders to approve transactions they deem to be in their best interest."

Ares Management

Ares Management is a leading global alternative asset manager with approximately \$95.3 billion of assets under management and approximately 930 employees in over 15 offices in the United States, Europe, Asia and Australia as of December 31, 2016. Since its inception in 1997, Ares Management has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares Management believes each of its three distinct but complementary investment groups in Private Equity, Credit and Real Estate is a market leader based on assets under management and investment performance. Ares Management was built upon the fundamental principle that each group benefits from being part of the broader platform.

The Private Equity Group has approximately \$25.0 billion of assets under management as of December 31, 2016, targeting investments in high quality franchises across multiple industries. In the consumer/retail sector, selected current investments include 99 Cents Only Stores LLC, Smart & Final Stores, Inc., Guitar Center Holdings, Inc., Neiman Marcus Group, Inc., Farrow & Ball Ltd., National Veterinary Associates, Inc., Aspen Dental Management, Inc. and the parent company of Serta International and Simmons Bedding Company. Selected prior investments include GNC Holdings, Inc., House of Blues Entertainment, LLC, Maidenform Brands, Inc. and Samsonite Corporation.

Freeman Spogli & Co.

Freeman Spogli & Co. is a private equity firm dedicated exclusively to investing and partnering with management in consumer and distribution companies in the United States. Since its founding in 1983, Freeman Spogli & Co. has invested \$3.8 billion of equity in 56 portfolio companies with aggregate transaction values of \$22 billion.

Corporate and Other Information

Prior to the effectiveness of the registration statement of which this prospectus is a part, we will be renamed Floor & Decor Holdings, Inc. Our principal executive offices are located at 2233 Lake Park Drive, Smyrna, GA 30080, and our telephone number is (404) 471-1634. Our website address is www.FloorandDecor.com. The information contained on our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock.

The Offering

Class A common stock offered by us	shares (plus up to an additional shares of our Class A common stock that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares).
Option to purchase additional shares of Class A common stock	The underwriters have the option for 30 days following the date of this prospectus to purchase up to an additional shares of Class A common stock from us at the initial public offering price less the underwriting discount.
Common stock to be outstanding after this offering	shares (including shares of Class C common stock).
Voting rights	Each holder of our Class A common stock is entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders. Holders of our Class C common stock are not entitled to vote on such matters, except as required under Delaware law. Our stockholders do not have cumulative voting rights.
Use of proceeds	We estimate that the net proceeds we will receive from selling common stock in this offering will be approximately , after deducting the underwriting discount and estimated offering expenses payable by us (or, if the underwriters exercise their option to purchase additional shares of Class A common stock in full, approximately , after deducting the underwriting discount and estimated offering expenses payable by us), based on an assumed public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus. We intend to use all of the net proceeds of this offering to repay a portion of the amounts outstanding under the Term Loan Facility, including accrued and unpaid interest. Any amounts repaid under the Term Loan Facility will not be available for future borrowing following repayment. See "Use of Proceeds."
Reserved share program	The underwriters have reserved up to of the shares of Class A common stock being offered by this prospectus for sale, at the initial public offering price, to our directors, officers, employees and other parties related to us. The sales will be made by Merrill Lynch, Pierce, Fenner & Smith Incorporated through a reserved share program. We do not know if these persons will elect to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available for sale to the general public. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares of our Class A common stock.

Dividend policy

We currently intend to retain all available funds and any future earnings for use in the operation and growth of our business, and therefore we do not currently expect to pay any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on then existing conditions, including our operating results, financial condition, contractual restrictions, capital requirements, business prospects and other factors that our board of directors may deem relevant. In addition, our Credit Facilities (as defined below) contain covenants that restrict our ability to pay cash dividends. See "Dividend Policy."

Risk factors

Investing in shares of our common stock involves a high degree of risk. See "Risk Factors" beginning on page 20 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

Proposed New York Stock Exchange trading symbol

"FND"

Unless otherwise indicated, all information in this prospectus:

- has been adjusted to give effect to the -for-one stock split of our common stock to be effected prior to the consummation of this offering;
- assumes that all shares of our Class B common stock are automatically converted on a one-to-one basis into shares of our Class A common stock upon the consummation of this offering pursuant to our certificate of incorporation; and
- assumes the underwriters will not exercise their option to purchase up to an additional shares of our Class A common stock.

The number of shares of common stock to be outstanding after this offering is based on shares of our common stock outstanding immediately prior to the closing of this offering, and excludes the following:

- shares of common stock issuable upon the exercise of stock options granted under the FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan (as amended, the "2011 Plan") and outstanding immediately prior to the closing of this offering, at a weighted average exercise price of \$ per share; and
- shares of common stock reserved for future issuance under Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan (the "2017 Plan" and, together with the 2011 Plan, the "Incentive Plans"), which we intend to adopt prior to the closing of this offering, subject to stockholder approval.

Summary Consolidated Financial and Other Data

The following tables summarize our financial data as of the dates and for the periods indicated. We operate on a 52- or 53-week fiscal year ending on the Thursday on or preceding December 31. When a 53-week fiscal year occurs, we report the additional week in the fiscal fourth quarter. Fiscal 2012, fiscal 2013, fiscal 2014 and fiscal 2016 included 52 weeks and ended on December 27, 2012 ("fiscal 2012"), December 26, 2013 ("fiscal 2013"), December 25, 2014 ("fiscal 2014") and December 29, 2016 ("fiscal 2016"), respectively. Fiscal 2015 was comprised of 53 weeks and ended on December 31, 2015 ("fiscal 2015"). Fiscal 2017 will include 52 weeks and will end on December 28, 2017 ("fiscal 2017"). The summary historical consolidated statements of operations data for fiscal 2014, 2015 and 2016 and the related summary balance sheet data as of fiscal 2015 and 2016 year end, have been derived from our audited consolidated financial statements and related notes contained elsewhere in this prospectus. The summary historical consolidated statement of operations data for fiscal 2012 and 2013 and the summary balance sheet data as of fiscal 2012, 2013 and 2014 year end have been derived from our audited consolidated financial statements not included in this prospectus. Historical results are not indicative of the results to be expected in the future.

You should read the following information together with the more detailed information contained in "Capitalization," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Information" and our consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

(in thousands, except share and per share amounts)	Fiscal year ended					Pro Forma(2) 12/29/2016
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	Actual 12/29/2016	
Net sales	\$ 336,745	\$ 443,995	\$ 584,588	\$ 784,012	\$ 1,050,759	\$
Cost of sales	202,651	274,172	355,051	471,390	621,497	
Gross profit	134,094	169,823	229,537	312,622	429,262	
Selling & store operating expenses	85,932	106,835	146,485	202,637	271,876	
General & administrative expenses	20,571	30,530	38,984	49,917	64,025	
Pre-opening expenses	1,544	5,196	7,412	7,380	13,732	
Litigation settlement	—	—	—	—	10,500	
Executive severance(3)	—	—	2,975	296	—	
Casualty gain(4)	(1,421)	—	—	—	—	
Operating income	27,468	27,262	33,681	52,392	69,129	
Interest expense	6,528	7,684	8,949	9,386	12,803	
Loss on early extinguishment of debt	—	1,638	—	—	1,813	
Income before income taxes	20,940	17,940	24,732	43,006	54,513	
Provision for income taxes	8,102	6,857	9,634	16,199	11,474	
Net income	\$ 12,838	\$ 11,083	\$ 15,098	\$ 26,807	\$ 43,039	\$
Earnings per share:						
Basic	\$ 49.90	\$ 42.92	\$ 58.38	\$ 103.48	\$ 166.01	\$
Diluted	\$ 49.88	\$ 42.55	\$ 56.73	\$ 99.99	\$ 156.63	\$
Weighted average shares outstanding:						
Basic	257,280	258,232	258,599	259,043	259,251	
Diluted	257,391	260,451	266,148	268,103	274,784	

(in thousands)	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016
Consolidated statement of cash flows data:					
Net cash provided by (used in) operating activities	\$ 23,336	\$ (15,428)	\$ 43,594	\$ 20,380	\$ 89,456
Net cash used in investing activities	(10,709)	(25,056)	(39,069)	(45,021)	(74,648)
Net cash (used in) provided by financing activities	(15,777)	40,487	(4,421)	24,680	(14,675)

(in thousands)	As of December 31, 2015		As of December 29, 2016	
	Actual		Actual	Pro forma(2)
Consolidated balance sheet data:				
Cash and cash equivalents	\$ 318	\$	451	\$
Net working capital	109,565		95,550	
Total assets	748,888		831,166	
Total debt(5)	177,590		390,743	
Total stockholders' equity	312,365		134,283	

	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016(1)
Other financial data:					
Comparable store sales growth	11.7%	22.1%	15.8%	13.5%	19.4%
Number of stores open at the end of the period(6)	31	39	48	58	70
Adjusted EBITDA (in thousands)(7)	\$ 32,572	\$ 36,537	\$ 51,208	\$ 72,868	\$ 108,398
Adjusted EBITDA margin	9.7%	8.2%	8.8%	9.3%	10.3%

- (1) The 53rd week in fiscal 2015 represented \$11.9 million in net sales, an estimated \$2.1 million in operating income and an estimated \$2.2 million in adjusted EBITDA. When presenting comparable store sales for fiscal 2015 and fiscal 2016, we have excluded the last week of fiscal 2015.
- (2) Pro forma figures give effect to the 2016 Refinancing (as defined below), the repricing of our Term Loan Facility, and this offering, as applicable. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.
- (3) Represents costs incurred in connection with separation agreements with former officers.
- (4) Represents casualty gain recorded related to insurance proceeds received as a result of store damage and business interruption for one of our stores.
- (5) Total debt consists of the current and long-term portions of our total debt outstanding, as well as debt discount and debt issuance costs.
- (6) Represents the number of our warehouse-format stores and our one small-format standalone design center.
- (7) EBITDA and Adjusted EBITDA (which are shown in the reconciliations below) have been presented in this prospectus as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization. We define Adjusted EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. Reconciliations of these measures to the equivalent measures under GAAP are set forth in the table below.

EBITDA and Adjusted EBITDA are key metrics used by management and our board of directors to assess our financial performance and enterprise value. We believe that EBITDA and Adjusted EBITDA are useful measures, as they eliminate certain expenses that are not indicative of our core operating performance and facilitate a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine covenant compliance with respect to our Credit Facilities, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. EBITDA and Adjusted EBITDA are also used by analysts, investors and other interested parties as performance measures to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are non-GAAP measures of our financial performance and should not be considered as alternatives to net income as a measure of financial performance, or any other performance measure derived in accordance with GAAP and they should not be

construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of liquidity or free cash flow for management's discretionary use. In addition, these non-GAAP measures exclude certain non-recurring and other charges. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine EBITDA and Adjusted EBITDA, such as stock compensation expense, loss (gain) on asset disposal, executive recruiting/relocation, and other adjustments. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of EBITDA and Adjusted EBITDA differ among companies in the retail industry, and therefore EBITDA and Adjusted EBITDA disclosed by us may not be comparable to the metrics disclosed by other companies.

The reconciliations of net income to EBITDA and Adjusted EBITDA for the periods noted below are set forth in the table as follows:

(in thousands)	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016
Net income	\$ 12,838	\$ 11,083	\$ 15,098	\$ 26,807	\$ 43,039
Depreciation and amortization(a)	4,641	6,362	11,073	16,794	25,089
Interest expense	6,528	7,684	8,949	9,386	12,803
Loss on early extinguishment of debt(b)	—	1,638	—	—	1,813
Income tax expense	8,102	6,857	9,634	16,199	11,474
EBITDA	32,109	33,624	44,754	69,186	94,218
Stock compensation expense(c)	978	1,869	2,323	3,258	3,229
Loss on asset disposal(d)	157	656	148	128	451
Executive severance(e)	—	—	2,975	296	—
Executive recruiting/relocation(f)	751	54	—	—	—
Legal settlement(g)	—	—	—	—	10,500
Casualty gain(h)	(1,421)	—	—	—	—
Other(i)	(2)	334	1,008	—	—
Adjusted EBITDA	<u>\$ 32,572</u>	<u>\$ 36,537</u>	<u>\$ 51,208</u>	<u>\$ 72,868</u>	<u>\$ 108,398</u>

- (a) Net of amortization of tenant improvement allowances and excludes deferred financing amortization, which is included as a part of interest expense in the table above.
- (b) Loss recorded as a result of the prepayment of our Subordinated Notes in 2013, as well as the non-cash write-off of certain deferred financing fees related to the refinancing of term and revolver borrowings in 2013 and 2016.
- (c) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on timing of awards and forfeitures.
- (d) For fiscal years ended December 27, 2012, December 25, 2014, December 31, 2015 and December 29, 2016, the losses related primarily to assets retired in connection with significant store remodels. For the fiscal year ended December 26, 2013, the loss was primarily related to the write-off of certain software previously acquired.

- (e) Represents one-time costs incurred in connection with separation agreements with former officers.
- (f) Represents costs incurred to recruit and relocate members of executive management.
- (g) Legal settlement related to classwide settlement to resolve a lawsuit.
- (h) Represents casualty gain recorded related to insurance proceeds received as a result of store damage and business interruption at one of our stores.
- (i) Other adjustments include amounts management does not consider indicative of our core operating performance. Amounts in fiscal 2014 relate primarily to costs in connection with a proposed initial public offering.

RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this prospectus, including our consolidated financial statements and the related notes thereto, before making an investment decision. The risks and uncertainties set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and operating results. If any of the following events occur, our business, financial condition and operating results could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

Our business, financial condition and operating results are dependent on general economic conditions and discretionary spending by our customers, which in turn are affected by a variety of factors beyond our control. If such conditions deteriorate, our business, financial condition and operating results may be adversely affected.

Our business, financial condition and operating results are affected by general economic conditions and discretionary spending by our customers. Such general economic conditions and discretionary spending are beyond our control and are affected by, among other things:

- consumer confidence in the economy;
- unemployment trends;
- consumer debt levels;
- consumer credit availability;
- data security and privacy concerns;
- the housing market, including housing turnover and whether home values are rising or declining;
- energy prices;
- interest rates and inflation;
- price deflation, including due to low-cost imports;
- slower rates of growth in real disposable personal income;
- natural disasters and unpredictable weather;
- national security concerns and other geopolitical risks;
- trade relations and tariffs;
- tax rates and tax policy; and
- other matters that influence consumer confidence and spending.

If such conditions deteriorate, our business, financial condition and operating results may be adversely affected. In addition, increasing volatility in financial and capital markets may cause some of the above factors to change with a greater degree of frequency and magnitude than in the past.

The hard surface flooring industry depends on home remodeling activity and other important factors.

The hard surface flooring industry is highly dependent on the remodeling of existing homes, businesses and, to a lesser extent, new home construction. In turn, remodeling and new home construction depend on a number of factors that are beyond our control, including interest rates, tax policy, trade policy, employment levels, consumer confidence, credit availability, real estate prices,

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existing home sales, demographic trends, weather conditions, natural disasters and general economic conditions. In particular:

- the national economy or any regional or local economy where we operate could weaken;
- home-price appreciation could slow or turn negative;
- regions where we have stores could experience unfavorable demographic trends;
- interest rates could rise;
- credit could become less available;
- tax rates and/or health care costs could increase; or
- fuel costs or utility expenses could increase.

Any one or a combination of these factors could result in decreased demand for our products, reduce spending on homebuilding or remodeling of existing homes or cause purchases of new and existing homes to decline. While the vast majority of our net sales are derived from home remodeling activity as opposed to new home construction, a decrease in any of these areas would adversely affect our business, financial condition and operating results.

Any failure by us to successfully anticipate trends may lead to loss of consumer acceptance of our products, resulting in reduced net sales.

Each of our stores is stocked with a customized product mix based on consumer demands in a particular market. Our success therefore depends on our ability to anticipate and respond to changing trends and consumer demands in these markets in a timely manner. If we fail to identify and respond to emerging trends, consumer acceptance of our merchandise and our image with current or potential customers may be harmed, which could reduce our net sales. Additionally, if we misjudge market trends, we may significantly overstock unpopular products, incur excess inventory costs and be forced to reduce the sales price of such products or incur inventory write-downs, which would adversely affect our operating results. Conversely, shortages of products that prove popular could also reduce our net sales through missed sales and a loss of customer loyalty.

If we fail to successfully manage the challenges that our planned new store growth poses or encounter unexpected difficulties during our expansion, our operating results and future growth opportunities could be adversely affected.

We have 72 warehouse-format stores and one small-format standalone design center located throughout the United States as of March 20, 2017. We plan to open an additional 11 stores in 2017 and to increase the number of new stores that we open during each of the next several years thereafter. This growth strategy and the investment associated with the development of each new store may cause our operating results to fluctuate and be unpredictable or decrease our profits. We cannot ensure that store locations will be available to us, or that they will be available on terms acceptable to us. If additional retail store locations are unavailable on acceptable terms, we may not be able to carry out a significant part of our growth strategy or our new stores' profitability may be lower. Our future operating results and ability to grow will depend on various other factors, including our ability to:

- successfully select of new markets and store locations;
- negotiate leases on acceptable terms;
- attract, train and retain highly qualified managers and staff;
- maintain our reputation of providing quality, safe and compliant products; and
- manage store opening costs.

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In addition, the availability of existing large-format retail and mixed use facilities is lower than it has been over the last five years, and occupancy costs are increasing, as well as the initial term of lease commitments. Further, consumers in new markets may be less familiar with our brand, and we may need to increase brand awareness in such markets through additional investments in advertising or high cost locations with more prominent visibility. Stores opened in new markets may have higher construction, occupancy or operating costs, or may have lower net sales, than stores opened in the past. In addition, laws or regulations in these new markets may make opening new stores more difficult or cause unexpected delays. Newly opened stores may not succeed or may reach profitability more slowly than we expect, and the ramp-up to profitability may become longer in the future as we enter more markets and add stores to markets where we already have a presence. Future markets and stores may not be successful and, even if they are successful, our comparable store sales may not increase at historical rates. To the extent that we are not able to overcome these various challenges, our operating results and future growth opportunities could be adversely affected.

Increased competition could cause price declines, decrease demand for our products and decrease our market share.

We operate in the hard surface flooring industry, which is highly fragmented and competitive. We face competition from large home improvement centers, national and regional specialty flooring chains, Internet-based companies and independent flooring retailers. Among other things, we compete on the basis of breadth of product assortment, low prices, and the in-store availability of the products we offer in project- ready quantities, as well as the quality of our products and customer service. As we expand into new and unfamiliar markets, we may experience different competitive conditions than in the past.

Some of our competitors are organizations that are larger, are better capitalized, have existed longer, have product offerings that extend beyond hard surface flooring and related accessories and have a more established market presence with substantially greater financial, marketing, personnel and other resources than we have. In addition, while the hard surface flooring category has a relatively low threat of new internet-only entrants due to the nature of the product, the growth opportunities presented by e-commerce could outweigh these challenges and result in increased competition. Competitors may forecast market developments more accurately than we do, offer similar products at a lower cost or adapt more quickly to new trends and technologies or evolving customer requirements than we do. Further, because the barriers to entry into the hard surface flooring industry are relatively low, manufacturers and suppliers of flooring and related products, including those whose products we currently sell, could enter the market and start directly competing with us. Intense competitive pressures from any of our present or future competitors could cause price declines, decrease demand for our products and decrease our market share. Also, if we continue to grow and become more well-known, other companies may change their strategies to present new competitive challenges. Moreover, in the future, changes in consumer preferences may cause hard surface flooring to become less popular than other types of floor coverings. Such a change in consumer preferences could lead to decreased demand for our products.

All of these factors may harm us and adversely affect our net sales, market share and operating results.

Any disruption in our distribution capabilities or our related planning and control processes may adversely affect our business, financial condition and operating results.

Our success is highly dependent on our planning and distribution infrastructure, which includes the ordering, transportation and distribution of products to our stores and the ability of suppliers to meet distribution requirements. We also need to ensure that we continue to identify and improve our processes and supply chain and that our distribution infrastructure and supply chain keep pace with our

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anticipated growth and increased number of stores. The cost of these enhanced processes could be significant and any failure to maintain, grow, or improve them could adversely affect our business, financial condition and operating results. Due to our rapid expansion, we have had to increase the size of our distribution centers. Based on our growth intentions we may need to add additional distribution centers or increase the size of our existing distribution centers in the future. Increasing the size of our distribution centers may decrease the efficiency of our distribution costs.

We took over management of our four distribution centers in 2014 from independent third-party logistics providers. We have limited experience managing our distribution centers and cannot assure you that we will be successful in doing so.

In addition, we plan to open a new 1.4 million square foot distribution center near Savannah, Georgia in the fourth quarter of fiscal 2017. The building is currently under construction, and we cannot guarantee that its opening will be on time or on budget. In connection with the opening of that distribution center, we plan to close our existing distribution centers near Savannah, Georgia and Miami, Florida and move those operations to our new facility near Savannah. We expect to close our distribution center near Miami in early 2018. While we complete this transition, we may incur unexpected costs, and our ability to distribute our products may be adversely affected. We recently moved our West Coast distribution center from Carson, California to Moreno Valley, California, incurring related costs of less than \$1.0 million in the first quarter of fiscal 2017. Any disruption in the transition to or operation of our distribution centers could have an adverse impact on our business, financial condition and operating results. In addition, our long-term plan expects that we will be able to sublet a portion of our previously occupied distribution centers. Any failure to do so on favorable terms could have a negative impact on our financial condition and operating results.

Our success is also dependent on our ability to provide timely delivery to our customers. Our business could also be adversely affected if fuel prices increase or there are delays in product shipments due to freight difficulties, inclement weather, strikes by our employees or employees of third-parties involved in our supply chain, or other difficulties. If we are unable to deliver products to our customers on a timely basis, they may decide to purchase products from our competitors instead of from us, which would adversely affect our business, financial condition and operating results.

Our operating results may be adversely affected by fluctuations in material and energy costs.

Our operating results may be affected by the wholesale prices of hard surface flooring products, setting and installation materials and the related accessories that we sell. These prices may fluctuate based on a number of factors beyond our control, including the price of raw materials used in the manufacture of hard surface flooring, energy costs, changes in supply and demand, general economic conditions, labor costs, competition, import duties, tariffs, currency exchange rates, government regulation, duty and other import costs. In particular, energy costs have fluctuated dramatically in the past and may fluctuate in the future. These fluctuations may result in an increase in our transportation costs for distribution from the manufacturer to our distribution centers and from our distribution centers to our retail stores, utility costs for our distribution centers and retail stores and overall costs to purchase products from our suppliers.

We may not be able to adjust the prices of our products, especially in the short-term, to recover these cost increases, and a continual rise in such costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could adversely affect our business, financial condition and operating results.

Our future success is dependent on our ability to execute our business strategy effectively and deliver value to our customers.

We believe our future success will depend on our ability to execute our business strategy effectively and deliver value to our customers. We believe that our breadth of product assortment

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across a variety of hard surface flooring categories, low prices, and in-store availability of the products we offer in project-ready quantities, as well as the quality of our products and customer service, are among the key competitive advantages and important elements of our total value proposition. If we are unsuccessful in staying competitive with our current value proposition, the demand for our products would decrease, and customers may decide to purchase products from our competitors instead of us. If this were to occur, our net sales, market share and operating results would be adversely affected.

Our operating results may be adversely affected if we are not successful in managing our inventory.

We currently maintain a high level of inventory consisting of on average approximately 3,500 SKUs per store and an average inventory per store of approximately \$2.5 million at cost in order to have a broad assortment of products across a wide variety of hard surface flooring categories in project-ready quantities. We also carry an additional \$84.5 million of inventory outside our stores, primarily at our distribution centers as of December 29, 2016. The investment associated with this high level of inventory is substantial, and efficient inventory management is a key component of our business success and profitability. If we fail to adequately project the amount or mix of our inventory, we may miss sales opportunities or have to take unanticipated markdowns or hold additional clearance events to dispose of excess inventory, which will adversely affect our operating results.

In the past, we have incurred costs associated with inventory markdowns and obsolescence. Due to the likelihood that we will continue to incur such costs in the future, we generally include an allowance for such costs in our projections. However, the costs that we actually incur may be substantially higher than our estimate and adversely affect our operating results.

We continue to focus on ways to reduce these risks, but we cannot assure you that we will be successful in our inventory management.

Our operating results may be adversely affected by inventory shrinkage and damage.

We are subject to the risk of inventory shrinkage and damage, including the damage or destruction of our inventory by natural disasters or other causes. We have experienced charges in the past, and we cannot assure you that the measures we are taking will effectively address the problem of inventory shrinkage and damage in the future. Although some level of inventory shrinkage and damage is an unavoidable cost of doing business, we could experience higher-than-normal rates of inventory shrinkage and damage or incur increased security and other costs to combat inventory theft and damage. If we are not successful in managing our inventory balances, our operating results may be adversely affected.

If we are unable to enter into leases for additional stores on acceptable terms or renew or replace our current store leases, or if one or more of our current leases is terminated prior to expiration of its stated term, and we cannot find suitable alternate locations, our growth and profitability could be adversely affected.

We currently lease all of our store locations and our store support center. Our growth strategy largely depends on our ability to identify and open future store locations, which can be difficult because our stores generally require at least 50,000 square feet of floor space. Our ability to negotiate acceptable lease terms for these store locations, to re-negotiate acceptable terms on expiring leases or to negotiate acceptable terms for suitable alternate locations could depend on conditions in the real estate market, competition for desirable properties, our relationships with current and prospective landlords, or on other factors that are not within our control. Any or all of these factors and conditions could adversely affect our growth and profitability.

If we are unable to enter into leases to expand our existing store support center and we cannot find suitable alternate locations at an acceptable cost, our financial results could be adversely affected.

The lease for our current store support center in Smyrna, Georgia, which serves as our corporate headquarters, only provides sufficient space to support our projected growth through 2018. We are exploring various alternatives, but if we cannot find an acceptable solution, our financial results could be adversely effected.

Our net sales growth could be adversely affected if comparable store sales growth is less than we expect.

While future net sales growth will depend substantially on our plans for new store openings, our comparable store sales growth is a significant driver of our net sales, profitability and overall business results. Because numerous factors affect our comparable store sales growth, including, among others, economic conditions, the retail sales environment, the home improvement spending environment, housing turnover, housing appreciation, interest rates, the hard surface flooring industry and the impact of competition, the ability of our customers to obtain credit, changes in our product mix, the in-stock availability of products that are in demand, changes in staffing at our stores, cannibalization resulting from the opening of new stores in existing markets, greater cannibalization than we modeled for new stores, lower than expected ramp-up in new store net sales, changes in advertising and other operating costs, weather conditions, retail trends and our overall ability to execute our business strategy and planned growth effectively, it is possible that we will not achieve our targeted comparable store sales growth or that the change in comparable store sales could be negative. If this were to happen, it is likely that overall net sales growth would be adversely affected.

If we fail to identify and maintain relationships with a sufficient number of suppliers, our ability to obtain products that meet our high quality standards at attractive prices could be adversely affected.

We purchase flooring and other products directly from suppliers located around the world. We do not have long-term contractual supply agreements with our suppliers that obligate them to supply us with products exclusively or at specified quantities or prices. As a result, our current suppliers may decide to sell products to our competitors and may not continue selling products to us. In order to retain the competitive advantage that we believe results from these relationships, we need to continue to identify, develop and maintain relationships with qualified suppliers that can satisfy our high standards for quality and safety and our requirements for delivery of flooring and other products in a timely and efficient manner at attractive prices. The need to develop new relationships will be particularly important as we seek to expand our operations and enhance our product offerings in the future. The loss of one or more of our existing suppliers or our inability to develop relationships with new suppliers could reduce our competitiveness, slow our plans for further expansion and cause our net sales and operating results to be adversely affected.

We will require significant capital to fund our expanding business, which may not be available to us on satisfactory terms or at all. If we are unable to maintain sufficient levels of cash flow or if we do not have sufficient availability under the ABL Facility, we may not meet our growth expectations or we may require additional financing, which could adversely affect our financial health and impose covenants that limit our business activities.

We plan to continue investing for growth, including opening new stores, remodeling existing stores, adding staff, adding distribution center capacity and upgrading our information technology systems and other infrastructure. These investments will require significant capital, which we plan on funding with cash flow from operations and borrowings under the ABL Facility (as defined below).

If our business does not generate sufficient cash flow from operations to fund these activities or if these investments do not yield cash flows in line with past performance or our expectations, we may need additional equity or debt financing. If such financing is not available to us, or is not available

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on satisfactory terms, our ability to operate and expand our business or respond to competitive pressures would be curtailed, and we may need to delay, limit or eliminate planned store openings or operations or other elements of our growth strategy. If we raise additional capital by issuing equity securities or securities convertible into equity securities, your ownership would be diluted.

We depend on a number of suppliers, and any failure by any of them to supply us with quality products on attractive terms and prices may adversely affect our business, financial condition and operating results.

We depend on our suppliers to deliver quality products to us on a timely basis at attractive prices. Additionally, we source the products that we sell from over 180 domestic and international suppliers. However, in the future, we may not be able to acquire desired merchandise in sufficient quantities on terms acceptable to us, which may impair our relationship with our customers, impair our ability to attract new customers, reduce our competitiveness and adversely affect our business, financial condition and operating results.

Changes in tax laws, trade policies and regulations or in our operations may impact our effective tax rate and may adversely affect our business, financial condition and operating results.

Changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition and operating results.

Additionally, results of the November 2016 United States elections and reform proposals advanced by the U.S. Congress have introduced greater uncertainty with respect to the deductibility of net interest expense, tax and trade policies, tariffs and government regulations affecting trade between the United States and other countries. We import approximately 68% of the products we sell, including a significant amount of product from China. Major developments in tax policy or trade relations, such as the disallowance of tax deductions for imported merchandise or the imposition of unilateral tariffs on imported products, could have a material adverse effect on our business, results of operations and liquidity. If there are any adverse changes in tax laws or trade policies that result in an increase in our costs, we may not be able to adjust the prices of our products, especially in the short-term, to recover such costs, and a rise in such costs could adversely affect our business, financial condition and operating results.

The failure of our suppliers to adhere to the quality standards that we set for our products could lead to investigations, litigation, write-offs, recalls or boycotts of our products, which could damage our reputation and our brand, increase our costs, and otherwise adversely affect our business.

We do not control the operations of our suppliers. Although we conduct initial due diligence prior to engaging our suppliers and require our suppliers to certify compliance with applicable laws and regulations, we cannot guarantee that our suppliers will comply with applicable laws and regulations or operate in a legal, ethical and responsible manner. Additionally, it is possible that we may not be able to identify noncompliance by our suppliers notwithstanding these precautionary measures. Violation of applicable laws and regulations by our suppliers or their failure to operate in a legal, ethical or responsible manner, could expose us to legal risks, cause us to violate laws and regulations and reduce demand for our products if, as a result of such violation or failure, we attract negative publicity. In addition, the failure of our suppliers to adhere to the quality standards that we set for our products could lead to government investigations, litigation, write-offs and recalls, which could damage our reputation and our brand, increase our costs, and otherwise adversely affect our business.

We procure the majority of our products from suppliers located outside of the United States, and as a result, we are subject to risks associated with obtaining products from abroad that could adversely affect our business, financial condition and results of operations.

We procure the majority of our products from suppliers located outside of the United States. As a result, we are subject to risks associated with obtaining products from abroad, including:

- political unrest, acts of war, terrorism and economic instability resulting in the disruption of trade from foreign countries where our products originate;
- currency exchange fluctuations;
- the imposition of new or more stringent laws and regulations, including those relating to environmental, health and safety matters and climate change issues, labor conditions, quality and safety standards, trade restrictions and restrictions on funds transfers;
- the imposition of new or different duties (including antidumping and countervailing duties), tariffs, taxes and/or other charges on exports or imports, including as a result of errors in the classification of products upon entry or changes in the interpretation or application of rates or regulations relating to the import or export of our products;
- the risk that one or more of our suppliers will not adhere to applicable legal requirements, including fair labor standards, the prohibition on child labor, environmental, product safety or manufacturing safety standards, anti-bribery and anti-kickback laws such as the Foreign Corrupt Practices Act (the "FCPA") and sourcing laws such as the Lacey Act;
- disruptions or delays in production, shipments, delivery or processing through ports of entry (including those resulting from strikes, lockouts, work-stoppages or slowdowns, or other forms of labor unrest);
- changes in local economic conditions in countries where our suppliers are located; and
- differences in product standards, acceptable business practice and legal environments.

Additionally, we import approximately 45% of the products we sell from China. The Chinese government has in the past imposed restrictions on manufacturing facilities, including a shut-down of transportation of materials and power plants to reduce air pollution. If, in the future, restrictions are imposed that include our operations, our suppliers' ability to supply current or new orders would be significantly impacted. These and other factors beyond our control could disrupt the ability of our suppliers to ship certain products to us cost-effectively or at all, expose us to significant operational and legal risk and negatively affect our reputation, any of which could adversely affect our business, financial condition and results of operations.

Our ability to offer compelling products, particularly products made of more exotic species or unique stone, depends on the continued availability of sufficient suitable natural products.

Our business strategy depends on offering a wide assortment of compelling products to our customers. We sell, among other things, flooring made from various wood species and natural stone from quarries throughout the world. Our ability to obtain an adequate volume and quality of hard-to-find products depends on our suppliers' ability to furnish those products, which, in turn, could be affected by many things, including events such as forest fires, insect infestation, tree diseases, prolonged drought, other adverse weather and climate conditions and the exhaustion of stone quarries. Government regulations relating to forest management practices also affect our suppliers' ability to harvest or export timber and other products, and changes to regulations and forest management policies, or the implementation of new laws or regulations, could impede their ability to do so. If our suppliers cannot deliver sufficient products, and we cannot find replacement suppliers, our net sales and operating results may be adversely affected.

Our business exposes us to personal injury, product liability and warranty claims and related governmental investigations, which could result in negative publicity, harm our brand and adversely affect our business, financial condition and operating results.

Our stores and distribution centers are warehouse environments that involve the operation of forklifts and other machinery and the storage and movement of heavy merchandise, all of which are activities that have the inherent danger of injury or death to employees or customers despite safety precautions, training and compliance with federal, state and local health and safety regulations. While we have insurance coverage in place in addition to policies and procedures designed to minimize these risks, we may nonetheless be unable to avoid material liabilities for an injury or death arising out of these activities.

In addition, we face an inherent risk of exposure to product liability or warranty claims or governmental investigations in the event that the use of our products is alleged to have resulted in economic loss, personal injury or property damage or violated environmental or other laws. If any of our products proves to be defective or otherwise in violation of applicable law, we may be required to recall or redesign such products. Further, in such instances, we may be subject to legal action. We generally seek contractual indemnification from our suppliers. However, such contractual indemnification may not be enforceable against the supplier, particularly because many of our suppliers are located outside of the United States. Any personal injury, product liability or warranty claim made against us, whether or not it has merit, or governmental investigation related to our products, could be time-consuming and costly to defend or respond to, may not be covered by insurance carried by us, could result in negative publicity, could harm our brand and could adversely affect our business, financial condition and operating results. In addition, any negative publicity involving our suppliers, employees, and other parties who are not within our control could adversely affect us.

Unfavorable allegations, government investigations and legal actions surrounding our products and us could harm our reputation, impair our ability to grow or sustain our business, and adversely affect our business, financial condition and operating results.

We rely on our reputation for offering great value, superior service and a broad assortment of high-quality, safe products. If we become subject to unfavorable allegations, government investigations or legal actions involving our products or us, such circumstances could harm our reputation and our brand and adversely affect our business, financial condition and operating results. If this negative impact is significant, our ability to grow or sustain our business could be jeopardized.

For example, a *60 Minutes* segment that aired on March 1, 2015 alleged that another retailer of home flooring products sold flooring containing unsafe levels of formaldehyde. Flooring products that use formaldehyde resins, including laminate and engineered flooring, are subject to applicable laws and regulations governing formaldehyde emissions. The *60 Minutes* segment alleged that the retailer's products were falsely labeled as being compliant with the emissions standards of CARB. The report also suggested that the flooring could cause adverse health effects. The retailer became subject to numerous lawsuits and government investigations, including by the Consumer Products Safety Commission.

In December 2015, a similar lawsuit was filed as a putative nationwide class action against our subsidiary F&D. The lawsuit alleged that certain Chinese-manufactured laminate flooring products sold by F&D were falsely labeled as compliant with formaldehyde emissions standards established by CARB. In June 2016, management believed a settlement of the case was both probable and estimable and accrued \$14 million with respect to such case in the second quarter of fiscal 2016. During the third quarter of fiscal 2016, F&D reached an agreement with one of the manufacturers whose products were involved in the case to cover \$3.5 million of our losses related to this lawsuit. We recorded the \$3.5 million receivable as an offset to litigation settlement expenses. Legal expenses incurred in connection with the case were recorded in general & administrative expenses during the period in which they were

incurred. In September 2016, F&D entered into a classwide settlement to resolve the lawsuit. The settlement class was defined as all end users of Chinese-manufactured laminate flooring sold by F&D nationwide between January 1, 2012 and August 1, 2015. As part of the settlement, all settlement class members who did not exclude themselves from the settlement granted F&D a release of all claims arising out of or relating to their purchase of Chinese-manufactured laminate flooring from F&D, with the exception of personal injury claims. The settlement did not involve an admission of liability by F&D. Seven members of the settlement class excluded themselves from the settlement. The settlement was granted final approval by the court on January 10, 2017.

Although the claims asserted against F&D in the December 2015 lawsuit have been resolved, we cannot predict whether we will face additional lawsuits that are not covered by the settlement or the release. If additional lawsuits are filed, we could incur significant costs, be liable for damages, be subject to fines, penalties, injunctive relief, criminal charges or other legal risks, which could reduce demand for our products and adversely affect our business, financial condition and operating results.

Negative publicity surrounding such matters, including publicity about other retailers, may harm our reputation and affect the demand for our products. In addition, if more stringent laws or regulations are adopted in the future, we may have difficulty complying with the new requirements imposed by such laws and regulations, and in turn, our business, financial condition and operating results could be adversely affected. Moreover, regardless of whether any such changes are adopted, we may become subject to claims or governmental investigations alleging violations of applicable laws and regulations. Any such matter may subject us to fines, penalties, injunctions, litigation and/or potential criminal violations. Any one of these results could negatively affect our business, financial condition and operating results and impair our ability to grow or sustain our business.

If we violate or are alleged to have violated environmental, health and safety laws and regulations, we could incur significant costs and other negative effects that could reduce demand for our products and adversely affect our business, financial condition and operating results.

In addition to the applicable laws and regulations discussed above, certain portions of our operations are subject to laws and regulations governing the environmental protection of natural resources and health and safety, including the use, storage, handling, generation, transportation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes. In addition, certain of our products are subject to laws and regulations relating to the importation, exportation, acquisition or sale of certain plants and plant products, including those illegally harvested, and the emissions of hazardous materials.

We operate our business in accordance with standards and procedures designed to comply with the applicable laws and regulations in these areas and work closely with our suppliers in order to comply with such laws and regulations. If we violate or are alleged to have violated these laws, we could incur significant costs, be liable for damages, experience delays in shipments of our products, be subject to fines, penalties, criminal charges or other legal risks, or suffer reputational harm, any of which could reduce demand for our products and adversely affect our business, financial condition and operating results. In addition, there can be no assurance that such laws or regulations will not become more stringent in the future or that we will not incur additional costs in the future in order to comply with such laws or regulations.

We are engaged in various legal actions, claims and proceedings arising in the ordinary course of business and, while we cannot predict the outcomes of such proceedings and other contingencies with certainty, this litigation and any potential future litigation could have an adverse impact on us.

We are engaged in various legal actions, claims and proceedings arising in the ordinary course of business, including claims related to breach of contract, product liabilities, intellectual property matters and employment related matters resulting from our business activities. As with most actions

such as these, an estimate of any possible and/or ultimate liability cannot always be determined. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. Additionally, we cannot guarantee that we will not become engaged in additional legal actions, claims, proceedings or governmental investigations in the future. Any such action could result in negative publicity, harm to our reputation and adversely affect our business, financial condition and operating results.

Labor activities could cause labor relations difficulties for us.

Currently none of our employees are represented by a union; however, our employees have the right at any time to form or affiliate with a union. As we continue to grow, enter different regions and operate distribution centers, unions may attempt to organize all or part of our employee base at certain stores or distribution centers within certain regions. We cannot predict the adverse effects that any future organizational activities will have on our business, financial condition and operating results. If we were to become subject to work stoppages, we could experience disruption in our operations and increases in our labor costs, either of which could adversely affect our business, financial condition and operating results.

Federal, state or local laws and regulations, or our failure to comply with such laws and regulations, could increase our expenses, restrict our ability to conduct our business and expose us to legal risks.

We are subject to a wide range of general and industry-specific laws and regulations imposed by federal, state and local authorities in the countries in which we operate including those related to customs, foreign operations (such as the FCPA), truth-in-advertising, consumer protection (such as the Telephone Consumer Protection Act), privacy, product safety, the environment (such as the Lacey Act), intellectual property infringement, zoning and occupancy matters as well as the operation of retail stores and distribution facilities. In addition, various federal and state laws govern our relationship with, and other matters pertaining to, our employees, including wage and hour laws, laws governing independent contractor classifications, requirements to provide meal and rest periods or other benefits, family leave mandates, requirements regarding working conditions and accommodations to certain employees, citizenship or work authorization and related requirements, insurance and workers' compensation rules and anti-discrimination laws. In recent years, we and other parties in the flooring industry have been or currently are parties to litigation involving claims that allege violations of the foregoing laws, including claims related to product safety and patent claims. See "—Unfavorable allegations, government investigations and legal actions surrounding our products and us could harm our reputation and impair our ability to grow or sustain our business." In addition, there has been an increase in the number of wage and hour class action claims that allege misclassification of overtime eligible workers and/or failure to pay overtime-eligible workers for all hours worked, particularly in the retail industry. Although we believe that we have complied with these laws and regulations, there is nevertheless a risk that we will become subject to claims that allege we have failed to do so. Any claim that alleges a failure by us to comply with any of the foregoing laws and regulations may subject us to fines, penalties, injunctions, litigation and/or potential criminal violations, which could adversely affect our reputation, business, financial condition and operating results.

Certain of our products may require us to spend significant time and resources in order to comply with applicable advertising, labeling, importation, exportation, environmental, health and safety laws and regulations because if we violate these laws or regulations, we could experience delays in shipments of our goods, be subject to fines or penalties, be liable for costs and damages or suffer reputational harm, any of which could reduce demand for our merchandise and adversely affect our business, financial condition and operating results.

Any changes to the foregoing laws or regulations or any new laws or regulations that are passed or go into effect may make it more difficult for us to operate our business and in turn adversely affect our operating results.

We may also be subject to audits by various taxing authorities. Similarly, changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition and operating results. In addition, given the nature of our business, certain of our sales are exempt from state sales taxes. If we are audited and fail to maintain proper documentation, any adjustments resulting from such audits could increase our tax liability, including any interest or penalties.

If our efforts to ensure the privacy and security of information related to our customers, us, our employees, our suppliers and other third parties are not successful, we could become subject to litigation, investigations, liability and negative publicity that could significantly harm our reputation and relationships with our customers and adversely affect our business, financial condition and operating results.

Our business, like that of most retailers, involves the receipt, storage and transmission of customers' personal information, consumer preferences and payment card data, as well as other confidential information related to us, our employees, our suppliers and other third parties, some of which is entrusted to third-party service providers and vendors that provide us with technology, systems and services that we use in connection with the receipt, storage and transmission of such information. Cyber-attacks designed to gain access to these types of sensitive information by breaching critical systems of large organizations are constantly evolving, and high profile electronic security breaches leading to unauthorized release of sensitive information have occurred in recent years with increasing frequency at a number of major U.S. companies, including several large retailers, notwithstanding widespread recognition of the cyber-attack threat and improved data protection methods.

Despite our security measures and those of third parties with whom we do business, such as our banks, merchant card processing and other technology vendors, our respective systems and facilities may be vulnerable to criminal cyber-attacks or security incidents due to malfeasance, intentional or inadvertent security breaches by employees, or other vulnerabilities such as defects in design or manufacture. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deception targeted at our customers, employees, suppliers and service providers. Any such incidents could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen.

As noted above, the techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often are not recognized until launched against a target; accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures. In addition, advances in computer capabilities, new technological discoveries or other developments may also compromise or result in the obsolescence of the technology used to protect sensitive information. An actual or anticipated attack may cause us to incur additional costs, including costs related to diverting or deploying personnel, implementing preventative measures, training employees and engaging third-party experts and consultants. Further, any security breach could expose us to risks of data loss, regulatory and law enforcement investigations, litigation and liability and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation and relationships with our customers and adversely affect our business, financial condition and operating results.

A material disruption in our information systems, including our website and call center, could adversely affect our business or operating results and lead to reduced net sales and reputational damage.

We rely on our information systems to process transactions, summarize our results of operations and manage our business. In particular, our website and our call center are important parts of our integrated connected customer strategy and customers use these systems as information sources on the range of products available to them and as a way to order our products. Therefore, the reliability and capacity of our information systems is critical to our operations and the implementation

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of our growth initiatives. However, our information systems are subject to damage or interruption from planned upgrades in technology interfaces, power outages, computer and telecommunications failures, computer viruses, cyber-attacks or other security breaches and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism and usage errors by our employees. If our information systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer losses of critical data and/or interruptions or delays in our operations. In addition, to keep pace with changing technology, we must continuously implement new information technology systems as well as enhance our existing systems. In particular, in 2017 we intend to implement a new human resources information system, and any disruption in doing so could negatively impact the operation of our business. Moreover, the successful execution of some of our growth strategies, in particular the expansion of our connected customer and online capabilities, is dependent on the design and implementation of new systems and technologies and/or the enhancement of existing systems. Any material disruption in our information systems, or delays or difficulties in implementing or integrating new systems or enhancing or expanding current systems, could have an adverse effect on our business, in particular our call center and online operations, and our operating results and could lead to reduced net sales and reputational damage.

We are subject to payments-related risks that could increase our operating costs, expose us to fraud, subject us to potential liability and potentially disrupt our business.

We accept payments using a variety of methods, including credit cards, debit cards, gift cards and physical bank checks. These payment options subject us to many compliance requirements, including, but not limited to, compliance with the Payment Card Industry Data Security Standards, which represents a common set of industry tools and measurements to help ensure the safe handling of sensitive information. They also subject us to potential fraud by criminal elements seeking to discover and take advantage of security vulnerabilities that may exist in some of these payment systems. For certain payment methods, including credit cards and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards and gift cards, and it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, there is the potential that parties could seek damages from us, we may be liable for card issuing banks' costs, subject to fines and higher transaction fees, and lose our ability to accept credit cards and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, we could lose the confidence of customers and our business, financial condition and operating results could be adversely affected. We may also need to expend significant management and financial resources to become or remain compliant with relevant standards and requirements, which could divert resources from other initiatives and adversely affect our business, financial condition and operating results.

Our facilities and systems, as well as those of our suppliers, are vulnerable to natural disasters and other unexpected events, and as a result we may lose merchandise and be unable to effectively deliver it to our stores.

Our retail stores, store support center and distribution centers, as well as the operations of our suppliers from which we receive goods and services, are vulnerable to damage from earthquakes, tornadoes, hurricanes, fires, floods and similar events. If any of these events result in damage to our facilities, systems or equipment, or those of our suppliers, they could adversely affect our ability to stock our stores and deliver products to our customers, and could adversely affect our net sales and

operating results. In addition, we may incur costs in repairing any damage beyond our applicable insurance coverage. In particular, any disruption to any of our distribution centers could have a material impact on our business.

Material damage to, or interruptions in, our information systems as a result of external factors, staffing shortages and difficulties in updating our existing software or developing or implementing new software could adversely affect our business, financial condition and operating results.

We depend largely upon our information technology systems in the conduct of all aspects of our operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses and security breaches. Damage or interruption to our information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim including issues operating our distribution centers and/or managing our inventory. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology, or with maintenance or adequate support of existing systems, could also disrupt or reduce the efficiency of our operations. Further, the software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner and could adversely affect our business, financial condition and operating results. Any material interruptions or failures in our information systems may adversely affect our business, financial condition and operating results.

As we have a high concentration of stores in the southern region of the United States, we are subject to regional risks.

We have a high concentration of stores in the southern region of the United States. If this market suffers an economic downturn or other significant adverse event, our comparable store sales, net sales, profitability and the ability to implement our planned expansion could be adversely affected. Any natural disaster, extended adverse weather or other serious disruption in this market due to fire, tornado, hurricane, or any other calamity could damage inventory and could result in decreased net sales.

Our success depends substantially upon the continued retention of our key personnel, which we consider to be our executive officers.

We believe that our success has depended and continues to depend to a significant extent on the efforts and abilities of our key personnel, which we consider to be our executive officers. We have employment agreements with each of our executive officers. See "Executive And Director Compensation—Fiscal 2016 Compensation—Elements of Our Executive Compensation Program—Employment Agreements." Our failure to retain members of that team could impede our ability to build on the efforts they have undertaken with respect to our business.

We do not maintain "key man" life insurance policies on our key personnel.

We do not have "key man" life insurance policies for any of our key personnel. If we were to obtain "key man" insurance for our key personnel, there can be no assurance that the amounts of such policies would be sufficient to pay losses experienced by us as a result of the loss of any of those personnel.

Our success depends upon our ability to attract, train and retain highly qualified managers and staff.

Our success depends in part on our ability to attract, hire, train and retain qualified managers and staff. Purchasing hard surface flooring is an infrequent event for BIY and DIY consumers, and the typical consumer in these groups has little knowledge of the range, characteristics and suitability of the products available before starting the purchasing process. Therefore, consumers in the hard surface flooring market expect to have sales associates serving them who are knowledgeable about the entire assortment of products offered by the retailer and the process of choosing and installing hard surface flooring.

Each of our stores is managed by a store manager who has the flexibility (with the support of regional managers) to use his or her knowledge of local market dynamics to customize each store in a way that is most likely to increase net sales and profitability. Our store managers are also expected to anticipate, gauge and quickly respond to changing consumer demands in these markets. Further, it generally takes a substantial amount of time for our store managers to develop the entrepreneurial skills that we expect them to have in order to make our stores successful.

There is a high level of competition for qualified regional managers, store managers and sales associates among home improvement and flooring retailers in local markets, and as a result, we may not succeed in attracting and retaining the personnel we require to conduct our current operations and support our plans for expansion. If our recruiting and retention efforts are not successful, we may have a shortage of qualified employees in future periods. Any such shortage would decrease our ability to effectively serve our customers. Such a shortage would also likely lead to higher wages for employees and a corresponding reduction in our operating results. In addition, as we expand into new markets, we may find it more difficult to hire, develop and retain qualified employees and may experience increased labor costs. Any failure by us to attract, train and retain highly qualified managers and staff could adversely affect our operating results and future growth opportunities.

The effectiveness of our advertising strategy is a driver of our future success.

We believe that our growth was in part a result of our successful investment in local advertising. As we enter new markets that often have more expensive advertising rates, we may need to increase our advertising expenses to broaden the reach and frequency of our advertising to increase the recognition of our brand. If our advertisements fail to draw customers in the future, or if the cost of advertising or other marketing materials increases significantly, we could experience declines in our net sales and operating results.

Our intellectual property rights are valuable, and any failure to protect them could reduce the value of our products and brand and harm our business.

We regard our intellectual property as having significant value, and our brand is an important factor in the marketing of our products. However, we cannot assure you that the steps we take to protect our trademarks or intellectual property will be adequate to prevent others from copying or using our trademarks or intellectual property without authorization. If our trademarks or intellectual property are copied or used without authorization, the value of our brand, its reputation, our competitive advantages and our goodwill could be harmed.

We may be involved in disputes from time to time relating to our intellectual property and the intellectual property of third parties.

We may become parties to disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these disputes. Third parties may raise claims against us alleging infringement or violation of the intellectual property of that third-party. Even if we prevail in such disputes, the costs we incur in defending such dispute may be material and costly. Some third-

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party intellectual property rights may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid violating those intellectual property rights. Any such intellectual property claim could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether such claim has merit. The liability insurance we maintain may not adequately cover potential claims of this type, and we may be required to pay monetary damages or license fees to third parties, which could have a material adverse effect on our business, financial condition and operating results.

Our ability to control higher health care costs is limited and could adversely affect our business, financial condition and operating results.

With the passage in 2010 of the U.S. Patient Protection and Affordable Care Act (as amended, the "Affordable Care Act"), we are required to provide affordable coverage, as defined in the Affordable Care Act, to all employees, or otherwise be subject to a payment per employee based on the affordability criteria in the Affordable Care Act. Additionally, some states and localities have passed state and local laws mandating the provision of certain levels of health benefits by some employers. These requirements limit our ability to control employee health care costs.

Efforts to modify, repeal or otherwise invalidate all, or certain provisions of, the Affordable Care Act and/or adopt a replacement healthcare reform law may impact our employee healthcare costs. At this time, there is uncertainty concerning whether the Affordable Care Act will be repealed or what requirements will be included in a new law, if enacted. If health care costs rise, we may experience increased operating costs, which may adversely affect our business, financial condition and operating results.

We are a holding company with no business operations of our own and depend on cash flow from our subsidiaries to meet our obligations.

We are a holding company with no business operations of our own or material assets other than the equity of our subsidiaries. All of our operations are conducted by our subsidiaries. As a holding company, we will require dividends and other payments from our subsidiaries to meet cash requirements.

The terms of our ABL Facility, a \$200 million asset-based revolving credit facility, and our Term Loan Facility, a \$350 million senior secured term loan facility, restrict our subsidiaries from paying dividends and otherwise transferring cash or other assets to us except in certain limited circumstances. If we become insolvent or there is a liquidation or other reorganization of any of our subsidiaries, our stockholders likely will have no right to proceed against their assets. Creditors of those subsidiaries will be entitled to payment in full from the sale or other disposal of the assets of those subsidiaries before we, as an equity holder, would be entitled to receive any distribution from that sale or disposal. If our subsidiaries are unable to pay dividends or make other payments to us when needed, we will be unable to satisfy our obligations.

We face risks related to our indebtedness.

As of _____, 2017, we were highly leveraged and the principal amount of our total indebtedness was approximately \$ _____ million (including \$ _____ million of indebtedness outstanding under the Term Loan Facility). In addition, as of _____, 2017, we had the ability to access \$ _____ million of unused borrowings then available under the ABL Facility without violating any covenants thereunder and had \$ _____ million in outstanding letters of credit.

As set forth under "Use of Proceeds," after giving effect to our use of the net proceeds from this offering, the principal amount of our total indebtedness would have been approximately \$ _____ million as of December 29, 2016.

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Our indebtedness, combined with our lease and other financial obligations and contractual commitments, could adversely affect our business, financial condition and operating results by:

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including restrictive covenants and borrowing conditions, which may lead to an event of default under agreements governing our debt;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions and government regulation;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of cash flows to fund current operations and future growth;
- exposing us to the risk of increased interest rates as our borrowings under our Credit Facilities are at variable rates;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- requiring us to comply with financial and operational covenants, restricting us, among other things, from placing liens on our assets, making investments, incurring debt, making payments to our equity or debt holders and engaging in transactions with affiliates;
- limiting our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business and growth strategies or other purposes; and
- limiting our ability to obtain credit from our suppliers and other financing sources on acceptable terms or at all.

We may also incur substantial additional indebtedness in the future, subject to the restrictions contained in our Credit Facilities. If such new indebtedness is in an amount greater than our current debt levels, the related risks that we now face could intensify. However, we cannot assure you that any such additional financing will be available to us on acceptable terms or at all.

Significant amounts of cash are required to service our indebtedness and operating lease obligations, and any failure to meet our debt service obligations could adversely affect our business, financial condition and operating results.

Our ability to pay interest on and principal of our debt obligations will primarily depend upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments.

If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling our assets, reducing or delaying capital investments or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Credit Facilities."

Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations at all or on acceptable terms, could have an adverse effect on our business, financial condition and operating results.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in amounts sufficient to enable us to make payments on our indebtedness or to fund our operations.

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

We are a holding company, and accordingly, substantially all of our operations are conducted through our subsidiaries. The credit agreements governing our Credit Facilities contain, and any future indebtedness would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The credit agreements governing our Credit Facilities include covenants that, among other things, restrict our and our subsidiaries' ability to:

- incur additional indebtedness;
- create liens;
- make investments, loans or advances;
- merge or consolidate;
- sell assets, including capital stock of subsidiaries or make acquisitions;
- pay dividends on capital stock or redeem, repurchase or retire capital stock or make other restricted payments;
- enter into transactions with affiliates;
- repurchase certain indebtedness; and
- exceed a certain total net leverage ratio or, in certain cases, maintain less than a certain fixed charge coverage ratio.

Based on the foregoing factors, the operating and financial restrictions and covenants in our current debt agreements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

In addition, a breach of any of the restrictive covenants in our Credit Facilities may constitute an event of default, permitting the lenders to declare all outstanding indebtedness under both our Credit Facilities to be immediately due and payable or to enforce their security interest, which could adversely affect our ability to respond to changes in our business and manage our operations. Upon the occurrence of an event of default under any of the agreements governing our Credit Facilities, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the credit agreements. If any of our indebtedness under either of our Credit Facilities were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could adversely affect our ability to continue to operate as a going concern. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Credit Facilities" for more information.

Our fixed lease obligations could adversely affect our operating results.

We are required to use a significant portion of cash generated by our operations to satisfy our fixed lease obligations, which could adversely affect our ability to obtain future financing to support our growth or other operational investments. We will require substantial cash flows from operations to make our payments under our operating leases, all of which provide for periodic increases in rent. As of December 29, 2016, our minimum annual rental obligations under long-term operating leases for the fiscal years ending December 28, 2017, December 27, 2018 and December 26, 2019 are approximately \$63.3 million, \$71.9 million and \$73.6 million, respectively. If we are not able to make payments under our operating leases, this could trigger defaults under other leases or, in certain circumstances, under our Credit Facilities, which could cause the counterparties or lenders under those agreements to accelerate the obligations due thereunder.

Changes to accounting rules or regulations could adversely affect our operating results.

Our consolidated financial statements are prepared in accordance with GAAP. New accounting rules or regulations and changes to existing accounting rules or regulations have occurred and may occur in the future. Future changes to accounting rules or regulations, such as changes to revenue recognition or lease accounting guidance or a requirement to convert to international financial reporting standards, could adversely affect our operating results through increased cost of compliance.

Risks Related to this Offering and Ownership of Our Common Stock

You may not be able to resell your shares at or above the offering price or at all, and our stock price may be volatile, which could result in a significant loss or impairment of your investment.

Prior to this offering, there has been no public market for our common stock. An active public market for our common stock may not develop or be sustained after this offering, in which case it may be difficult for you to sell your shares of our common stock at a price that is attractive to you or at all. The price of our common stock in any such market may be higher or lower than the price that you pay in this offering. If you purchase shares of our common stock in this offering, you will pay a price that was not established in a competitive market. Rather, you will pay the price that we negotiated with the representatives of the underwriters, which may not be indicative of prices that will prevail in the trading market.

The trading price of our common stock may be volatile and subject to wide price fluctuations in response to various factors, many of which are beyond our control, including those described above in "—Risks Related to Our Business" and the following:

- actual or anticipated fluctuations in our quarterly or annual financial results;
- the financial guidance we may provide to the public, any changes in such guidance or our failure to meet such guidance;
- failure of industry or securities analysts to maintain coverage of us, changes in financial estimates by any industry or securities analysts that follow us or our failure to meet such estimates;
- downgrades in our credit ratings or the credit ratings of our competitors;
- market factors, including rumors, whether or not correct, involving us or our competitors;
- unfavorable market reactions to allegations regarding the safety of products sold by us or our competitors that are similar to products that we sell and costs or negative publicity arising out of any potential litigation and/or government investigations resulting therefrom;
- fluctuations in stock market prices and trading volumes of securities of similar companies;

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- sales or anticipated sales of large blocks of our stock;
- short selling of our common stock by investors;
- limited "public float" in the hands of a small number of persons whose sales or lack of sales of our common stock could result in positive or negative pricing pressure on the market price for our common stock;
- additions or departures of key personnel;
- announcements of new store openings, commercial relationships, acquisitions or entry into new markets by us or our competitors;
- failure of any of our initiatives, including our growth strategy, to achieve commercial success;
- regulatory or political developments;
- changes in accounting principles or methodologies;
- litigation or governmental investigations;
- negative publicity about us in the media and online; and
- general financial market conditions or events.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations sometimes have been unrelated or disproportionate to the operating performance of those companies. These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise adversely affect the price or liquidity of our common stock.

In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, we could incur substantial costs defending it or paying for settlements or damages. Such a lawsuit could also divert the time and attention of our management from our operating business. As a result, such litigation may adversely affect our business, financial condition and operating results.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market, or our competitors, or if they change their recommendations regarding our common stock in a negative way, the price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any of the analysts who cover us change their recommendation regarding our common stock in a negative way, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst who covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline.

The large number of shares eligible for public sale in the future, or the perception of the public that these sales may occur, could depress the market price of our common stock.

The market price of our common stock could decline as a result of (i) sales of a large number of shares of our common stock in the market after this offering, particularly sales by our directors, employees (including our executive officers) and significant stockholders, and (ii) a large number of shares of our common stock being registered or offered for sale. These sales, or the perception that

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these sales could occur, may depress the market price of our common stock. We will have shares of common stock outstanding after this offering (or shares if the underwriters' exercise their option to purchase additional shares in full). Of these shares, the common stock sold in this offering will be freely tradable.

Additionally, as of the closing of this offering, shares of our common stock will be issuable upon exercise of stock options that vest and are exercisable at various dates through , 2026, with an average weighted exercise price of \$ per share. Of such options, are currently exercisable. As soon as practicable after the closing of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register shares of our common stock issued or reserved for issuance under the Incentive Plans. The Form S-8 registration statement will become effective immediately upon filing, and shares covered by that registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described below and the limitations of Rule 144 under the Securities Act ("Rule 144") applicable to affiliates.

We and certain of our stockholders, directors and officers have agreed to a "lock-up," pursuant to which neither we nor they will sell any shares without the prior consent of the representatives of the underwriters for 180 days after the date of this prospectus, subject to certain exceptions and extensions under certain circumstances. Following the expiration of the applicable lock-up period, all of our shares of common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144. In addition, our Sponsors have certain demand registration rights, and all of our stockholders have "piggy-back" registration rights with respect to the common stock that they will retain following this offering. See "Shares Eligible for Future Sale" and "Description of Capital Stock—Registration Rights" for a discussion of the shares of common stock that may be sold into the public market in the future, including common stock held by Ares and Freeman Spogli.

You will incur immediate and substantial dilution in your investment because our earlier investors paid less than the initial public offering price when they purchased their shares.

If you purchase shares in this offering, you will incur immediate dilution of \$ in net tangible book value per share (or \$ if the underwriters exercise their option to purchase additional shares in full), based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, because the price that you pay will be greater than the net tangible book value per share of the shares acquired. This dilution arises because our earlier investors paid less than the initial public offering price when they purchased their shares of our common stock. Furthermore, there will be options to purchase shares of common stock outstanding upon the closing of this offering that have exercise prices below the initial public offering price. To the extent such options are exercised in the future, there may be further dilution to new investors. See "Dilution."

In the future, we expect to issue stock options, restricted stock and/or other forms of stock-based compensation, which have the potential to dilute stockholders' value and cause the price of our common stock to decline.

In the future, we expect to offer stock options, restricted stock and/or other forms of stock based compensation to our eligible employees, consultants and Compensated Directors (as defined in "Executive and Director Compensation—Compensation of our Directors for Fiscal 2016—Director Compensation"). If we grant more equity awards to attract and retain key personnel, the expenses associated with such additional equity awards could materially adversely affect our results of operations and may also result in additional dilution to our stockholders. If any options that we issue are exercised or any restrictions on restricted stock that we issue lapse and those shares are sold into the public market, the market price of our common stock may decline. In addition, the availability of shares of common stock for award under the Incentive Plans or the grant of stock options, restricted stock or other forms of stock based compensation may adversely affect the market price of our common stock.

Our dual-class capitalization structure and the conversion features of our Class C common stock may dilute the voting power of the holders of our Class A common stock.

Following the closing of this offering, we will have a dual-class capitalization structure, which may pose a significant risk of dilution to our Class A common stockholders. The shares of our Class C common stock are automatically converted into shares of our Class A common stock on the basis of one share of Class A common stock for each share of Class C common stock in the event that the holder of such Class C common stock is not Freeman Spogli or any of its affiliates. In addition, Freeman Spogli or any of its affiliates may convert their shares of Class C common stock into shares of our Class A Common Stock, in whole or in part, at any time and from time to time at their option, on the basis of one share of Class A common stock for each share of Class C common stock so long as at such time either Ares and its affiliates or Freeman Spogli and its affiliates do not own more than 24.9% of our Class A common stock after giving effect to any such conversion. Conversion of our Class C common stock into Class A common stock would dilute the voting power of the holders of Class A common stock, including holders of shares purchased in this offering.

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to holders of our common stock to make claims on our assets and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities or securities convertible into equity securities, existing stockholders will experience dilution and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, you bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Our principal stockholders will continue to have substantial control over us after this offering, will be able to influence corporate matters and may take actions that conflict with your interests and have the effect of delaying or preventing changes of control or changes in management, or limiting the ability of other stockholders to approve transactions they deem to be in their best interest.

Upon the closing of this offering, our directors, executive officers and holders of more than 5% of our Class A common stock, together with their affiliates, will beneficially own, in the aggregate, approximately % of our outstanding Class A common stock, assuming no exercise of the underwriters' option to purchase additional shares. Ares will beneficially own, in the aggregate, approximately % of our outstanding Class A common stock and Freeman Spogli will beneficially own, in the aggregate, approximately % of our outstanding Class A common stock and 100% of our outstanding Class C common stock. These amounts compare to approximately % of our outstanding Class A common stock represented by the shares sold by us in this offering, assuming no exercise of the underwriters' option to purchase additional shares. As a result, these stockholders acting together, or Ares or Freeman Spogli acting alone, will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of us or our assets. The Investor Rights Agreement also contains agreements among our Sponsors with respect to voting on the election of directors and board committee membership. See also "—Our dual-class capitalization structure and the conversion features of our Class C common stock may dilute the voting power of the holders of our

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Class A common stock." The interests of Ares or Freeman Spogli could conflict in material respects with yours, and this concentration of ownership could limit your ability to influence corporate matters and may have the effect of delaying or preventing a third-party from acquiring control over us. Mr. Kaplan and Ms. Lee serve as officers and principals of certain Ares affiliated entities. In addition, NAX 18, LLC, a consulting entity controlled by Mr. Axelrod, provides consulting services to certain Ares affiliated entities. Messrs. Brutocao and Roth serve as officers and principals of certain Freeman Spogli affiliated entities. In addition, Peter Starrett Associates, a consulting entity controlled by Mr. Starrett, provides consulting services to certain Freeman Spogli affiliated entities. Our certificate of incorporation provides that no officer or director of ours who is also an officer, director, employee, managing director or other affiliate of our Sponsors will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to our Sponsors instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director or other affiliate has directed to our Sponsors.

Although we do not expect to rely on the "controlled company" exemption, since we will qualify as a "controlled company" within the meaning of the rules of the New York Stock Exchange upon completion of this offering, we will qualify for exemptions from certain corporate governance requirements.

Under the rules of the New York Stock Exchange, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a "controlled company" and may elect not to comply with certain rules of the New York Stock Exchange regarding corporate governance, including:

- the requirement that a majority of our board of directors consist of independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

These requirements will not apply to us as long as we remain a "controlled company." Although we will qualify as a "controlled company" upon completion of this offering, we do not expect to rely on this exemption, and we intend to fully comply with all corporate governance requirements under the rules of the New York Stock Exchange. However, if we were to utilize some or all of these exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of the rules of the New York Stock Exchange regarding corporate governance.

We do not currently expect to pay any cash dividends.

The continued operation and growth of our business will require substantial funding. Accordingly, we do not currently expect to pay any cash dividends on shares of our common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our operating results, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deem relevant. Additionally, under our Credit Facilities, our subsidiaries are currently restricted from paying cash dividends except in limited circumstances, and we expect these restrictions to continue in the future. Accordingly, if you purchase shares in this offering, realization of a gain on your investment will depend on the appreciation of the

price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock. See "Dividend Policy."

We will incur significant expenses as a result of becoming a public company, which will negatively impact our financial performance and could cause our results of operations or financial condition to suffer.

As a public company, we will incur significant legal, accounting, insurance and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act, Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules implemented by the Securities and Exchange Commission ("SEC"). The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. In estimating these costs, we took into account expenses related to insurance, legal, accounting, and compliance activities, as well as other expenses not currently incurred. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have an adverse effect on our business and stock price.

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal controls over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Though we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal controls over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC.

To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. In addition, when evaluating our internal controls over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the New York Stock Exchange, the SEC or other regulatory authorities, which could require additional financial and management resources.

Anti-takeover provisions could impair a takeover attempt and adversely affect existing stockholders and the market value of our common stock.

Certain provisions of our certificate of incorporation and bylaws that will be in effect upon the closing of this offering and applicable provisions of Delaware law may have the effect of rendering more difficult, delaying or preventing an acquisition of our company, even when this would be in the best interest of our stockholders. These provisions include:

- a classified board of directors;
- the sole power of a majority of our board of directors to fix the number of directors;
- the requirement that certain advance notice procedures be followed for our stockholders to submit nominations of candidates for election to our board of directors and to bring other proposals before a meeting of the stockholders;
- the power of our board of directors to amend our bylaws without stockholder approval;
- limitations on the removal of directors nominated by our Sponsors;
- the sole power of the board of directors, or our Sponsors in the case of a vacancy of one of their respective board nominees, to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the ability of a majority of our board of directors (even if less than a quorum) to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval;
- the inability of stockholders to act by written consent if our Sponsors collectively own less than a majority of our outstanding Class A common stock;
- a requirement that, to the fullest extent permitted by law, certain proceedings against or involving us or our directors, officers or employees be brought exclusively in the Court of Chancery in the State of Delaware;
- the lack of cumulative voting rights for the holders of our Class A common stock with respect to the election of directors; and
- the inability of stockholders to call special meetings if our Sponsors collectively own less than a majority of our outstanding Class A common stock.

Further, Delaware law imposes conditions on the voting of "control shares" and on certain business combination transactions with "interested stockholders."

Our issuance of shares of preferred stock could delay or prevent a change of control of the Company. Our board of directors has the authority to cause us to issue, without any further vote or action by our stockholders, up to shares of preferred stock, par value \$0.001 per share, in one or more series, to designate the number of shares constituting any series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by our stockholders, even where stockholders are offered a premium for their shares.

In addition, the issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any

such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

These provisions could delay or prevent hostile takeovers and changes in control or changes in our management. Also, the issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in our common stock less attractive. For example, a conversion feature could cause the trading price of our common stock to decline to the conversion price of the preferred stock. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control or otherwise makes an investment in our common stock less attractive could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. See "Description of Capital Stock."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this prospectus, including statements regarding our future operating results and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "could," "seeks," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "budget," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this prospectus are only predictions. Although we believe that the expectations reflected in the forward-looking statements in this prospectus are reasonable, we cannot guarantee future events, results, performance or achievements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements in this prospectus, including, without limitation, those factors described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Some of the key factors that could cause actual results to differ from our expectations include the following:

- an overall decline in the health of the economy, the hard surface flooring industry, consumer spending, and the housing market;
- fluctuations in material and energy costs;
- our failure to execute our business strategy effectively and deliver value to our customers;
- competition from other stores and internet-based competition;
- any disruption in our distribution capabilities resulting from our inability to operate our distribution centers going forward;
- our failure to successfully anticipate consumer preferences and demand;
- our inability to manage our growth;
- our inability to maintain sufficient levels of cash flow to meet growth expectations;
- our inability to manage costs and risks relating to new store openings;
- our inability to manage our inventory obsolescence, shrinkage and damage;
- our inability to obtain merchandise on a timely basis at prices acceptable to us;
- our dependence on foreign imports for the products we sell;
- suppliers may sell similar or identical products to our competitors;
- our inability to find, train and retain key personnel;
- violations of laws and regulations applicable to us or our suppliers;
- our vulnerability to natural disasters and other unexpected events;
- our failure to adequately protect against security breaches involving our information technology systems and customer information;
- our inability to find available locations for our stores or our store support center on terms acceptable to us; and

- restrictions imposed by our indebtedness on our current and future operations.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The forward-looking statements contained in this prospectus speak only as of the date hereof. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. If a change to the events and circumstances reflected in our forward-looking statements occurs, our business, financial condition and operating results may vary materially from those expressed in our forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

FISCAL YEAR AND CERTAIN FINANCIAL MEASURES AND TERMS

Fiscal Year

We operate on a 52- or 53-week fiscal year ending on the Thursday on or preceding December 31. When a 53-week fiscal year occurs, we report the additional week at the end of the fiscal fourth quarter. 52-week fiscal years consist of thirteen-week periods in the first, second, third and fourth quarters of the fiscal year. Fiscal 2012, 2013, 2014 and 2016 included 52-weeks and ended on December 27, 2012, December 26, 2013, December 25, 2014 and December 29, 2016, respectively. Fiscal 2015 ended on December 31, 2015 and was comprised of 53-weeks.

Certain Financial Measures and Terms

In this prospectus, in addition to presenting our financial data in accordance with accounting principles generally accepted in the United States (referred to as "GAAP"), we present certain other financial measures, such as EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, CAGR, comparable store sales and net working capital. We define these terms, other than EBITDA and Adjusted EBITDA, as follows:

"Adjusted EBITDA margin" means, for any period, the Adjusted EBITDA for that period divided by the net sales for that period.

"CAGR" means compound annual growth rate.

"Comparable store sales" include net sales from our stores beginning on the first day of the thirteenth full fiscal month following the store's opening. Because our e-commerce sales are fulfilled by individual stores, they are included in comparable store sales only to the extent such fulfilling store meets the above mentioned store criteria.

"Net working capital" means, as of any date, current assets (excluding cash and cash equivalents) less current liabilities (excluding the current portion of long-term debt).

For definitions of EBITDA and Adjusted EBITDA and reconciliations of those measures to the most directly comparable GAAP measures, see "Prospectus Summary—Summary Consolidated Financial and Other Data" and "Selected Consolidated Financial Data." The use of certain of these measures is also discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators." These financial measures are intended to provide additional information only and do not have any standard meanings prescribed by GAAP. Use of these terms differs among companies in the retail industry, and therefore measures disclosed by us may not be comparable to measures disclosed by other companies. Each of these financial measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP.

In addition, when used in this prospectus, unless the context otherwise requires:

"Cash-on-cash returns" means, for any period for a given store, four-wall Adjusted EBITDA for that period for that store, divided by the total initial net cash investment for that store.

"Four-wall Adjusted EBITDA" means, for any period for a given store, the Adjusted EBITDA for that period before corporate general and administrative and distribution center expenses, which we consider in our evaluation of the ongoing performance of our stores from period to period.

"Pre-tax payback" means, for a given store, starting with the first day it is open, the date on which cumulative four-wall Adjusted EBITDA for such store equals our total initial net cash investment for such store.

"Total initial net cash investment" means, for a given store, our initial net cash investment in that store, which consists of initial inventory (net of payables), pre-opening expenses and capital investment (net of tenant improvement allowances).

MARKET, INDUSTRY AND OTHER DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, such as Catalina Research, Inc., and other industry publications, surveys and forecasts, and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of our industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of our industry and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Special Note Regarding Forward-Looking Statements." These and other factors could cause our results to differ materially from those expressed in the estimates made by the independent industry analysts, other third-party sources and us.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from selling common stock in this offering will be approximately \$, after deducting the underwriting discount and estimated offering expenses payable by us (or, if the underwriters exercise their option to purchase additional shares of Class A common stock in full, approximately \$, after deducting the underwriting discount and estimated offering expenses payable by us), based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) the net proceeds of this offering by approximately \$ (or, if the underwriters exercise their option to purchase additional shares in full, approximately \$). Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover of this prospectus, at the assumed initial public offering price of \$ per share would increase (decrease) the net proceeds of this offering by approximately \$ million (or, if the underwriters exercise their option to purchase additional shares in full, approximately \$).

We intend to use all of the net proceeds of this offering to repay a portion of the amounts outstanding under the Term Loan Facility, including accrued and unpaid interest. The proceeds of the Term Loan Facility were used to (i) repay our prior senior secured term loan facility with GCI Capital Markets LLC, dated as of May 1, 2013 (the "GCI Facility"), (ii) repay our prior term loan facility with Wells Fargo Bank, N.A., dated as of May 1, 2013, as amended (the "Prior Term Loan Facility"), (iii) pay the Special Dividend (as defined below), (iv) make certain option adjustment payments and (v) repay a portion of our prior asset-based revolving credit facility (the "Prior ABL Facility"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

As of , 2017, we had approximately \$ million of indebtedness outstanding under the Term Loan Facility. The interest rate on the Term Loan Facility as of , 2017 was %. The Term Loan Facility matures on September 30, 2023. Any amounts repaid under the Term Loan Facility will not be available for future borrowing following repayment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Credit Facilities" for more information.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings for use in the operation and growth of our business, and therefore we do not currently expect to pay any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on then existing conditions, including our operating results, financial condition, contractual restrictions, capital requirements, business prospects and other factors that our board of directors may deem relevant. In addition, our Credit Facilities contain covenants that restrict our ability to pay cash dividends.

In September 2016, in connection with the 2016 Refinancing, we paid our common stockholders a special cash dividend of \$202.5 million in the aggregate (the "Special Dividend"). Other than the Special Dividend, we did not declare or pay any cash dividends on our common stock in fiscal 2015 or fiscal 2016.

CAPITALIZATION

The following table sets forth our capitalization as of December 29, 2016 on:

- an actual basis (not reflecting the -for-one stock split to be effected prior to the consummation of this offering) and
- a pro forma basis, giving effect to (i) the -for-one stock split to be effected prior to the consummation of this offering and (ii) the closing of this offering, including the application of the estimated net proceeds from this offering as described under "Use of Proceeds."

The table below should be read in conjunction with "Use of Proceeds," "Selected Consolidated Financial Data," "Unaudited Pro Forma Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock," and our consolidated financial statements and the related notes included in this prospectus.

	As of December 29, 2016	
	Actual	Pro Forma
	(in thousands, except share data)	
Cash and cash equivalents	\$ 451	\$
Debt(1):		
Term Loan Facility	\$ 350,000	\$
ABL Facility	50,000	
Unamortized debt discount and debt issuance costs	(9,257)	
Total debt	390,743	
Stockholders' equity:		
Undesignated preferred stock, par value \$0.001 per share; 100,000 shares authorized, no shares issued and outstanding, actual; and shares authorized, no shares issued and outstanding, pro forma	—	
Class A common stock, par value \$0.001 per share; 500,000 shares authorized, 238,789 shares issued and outstanding, actual; and shares authorized, shares issued and outstanding, pro forma	—	
Class B common stock, par value \$0.001 per share; 100,000 shares authorized, 1,230 shares issued and outstanding, actual; and shares authorized, no shares issued and outstanding, pro forma	—	
Class C common stock, par value \$0.001 per share; 500,000 shares authorized, 19,500 shares issued and outstanding, actual; and shares authorized, shares issued and outstanding, pro forma	—	
Additional paid-in capital	117,353	
Accumulated other comprehensive loss	176	
Retained earnings(2)	16,754	
Total stockholders' equity(2)	134,283	
Total capitalization(2)	\$ 525,026	\$

- (1) The above table reflects debt outstanding as of December 29, 2016 and does not reflect approximately \$10.1 million of outstanding letters of credit as of December 29, 2016 that will not be reflected on the balance sheet unless drawn upon. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Credit Facilities." As of , 2017, our total debt outstanding was \$ million and we had \$ million of availability under the ABL Facility.
- (2) Pro forma retained earnings, stockholders equity and total capitalization give effect to the write-off of approximately \$ million of unamortized deferred debt issuance costs and original issue discount associated with the repayment of \$ million of loans under the Term Loan Facility.

DILUTION

If you invest in our common stock, your interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after this offering.

The historical net tangible book value of our common stock as of December 29, 2016 was \$ million, or \$ per share. Historical net tangible book value is the amount of our total tangible assets less our total liabilities. Historical net tangible book value per share is our historical net tangible book value, divided by the number of outstanding shares of common stock, after giving effect to the -for-one stock split of our common stock to be effected prior to the consummation of this offering.

Pro forma net tangible book value gives effect to (i) the -for-one stock split of our common stock to be effected prior to the consummation of this offering, (ii) the sale by us of shares of common stock in this offering at an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us, and (iii) the repayment of a portion of the Term Loan Facility from the net proceeds of this offering received by us as described under "Use of Proceeds." As of December 29, 2016, our pro forma net tangible book value would have been approximately \$ million, or approximately \$ per share. This represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution of \$ per share to investors purchasing common stock in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share	\$
Historical net tangible book value per share as of December 29, 2016	
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering	
Pro forma net tangible book value per share after this offering	
Dilution per share to new investors purchasing shares in this offering	\$

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) the pro forma net tangible book value after this offering by \$ per share and decrease (increase) the dilution to new investors by approximately \$ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remained the same and after deducting the underwriting discount and estimated offering expenses payable by us.

Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) the pro forma net tangible book value after this offering by approximately \$ per share and decrease (increase) the dilution to new investors by \$ per share, assuming the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover of this prospectus, remained the same and after deducting the underwriting discount and estimated offering expenses payable by us.

The table below summarizes, as of December 29, 2016, on a pro forma basis described above, the number of shares of our common stock, the total consideration and the average price per share (i) paid to us by our existing stockholders and (ii) to be paid by new investors purchasing our common stock in this offering at an assumed initial public offering price of \$ per share, the midpoint of

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the price range set forth on the cover page of this prospectus, before deducting the underwriting discount and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders			%\$		%\$
New investors			%		%
Total		100.0%	\$	100.0%	\$

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) total consideration paid by new investors by \$ and increase (decrease) the percentage of total consideration paid by new investors by %, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remained the same and before deducting the underwriting discount and estimated offering expenses payable by us.

Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) total consideration paid by new investors by \$ and increase (decrease) the percent of total consideration paid by new investors by %, assuming the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover of this prospectus remained the same and before deducting the underwriting discount and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares in this offering is exercised in full, the percentage of shares of our common stock held by existing stockholders will be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors will increase to shares, or % of the total number of shares of our common stock outstanding after this offering.

The discussion and tables above are based on shares of our common stock outstanding as of December 29, 2016, assuming the -for-one stock split of our common stock to be effected prior to the consummation of this offering, and exclude the following:

- shares of common stock issuable upon the exercise of stock options outstanding as of December 29, 2016 at a weighted average exercise price of \$ per share; and
- shares of common stock reserved for future issuance under the Incentive Plans.

If all of these options were exercised, then our existing stockholders, including the holders of these options, would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the closing of this offering. In such event, the total consideration paid by our existing stockholders, including the holders of these options, would be approximately \$ million, or %, the total consideration paid by our new investors would be \$ million, or %, the average price per share paid by our existing stockholders would be \$, and the average price per share paid by our new investors would be \$.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial data. You should read the following selected consolidated financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Information" our unaudited consolidated financial statements, and our consolidated financial statements and the related notes thereto and other financial data included elsewhere in this prospectus. We operate on a 52- or 53-week fiscal year ending on the Thursday on or preceding December 31. The data presented contains references to fiscal 2012, fiscal 2013, fiscal 2014, fiscal 2015 and fiscal 2016, which represent our fiscal years ended December 27, 2012, December 26, 2013, December 25, 2014 and December 29, 2016 all of which were 52-week periods, and December 31, 2015, which was a 53-week period.

We have derived the selected consolidated statement of operations data for fiscal 2014, 2015 and 2016 and the related selected balance sheet data as of fiscal 2015 and 2016 year end from our audited consolidated financial statements, which are included elsewhere in this prospectus. The selected consolidated statement of operations data for fiscal 2012 and 2013 and the selected balance sheet data as of fiscal 2012, 2013, and 2014 year end, have been derived from our audited consolidated financial statements not included in this prospectus. Historical results are not indicative of the results to be expected in the future.

(in thousands, except share and per share amounts)	Fiscal year ended					
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	Actual 12/29/2016	Pro Forma(2) 12/29/2016
Net sales	\$ 336,745	\$ 443,995	\$ 584,588	\$ 784,012	\$ 1,050,759	\$
Cost of sales	202,651	274,172	355,051	471,390	621,497	
Gross profit	134,094	169,823	229,537	312,622	429,262	
Selling & store operating expenses	85,932	106,835	146,485	202,637	271,876	
General & administrative expenses	20,571	30,530	38,984	49,917	64,025	
Pre-opening expenses	1,544	5,196	7,412	7,380	13,732	
Litigation settlement	—	—	—	—	10,500	
Executive severance(3)	—	—	2,975	296	—	
Casualty gain(4)	(1,421)	—	—	—	—	
Operating income	27,468	27,262	33,681	52,392	69,129	
Interest expense	6,528	7,684	8,949	9,386	12,803	
Loss on early extinguishment of debt	—	1,638	—	—	1,813	
Income before income taxes	20,940	17,940	24,732	43,006	54,513	
Provision for income taxes	8,102	6,857	9,634	16,199	11,474	
Net income	\$ 12,838	\$ 11,083	\$ 15,098	\$ 26,807	\$ 43,039	\$
Earnings per share:						
Basic	\$ 49.90	\$ 42.92	\$ 58.38	\$ 103.48	\$ 166.01	\$
Diluted	\$ 49.88	\$ 42.55	\$ 56.73	\$ 99.99	\$ 156.63	\$
Weighted average shares outstanding:						
Basic	257,280	258,232	258,599	259,043	259,251	
Diluted	257,391	260,451	266,148	268,103	274,784	

(in thousands)	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016
Consolidated statement of cash flows data:					
Net cash provided by (used in) operating activities	\$ 23,336	\$ (15,428)	\$ 43,594	\$ 20,380	\$ 89,456
Net cash used in investing activities	(10,709)	(25,056)	(39,069)	(45,021)	(74,648)
Net cash (used in) provided by financing activities	(15,777)	40,487	(4,421)	24,680	(14,675)

(in thousands)	As of				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015	12/29/2016
Consolidated balance sheet data:					
Cash and cash equivalents	\$ 172	\$ 175	\$ 279	\$ 318	\$ 451
Net working capital	48,025	89,311	78,577	109,565	95,550
Total assets	480,374	555,093	635,498	748,888	831,166
Total debt(5)	90,543	157,172	152,420	177,590	390,743
Total stockholders' equity	275,186	264,132	282,236	312,365	134,283

	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016(1)
Other financial data:					
Comparable store sales growth	11.7%	22.1%	15.8%	13.5%	19.4%
Number of stores open at the end of the period(6)	31	39	48	58	70
Adjusted EBITDA (in thousands)(7)	\$ 32,572	\$ 36,537	\$ 51,208	\$ 72,868	\$ 108,398
Adjusted EBITDA margin	9.7%	8.2%	8.8%	9.3%	10.3%

- (1) The 53rd week in fiscal 2015 represented \$11.9 million in net sales, an estimated \$2.1 million in operating income and an estimated \$2.2 million in adjusted EBITDA. When presenting comparable store sales for fiscal 2015 and fiscal 2016, we have excluded the last week of fiscal 2015.
- (2) Pro forma figures give effect to the 2016 Refinancing, the repricing of our Term Loan Facility, and this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.
- (3) Represents costs incurred in connection with separation agreements with former officers.
- (4) Represents casualty gain recorded related to insurance proceeds received as a result of store damage and business interruption for one of our stores.
- (5) Total debt consists of the current and long-term portions of our Credit Facilities, as well as debt discount and debt issuance costs.
- (6) Represents the number of our warehouse-format stores and our one small-format standalone design center.
- (7) EBITDA and Adjusted EBITDA (which are shown in the reconciliations below) have been presented in this prospectus as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization. We define

Adjusted EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. Reconciliations of these measures to the equivalent measures under GAAP are set forth in the table below.

EBITDA and Adjusted EBITDA are key metrics used by management and our board of directors to assess our financial performance and enterprise value. We believe that EBITDA and Adjusted EBITDA are useful measures, as they eliminate certain expenses that are not indicative of our core operating performance and facilitate a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine covenant compliance with respect to our Credit Facilities, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. EBITDA and Adjusted EBITDA are also used by analysts, investors and other interested parties as performance measures to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are non-GAAP measures of our financial performance and should not be considered as alternatives to net income as a measure of financial performance or any other performance measure derived in accordance with GAAP and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of liquidity or free cash flow for management's discretionary use. In addition, these non-GAAP measures exclude certain non-recurring and other charges. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine EBITDA and Adjusted EBITDA, such as stock compensation expense, loss (gain) on asset disposal, executive recruiting/relocation, and other adjustments. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of EBITDA and Adjusted EBITDA differ among companies in the retail industry, and therefore EBITDA and Adjusted EBITDA disclosed by us may not be comparable to the metrics disclosed by other companies.

The reconciliations of net income to EBITDA and Adjusted EBITDA for the periods noted below are set forth in the table as follows:

(in thousands)	Fiscal year ended				
	12/27/2012	12/26/2013	12/25/2014	12/31/2015(1)	12/29/2016
Net income	\$ 12,838	\$ 11,083	\$ 15,098	\$ 26,807	\$ 43,039
Depreciation and amortization(a)	4,641	6,362	11,073	16,794	25,089
Interest expense	6,528	7,684	8,949	9,386	12,803
Loss on early extinguishment of debt(b)	—	1,638	—	—	1,813
Income tax expense	8,102	6,857	9,634	16,199	11,474
EBITDA	32,109	33,624	44,754	69,186	94,218
Stock compensation expense(c)	978	1,869	2,323	3,258	3,229
Loss on asset disposal(d)	157	656	148	128	451
Executive severance(e)	—	—	2,975	296	—
Executive recruiting/relocation(f)	751	54	—	—	—
Legal settlement(g)	—	—	—	—	10,500
Casualty gain(h)	(1,421)	—	—	—	—
Other(i)	(2)	334	1,008	—	—
Adjusted EBITDA	<u>\$ 32,572</u>	<u>\$ 36,537</u>	<u>\$ 51,208</u>	<u>\$ 72,868</u>	<u>\$ 108,398</u>

- (a) Net of amortization of tenant improvement allowances and excludes deferred financing amortization, which is included as a part of interest expense in the table above.
- (b) Loss recorded as a result of the prepayment of our Subordinated Notes in 2013, as well as the non-cash write-off of certain deferred financing fees related to the refinancing of term and revolver borrowings in 2013 and 2016.
- (c) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on timing of awards and forfeitures.
- (d) For fiscal years ended December 27, 2012, December 25, 2014, December 31, 2015 and December 29, 2016, the losses related primarily to assets retired in connection with significant store remodels. For the fiscal year ended December 26, 2013, the loss was primarily related to the write-off of certain software previously acquired.
- (e) Represents one-time costs incurred in connection with separation agreements with former officers.
- (f) Represents costs incurred to recruit and relocate members of executive management.
- (g) Legal settlement related to classwide settlement to resolve a lawsuit.
- (h) Represents casualty gain recorded related to insurance proceeds received as a result of store damage and business interruption at one of our stores.
- (i) Other adjustments include amounts management does not consider indicative of our core operating performance. Amounts in fiscal 2014 relate primarily to costs in connection with a proposed initial public offering.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated statement of income for the fiscal year ended December 29, 2016 gives effect to (i) Transaction Adjustments (as defined below) and (ii) Offering Adjustments (as defined below) in each case assuming such events occurred on January 1, 2016. The unaudited pro forma consolidated balance sheet as of December 29, 2016 gives effect to Offering Adjustments, assuming such events occurred on December 29, 2016.

We have derived the unaudited pro forma consolidated statement of income for the fiscal year ended December 29, 2016 and the unaudited pro forma consolidated balance sheet as of December 29, 2016 from the audited consolidated financial statements as of and for the year ended December 29, 2016 set forth elsewhere in this prospectus. The pro forma financial information is qualified in its entirety by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

The pro forma adjustments related to the transactions other than this offering, which we refer to as the "Transaction Adjustments," are described in the notes to the unaudited pro forma consolidated financial information, and principally include the following:

- the 2016 Refinancing (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"), and
- the repricing of our Term Loan Facility (see "Prospectus Summary—Recent Developments—Repricing of Term Loan Facility").

The pro forma adjustments related to this offering, which we refer to as the "Offering Adjustments," are described in the notes to the unaudited pro forma consolidated financial information, and principally include the following:

- the sale by us of _____ shares of Class A common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, in exchange for net proceeds of approximately \$ _____ million after deducting the underwriting discount and estimated offering expenses payable by us,
- the repayment of a portion of the Term Loan Facility from the net proceeds of this offering received by us as described under "Use of Proceeds," and
- the grant of options to purchase shares of Class A common stock under our 2017 Plan in connection with this offering.

Except as otherwise indicated, the unaudited pro forma consolidated financial information presented assumes the underwriters have not exercised their option to purchase up to an additional _____ shares of Class A common stock from us at the initial public offering price less the underwriting discount.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly related to the Transaction Adjustments and Offering Adjustments. The unaudited pro forma consolidated financial information includes various estimates, which are subject to material change and may not be indicative of what our operations or financial position would have been had the Transaction Adjustments and Offering Adjustments taken place on the dates indicated, or that may be expected to occur in the future. For further discussion of these matters, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes included elsewhere in this prospectus.

FDO Holdings, Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Balance Sheet as of December 29, 2016
(In Thousands, Except Share and Per Share Data)

	As of December 29, 2016		
	Actual	Offering Adjustments	Pro forma
Assets			
Current assets:			
Cash and cash equivalents	\$ 451		
Income taxes receivable	—		
Receivables, net	34,533		
Inventories, net	293,702		
Prepaid expenses and other current assets	7,529	(1)	
Total current assets	336,215		
Fixed assets, net	150,471		
Intangible assets, net	109,394		
Goodwill	227,447		
Other assets	7,639		
Total long-term assets	494,951		
Total assets	<u>\$ 831,166</u>		
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of term loans	\$ 3,500		
Trade accounts payable	158,466		
Accrued expenses	61,505		
Income taxes payable	5,787	(2)	
Deferred revenue	14,456		
Total current liabilities	243,714		
Term loans	337,243	(2)(3)	
Revolving line of credit	50,000		
Deferred rent	16,750		
Deferred income tax liabilities, net	28,265		
Tenant improvement allowances	20,319		
Other liabilities	592		
Total long-term liabilities	453,169		
Total liabilities	<u>696,883</u>		
Commitments and contingencies			
Stockholders' equity			
Preferred stock, \$0.001 par value; 100,000 shares authorized; 0 shares issued and outstanding at December 29, 2016	—		
Common stock Class A, \$0.001 par value; 500,000 shares authorized; 238,789 shares issued and outstanding at December 29, 2016	—		
Common stock Class B, \$0.001 par value; 100,000 shares authorized; 1,230 shares issued and outstanding at December 29, 2016	—		
Common stock Class C, \$0.001 par value; 500,000 shares authorized; 19,500 shares issued and outstanding at December 29, 2016	—		
Additional paid-in capital	117,353	(1)(3)	
Accumulated other comprehensive income, net	176		
Retained earnings	16,754	(2)	
Total stockholders' equity	134,283		
Total liabilities and stockholders' equity	<u>\$ 831,166</u>		

See accompanying Notes to Unaudited Pro Forma Consolidated Balance Sheet.

FDO Holdings, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Balance Sheet

- (1) We have deferred certain costs associated with this offering, including certain legal, accounting and other related expenses directly attributable to our initial public offering, which have been recorded in Prepaid expenses and other current assets on our consolidated balance sheet. Upon completion of this offering, these deferred costs will be charged against the proceeds from this offering with a corresponding reduction to additional paid-in capital.
- (2) Write-off of approximately \$ million of unamortized deferred debt issuance cost and original issue discount associated with the repayment of a portion of the Term Loan Facility from the net proceeds to us from this offering (see "Use of Proceeds" for additional details).
- (3) We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately \$ million, based on an assumed initial public offering price of \$ per share, the midpoint of the price range listed on the cover page of this prospectus. This amount has been determined based on the assumption that the underwriters' option to purchase additional shares of our Class A common stock is not exercised. A reconciliation of the gross proceeds from this offering to the net cash proceeds is set forth below.

Assumed initial public offering price	\$
Shares of Class A common stock issued in this offering	_____
Gross proceeds	_____
Less: underwriting discounts and commissions	_____
Less: offering expenses (including amounts previously deferred)	_____
Net cash proceeds	_____ \$

FDO Holdings, Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Statements of Income Fiscal Year Ended December 29, 2016
(In Thousands, Except Share and Per Share Data)

Fiscal year ended December 29, 2016					
	Actual	Transaction Adjustments	Pro forma for Transaction Adjustments	Offering Adjustments	Pro forma for Transaction Adjustments and Offering Adjustments
Net sales	\$ 1,050,759	\$	\$ 1,050,759	\$	\$
Cost of sales	621,497		621,497		
Gross profit	429,262		429,262		
Selling & store operating expenses	271,876		271,876		
General & administrative expenses	64,025		64,025	(2)	
Pre-opening expenses	13,732		13,732		
Litigation settlement	10,500		10,500		
Operating income	69,129		69,129		
Interest expense	12,803	6,626(1)	19,429	(3)	
Loss on early extinguishment of debt	1,813	—	1,813	(3)	
Income before income taxes	54,513	(6,626)	47,887		
Provision for income taxes	11,474	(2,498)(4)	8,976	(4)	
Net income	\$ 43,039	\$ (4,128)	\$ 38,911	\$	\$
Earnings per share:					
Basic	\$ 166.01				\$
Diluted	\$ 156.63				\$
Weighted average shares outstanding:					
Basic	259,251				
Diluted	274,784				

See accompanying Notes to Unaudited Pro Forma Consolidated Statements of Operations.

FDO Holdings, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Balance Sheet

- (1) Reflects the pro forma net adjustment of a \$6.6 million increase to interest expense for the following items:

Increase attributable to 2016 Refinancing(a)	\$ 9,162
Decrease attributable to repricing of our Term Loan Facility(b)	(2,536)
Total	<u>\$ 6,626</u>

- (a) Reflects the pro forma adjustment to increase interest associated with the 2016 Refinancing. Repaying and terminating the Prior Term Loan Facility and the GCI Facility decreased interest expense by \$5.2 million, which was more than offset by the incurrence of indebtedness under the Term Loan Facility, which increased interest expense by \$14.4 million for a net increase in interest expense of \$9.2 million (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional detail).
- (b) Reflects the pro forma adjustment to decrease interest expense associated with the repricing of our Term Loan Facility (see "Prospectus Summary—Recent Developments—Repricing of Term Loan Facility" for additional details).
- (2) This adjustment represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant stock options to our directors and certain employees in connection with this offering. This amount was calculated assuming the stock options were granted on January 1, 2016 at an exercise price equal to \$ per share, the assumed initial public offering price per share, the midpoint of the price range set forth on the cover page of this prospectus. The grant date fair value was determined using the Black-Scholes valuation model using the following assumptions:

Risk-free interest rate	%
Expected volatility	%
Expected life (in years)	%
Dividend yield	%

- (3) Reflects the pro forma adjustment to decrease interest expense as well as loss on extinguishment of debt associated with the use of proceeds from this offering to pay down a portion of our Term Loan Facility. (see "Use of Proceeds" for additional details).
- (4) Represents the increase (decrease) in income tax expense for the related pro forma adjustments. For fiscal 2016, we utilized an effective tax rate of %.

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

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes thereto and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus includes forward-looking statements that involve risks and uncertainties. You should review the "Special Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

We operate on a 52- or 53-week fiscal year ending on the Thursday on or preceding December 31. The following discussion contains references to our fiscal years ended December 25, 2014 and December 29, 2016, which were 52-week periods, and December 31, 2015, which was a 53-week period.

Overview

Founded in 2000, Floor & Decor is a high-growth, differentiated, multi-channel specialty retailer of hard surface flooring and related accessories with 69 warehouse-format stores across 17 states as of December 29, 2016. We believe that we offer the industry's broadest assortment of tile, wood, laminate and natural stone flooring along with decorative and installation accessories at everyday low prices. We appeal to a variety of customers, including our Pro, DIY and BIY customers. Our warehouse-format stores, which average approximately 72,000 square feet, carry on average approximately 3,500 flooring and decorative and installation accessory SKUs, which equates to 1.3 million square feet of flooring products or \$2.5 million of inventory at cost. We believe that our inspiring design centers and creative and informative visual merchandising also greatly enhance our customers' experience. In addition to our stores, our website *FloorandDecor.com* showcases our products.

We believe our strong financial results are a reflection of our consistent and disciplined culture of innovation and reinvestment, creating a differentiated business model in the hard surface flooring category. We have had eight consecutive years of double digit comparable store sales growth averaging 15.3% per year, with a 19.4% increase in fiscal 2016. Net sales increased \$266.7 million, or 34.0%, from \$784.0 million to \$1,050.8 million in fiscal 2015 and fiscal 2016, respectively. Our net sales increased from \$584.6 million in fiscal 2014 to \$1,050.8 million in fiscal 2016, representing a CAGR of 34.1%. We have expanded our store base from 38 warehouse-format stores at the end of fiscal 2013 to 69 at the end of fiscal 2016, representing a CAGR of 22.0%.

During fiscal 2016, we continued to make long-term key strategic investments, including:

- opened 12 new warehouse-format stores during fiscal 2016 ending with 69 warehouse-format stores, which was a 21.1% growth in units compared to fiscal 2015;
- investing in our connected customer, Pro customer and F&D Commercial strategies;
- increasing proprietary credit offerings;
- augmenting the management team with new hires in store operations, store training, Pro and Commercial sales, e-commerce, supply chain, merchandising, real estate, information technology and inventory management;
- enhancing our product assortment and upgrading our visual merchandising and store training program;

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- adding more resources dedicated to serving our Pro customers;
- investing capital to continue enhancing the in-store shopping experience for our customers; and
- increased marketing to articulate our unique features and benefits in the hard surface flooring market.

We believe that our compelling business model, plus the projected growth of the large and highly fragmented \$10 billion hard surface flooring market (in manufacturers' dollars, an estimated \$17 billion after the retail markup), provides us with an opportunity to significantly expand our store base in the U.S. from 69 warehouse-format stores as of December 29, 2016 to approximately 400 stores nationwide within the next 15 years based on our internal research with respect to housing density, demographic data, competitor concentration and other variables in both new and existing markets. Over the next several years, we plan to grow our store base by approximately 20% per year. Our ability to open profitable new stores depends on many factors, including the successful selection of new markets and store locations, our ability to negotiate leases on acceptable terms and our ability to attract highly qualified managers and staff. For further information see "Risk Factors—Risks Related to Our Business."

Key Performance Indicators

We consider a variety of performance and financial measures in assessing the performance of our business. The key measures we use to determine how our business is performing are comparable store sales, the number of new store openings, gross profit and gross margin, operating income and EBITDA and Adjusted EBITDA.

Comparable Store Sales

Our comparable store sales growth is a significant driver of our net sales, profitability, cash flow and overall business results. We believe that comparable store sales growth is generated by continued focus on providing a dynamic and expanding product assortment in addition to other merchandising initiatives, quality of customer service, enhancing sales and marketing strategies, improving visual merchandising and overall aesthetic appeal of stores and website, effectively serving our Pro customers, continued investment in store staff and infrastructure, growing our proprietary credit offering, and further integrating connected customer strategies and other key information technology enhancements.

Comparable store sales refer to period-over-period comparisons of our net sales among the comparable store base. A store is included in the comparable store sales calculation on the first day of the thirteenth full fiscal month following a store's opening, which is when we believe comparability has been achieved. Since our e-commerce sales are fulfilled by individual stores, they are included in comparable store sales only to the extent such fulfilling store meets the above mentioned store criteria. Changes in our comparable store sales between two periods are based on net sales for stores that were in operation during both of the two periods. Any change in square footage of an existing comparable store, including remodels and relocations, does not eliminate that store from inclusion in the calculation of comparable store sales. Stores that are closed temporarily and relocated within their primary trade areas are included in same store sales. Additionally, any stores that were closed during the current or prior fiscal year are excluded from the definition of comparable stores.

Our fiscal 2015 year, which ended December 31, 2015, included a 53rd week. When presenting comparable store sales for fiscal 2015 and fiscal 2016, we have excluded the last week of fiscal 2015.

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Definitions and calculations of comparable store sales differ among companies in the retail industry, and therefore comparable store metrics disclosed by us may not be comparable to the metrics disclosed by other companies.

Comparable store sales allow us to evaluate how our retail stores are performing by measuring the change in period-over-period net sales in stores that have been open for thirteen months or more. Various factors affect comparable store sales, including:

- national and regional economic conditions;
- the retail sales environment and other retail trends;
- the home improvement spending environment;
- the hard surface flooring industry trends;
- the impact of competition;
- changes in our product mix;
- changes in staffing at our stores;
- cannibalization resulting from the opening of new stores in existing markets;
- changes in pricing;
- changes in advertising and other operating costs; and
- weather conditions.

Number of New Stores

The number and timing of new store openings, and the costs and fixed lease obligations associated therewith, have had, and are expected to continue to have, a significant impact on our results of operations. The number of new stores reflects the number of stores opened during a particular reporting period. Before we open new stores, we incur pre-opening expenses, which are defined below. While net sales at new stores are generally lower than net sales at our stores that have been open for more than one year, our new stores have historically been profitable in their first year. Generally, our newer stores have also averaged higher comparable store sales growth than our total store average.

Gross Profit and Gross Margin

Our gross profit is variable in nature and generally follows changes in net sales. Our gross profit and gross margin can also be impacted by changes in our prices, our merchandising assortment, shrink, damage, selling of discontinued products, the cost to transport our products from the manufacturer to our stores and our distribution center costs. With respect to our merchandising assortment, certain of our products tend to generate somewhat higher margins than other products within the same product categories or among different product categories. We have experienced modest inflation increases in certain of our product categories, but historically have been able to source from a different manufacturer or pass increases onto our consumers with modest impact on our gross margin. Our gross profit and gross margin, which reflect our net sales and our cost of sales and any changes to the components thereof, allow us to evaluate our profitability and overall business results.

Gross profit is calculated as net sales less cost of sales. Gross profit as a percentage of net sales is referred to as gross margin. Cost of sales consists of merchandise costs, as well as capitalized freight costs to transport inventory to our distribution centers and stores, and duty and other costs that are incurred to distribute the merchandise to our stores. Cost of sales also includes shrinkage, damage

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product disposals, distribution, warehousing costs, sourcing and compliance costs. We receive cash consideration from certain vendors related to vendor allowances and volume rebates, which is recorded as a reduction of costs of sales as the inventory is sold or as a reduction of the carrying value of inventory while the inventory is still on hand. Costs associated with arranging and paying for freight to deliver products to customers is included in cost of sales. The components of our cost of sales may not be comparable to the components of cost of sales, or similar measures, of other retailers. As a result, data in this prospectus regarding our gross profit and gross margin may not be comparable to similar data made available by other retailers.

Operating Income, EBITDA, Adjusted EBITDA

EBITDA and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization. We define Adjusted EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance.

Operating income, EBITDA and Adjusted EBITDA are key metrics used by management and our board of directors to assess our financial performance and enterprise value. We believe that operating income, EBITDA and Adjusted EBITDA are useful measures, as they eliminate certain expenses that are not indicative of our core operating performance and facilitate a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine covenant compliance with respect to our Credit Facilities, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. Operating income, EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties as performance measures to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are non-GAAP measures of our financial performance and should not be considered as alternatives to net income as a measure of financial performance or any other performance measure derived in accordance with GAAP and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of liquidity or free cash flow for management's discretionary use. In addition, these non-GAAP measures exclude certain non-recurring and other charges. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine EBITDA and Adjusted EBITDA, such as stock compensation expense, loss (gain) on asset disposal, executive recruiting/relocation, and other adjustments. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of EBITDA and Adjusted EBITDA differ among companies in the retail industry, and therefore EBITDA and Adjusted EBITDA disclosed by us may not be comparable to the metrics disclosed by other companies.

Other Key Financial Definitions

Net Sales

The retail sector in which we operate is cyclical, and consequently our sales are affected by general economic conditions. Purchases of our products are sensitive to trends in the levels of consumer spending, which are affected by a number of factors such as consumer disposable income,

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housing market conditions, unemployment trends, stock market performance, consumer debt levels and consumer credit availability, interest rates and inflation, tax rates and overall consumer confidence in the economy.

Net sales reflect our sales of merchandise, less discounts and estimated returns and include our in-store sales and e-commerce sales. In certain cases, we arrange and pay for freight to deliver products to customers and bills the customer for the estimated freight cost, which is also included in net sales. Revenue is recognized when both collection or reasonable assurance of collection of payment and final delivery of the product have occurred. For orders placed through our website and shipped to our customers, revenue is recognized at the time we estimate the customer receives the merchandise, which is typically within a few days of shipment.

Selling and Store Operating Expenses

We expect that our selling and store operating expenses will increase in future periods with future growth. Selling and store operating expenses consist primarily of store personnel wages, bonuses and benefits, rent and infrastructure expenses, supplies, depreciation and amortization, training expenses and advertising costs. Credit card fees, insurance, personal property taxes and other miscellaneous operating costs are also included.

The components of our selling and store operating expenses may not be comparable to the components of similar measures of other retailers.

General and Administrative Expenses

We expect that our general and administrative expenses will increase in future periods with future growth and in part due to additional legal, accounting, insurance and other expenses that we expect to incur as a result of being a public company, including compliance with the Sarbanes-Oxley Act. General and administrative expenses include both fixed and variable components, and therefore, are not directly correlated with net sales.

General and administrative expenses consist primarily of costs incurred outside of our stores and include administrative personnel wages in our store support center and regional offices, bonuses and benefits, supplies, depreciation and amortization, and store support center expenses. Insurance, legal expenses, information technology costs, consulting and other miscellaneous operating costs are also included.

The components of our general and administrative expenses may not be comparable to the components of similar measures of other retailers.

Pre-Opening Expenses

We account for non-capital operating expenditures incurred prior to opening a new store or relocating an existing store as "pre-opening" expenses in its consolidated statements of income. Our pre-opening expenses begin on average three to six months in advance of a store opening or relocating due to, among other things, the amount of time it takes to prepare a store for its grand opening. Pre-opening expenses primarily include the following: rent, advertising, training, staff recruiting, utilities, personnel, and equipment rental. A store is considered to be relocated if it is closed temporarily and re-opened within the same primary trade area.

Results of Operations

The following table summarizes key components of our results of operations for the periods indicated, in dollars and as a percentage of net sales:

(in thousands)	Fiscal year ended		
	12/25/2014	12/31/2015(1)	12/29/2016
Net sales	\$ 584,588	\$ 784,012	\$ 1,050,759
Cost of sales	355,051	471,390	621,497
Gross profit	229,537	312,622	429,262
Selling & store operating expenses	146,485	202,637	271,876
General & administrative expenses	38,984	49,917	64,025
Pre-opening expenses	7,412	7,380	13,732
Litigation settlement	—	—	10,500
Executive severance	2,975	296	—
Operating income	33,681	52,392	69,129
Interest expense	8,949	9,386	12,803
Loss on early extinguishment of debt	—	—	1,813
Income before income taxes	24,732	43,006	54,513
Provision for income taxes	9,634	16,199	11,474
Net income	\$ 15,098	\$ 26,807	\$ 43,039

	Fiscal year ended		
	12/25/2014	12/31/2015(1)	12/29/2016
Net sales	100.0%	100.0%	100.0%
Cost of sales	60.7	60.1	59.1
Gross profit	39.3	39.9	40.9
Selling & store operating expenses	25.1	25.8	25.9
General & administrative expenses	6.6	6.5	6.1
Pre-opening expenses	1.3	0.9	1.3
Litigation settlement	0.0	0.0	1.0
Executive severance	0.5	0.0	0.0
Operating income	5.8	6.7	6.6
Interest expense	1.6	1.2	1.2
Loss on early extinguishment of debt	0.0	0.0	0.2
Income before income taxes	4.2	5.5	5.2
Provision for income taxes	1.6	2.1	1.1
Net income	2.6%	3.4%	4.1%

(1) The 53rd week in fiscal 2015 represented \$11.9 million in net sales and an estimated \$2.1 million in operating income.

Fiscal 2016 Compared to Fiscal Year 2015

Net Sales

The following table summarizes our change in net sales for fiscal 2016 compared to fiscal 2015:

	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Net sales	\$ 784,012	\$ 1,050,759	\$ 266,747	34.0%

Net sales during fiscal 2016 increased \$266.7 million, or 34.0%, compared to the corresponding prior year period. All of our product categories experienced comparable store sales increases during the period, driven by increases in laminate/luxury vinyl plank, decorative accessories and tile that were above our company average for fiscal 2016. Our comparable store sales increased 19.4%, or \$149.1 million, while our non-comparable store sales contributed \$117.6 million. The increase in comparable store sales was driven primarily by an increase in comparable customer transactions of 14.7% and to a lesser extent by comparable average ticket growth of 3.6%. Comparable customer transactions and average ticket are measured at the time of sale, which may be slightly different than our reported sales due to timing of when final delivery of the product has occurred. We believe the increase in net sales, customer transactions and average ticket are due to the execution of our key strategic investments and an improved U.S. flooring market. As described in the "Overview" section above, we have hired key personnel in all departments, implemented connected customer strategies, including an improved website, and made key process and technology investments in merchandising and supply chain leading to better in-stock selection and higher quality products. We have invested in value added strategies targeting Pro customers, including dedicated sales teams. Non-comparable store sales were driven by the opening of 12 new stores during fiscal 2016.

Gross Profit and Gross Margin

The following table summarizes our change in gross profit and gross margin for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Gross profit	\$ 312,622	\$ 429,262	\$ 116,640	37.3%
Gross margin	39.9%	40.9%		

Gross profit during fiscal 2016 increased \$116.6 million, or 37.3%, compared to fiscal 2015. This increase in gross profit was primarily the result of increased sales volume.

Gross margin for fiscal 2016 increased approximately 100 basis points compared to fiscal 2015. This increase was primarily driven by approximately 120 basis points of product margin improvement resulting from increased sales of higher quality products that carry a higher gross margin and lower capitalized freight costs, slightly offset by approximately 10 basis points of higher supply chain and global sourcing and compliance costs as well as approximately 10 basis points due to higher inventory damage and shrinkage.

Selling and Store Operating Expenses

The following table summarizes our change in selling and store operating expenses for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Selling and store operating expenses	\$ 202,637	\$ 271,876	\$ 69,239	34.2%
Selling and store operating expenses as a % of net sales	25.8%	25.9%		

Selling and store operating expenses increased \$69.2 million, or 34.2%, due primarily to the addition of 12 new stores during fiscal 2016, and increased expenses in our comparable stores, which drove an increase in comparable store sales of 19.4%.

As a percentage of net sales, our selling and store operating expenses increased approximately 10 basis points to 25.9%. Our comparable store selling and store operating expenses decreased by approximately 130 basis points as a percentage of comparable store sales as we leveraged occupancy, personnel and advertising expenses on higher net sales. Our new stores have lower net sales and higher store operating expenses as a percentage of net sales than do our mature stores.

General and Administrative Expenses

The following table summarizes our change in general and administrative expenses for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
General and administrative expenses	\$ 49,917	\$ 64,025	\$ 14,108	28.3%
General and administrative expenses as a % of net sales	6.5%	6.1%		

General and administrative expenses, which are typically expenses incurred outside of our stores, increased \$14.1 million, or 28.3%, due to investments we made in personnel for our regional and store support functions to support our store growth, higher incentive compensation accruals and higher consulting costs. Our general and administrative expenses as a percentage of net sales decreased by approximately 40 basis points primarily due to leveraging our expenses over increasing net sales.

Pre-Opening Expenses

The following table summarizes our change in pre-opening expenses for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Pre-opening expenses	\$ 7,380	\$ 13,732	\$ 6,352	86.1%
Pre-opening expenses as a % of net sales	0.9%	1.3%		

Pre-opening expenses increased \$6.4 million, or 86.1%. The increase is primarily due to a greater number of new stores opened or planned to be opened for which pre-opening expenses were incurred and to a lesser extent higher average occupancy and advertising costs per store during fiscal 2016 compared to fiscal 2015. During fiscal 2016, we opened 12 stores and incurred costs for three additional stores planned to open as well as one relocation in 2017 compared to opening ten stores and incurring costs for two additional stores that opened in 2016 during fiscal 2015.

Interest Expense

The following table summarizes our change in interest expense for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Interest expense	\$ 9,386	\$ 12,803	\$ 3,417	36.4%

Interest expense for fiscal 2016 increased \$3.4 million compared to fiscal 2015. The increase in interest expense was entirely due to our average total debt increasing \$64.4 million to \$225.4 million for fiscal 2016 compared to \$161.0 million in fiscal 2015. The effective interest rate was 5.7% in fiscal 2016 compared to 5.8% in fiscal 2015.

Taxes

The following table summarizes our change in provision for income taxes and our effective tax rates for fiscal 2016 compared to fiscal 2015:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 31, 2015	December 29, 2016		
Provision for income taxes	\$ 16,199	\$ 11,474	\$ (4,725)	(29.2)%
Effective tax rate	37.7%	21.0%		

The provision for income taxes decreased \$4.7 million, or 29.2%. The decrease in the provision for income taxes for fiscal 2016 compared to fiscal 2015 is attributable to the decrease in the effective tax rate, partially offset by an increase in income before income taxes. The decrease in the fiscal 2016 effective tax rate was due to an \$8.5 million state and federal tax benefit related to a dividend equivalent payment to certain option holders.

Fiscal 2015 Compared to Fiscal 2014

Net Sales

The following table summarizes our change in net sales for fiscal 2015 compared to fiscal 2014:

	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Net sales	\$ 584,588	\$ 784,012	\$ 199,424	34.1%

Net sales in fiscal 2015 increased \$199.4 million, or 34.1%, compared to fiscal 2014. All of our product categories experienced comparable store sales increases during the period, driven by increases in tile, decorative accessories, and installation materials and tools that were above our average for fiscal 2015. Our comparable store sales increased 13.5%, or \$78.8 million, while our non-comparable store sales contributed \$120.6 million. The increase in comparable store sales was primarily driven by an increase in comparable customer transactions of 11.7% and to a lesser extent by comparable average ticket growth of 1.4%. Comparable customer transactions and average ticket are measured at the time of sale, which may be slightly different than our reported sales due to timing of when final delivery of the product has occurred. We believe the increase in net sales and average ticket was due to an improved U.S. flooring market and the execution of our key strategic investments, including hiring key personnel in all departments and improving our assortment by buying better products that offer more value, features and benefits. We also took over the management of all our distribution centers, which led to better in-stock selection and faster replenishment. Non-comparable store sales were driven by the opening of ten new stores during fiscal 2015. The 53rd week in fiscal 2015 added approximately \$11.9 million in net sales.

Gross Profit and Gross Margin

The following table summarizes our change in gross profit and gross margin for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Gross profit	\$ 229,537	\$ 312,622	\$ 83,085	36.2%
Gross margin	39.3%	39.9%		

Gross profit for fiscal 2015 increased \$83.1 million, or 36.2%, compared to fiscal 2014. This increase in gross profit was primarily the result of increased sales and higher product margins.

Gross margin for fiscal 2015 increased approximately 60 basis points to 39.9% from 39.3% in fiscal 2014. This increase in gross margin was primarily attributable to higher product margin of approximately 40 basis points and approximately 40 basis points due to lower inventory shrinkage and damage, partially offset by approximately 30 basis points of higher distribution center and supply chain costs.

Selling and Store Operating Expenses

The following table summarizes our selling and store operating expenses for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Selling and store operating expenses	\$ 146,485	\$ 202,637	\$ 56,152	38.3%
Selling and store operating expenses as a % of net sales	25.1%	25.8%		

Selling and store operating expenses in fiscal 2015 increased by \$56.2 million, or 38.3% from fiscal 2014, due primarily to the addition of ten new stores in fiscal 2015, and to a lesser extent, increased expenses in our comparable stores, which drove an increase in comparable store sales of 13.5% and were incurred as a result of such increased net sales.

As a percentage of net sales, our selling and store operating expenses for fiscal 2015 increased approximately 70 basis points to 25.8% from 25.1% in fiscal 2014, due entirely to the addition of ten new stores. This was modestly offset by our comparable store selling and store operating expenses decreasing by 130 basis points as a percentage of comparable store sales. Our new stores have lower net sales and higher store operating expenses as a percentage of net sales than our total store average.

General and Administrative Expenses

The following table summarizes our change in general and administrative expenses for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
General and administrative expenses	\$ 38,984	\$ 49,917	\$ 10,933	28.0%
General and administrative expenses as a % of net sales	6.6%	6.5%		

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General and administrative expenses, which are typically expenses incurred outside of our stores, increased \$10.9 million, or 28.0%, due to our continued investment in personnel to support store growth as well as higher incentive compensation accruals. Our general and administrative expenses as a percentage of net sales decreased by approximately 10 basis points primarily due to leveraging personnel and operating costs over increasing net sales.

Pre-Opening Expenses

The following table summarizes our change in pre-opening expenses for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Pre-opening expenses	\$ 7,412	\$ 7,380	\$ (32)	(0.4)%
Pre-opening expenses as a % of net sales	1.3%	0.9%		

Pre-opening expenses in fiscal 2015 were flat compared to fiscal 2014. As a percentage of net sales, pre-opening expenses for fiscal 2015 decreased approximately 40 basis points from fiscal 2014 primarily due to leveraging expenses over increasing net sales. We had a minimal decrease in pre-opening expenses in fiscal 2015 compared to fiscal 2014 due to the timing of store openings. During fiscal 2015, we opened ten stores and incurred costs for two additional stores planned to open in 2016 compared to opening nine stores and incurring costs for one additional store that opened in 2015 during fiscal 2014.

Interest Expense

The following table summarizes our change in interest expense for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Interest expense	\$ 8,949	\$ 9,386	\$ 437	4.9%

Interest expense in fiscal 2015 increased \$0.4 million, or 4.9%. The increase in interest expense was due to our average total debt increasing to \$161.1 million in fiscal 2015 compared to \$147.9 million in fiscal 2014, offset by a reduction in the effective interest rate of 5.8% for fiscal 2015 from 6.1% for fiscal 2014.

Taxes

The following table summarizes our change in provision for income taxes and our effective tax rate for fiscal 2015 and fiscal 2014:

(in thousands)	Fiscal year ended		\$ Change	% Change
	December 25, 2014	December 31, 2015		
Provision for income taxes	\$ 9,634	\$ 16,199	\$ 6,565	68.1%
Effective tax rate	39.0%	37.7%		

The provision for income taxes increased \$6.6 million, or 68.1%. The increase in the provision for income taxes for fiscal 2015 compared to fiscal 2014 is attributable to the increase in income before

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income taxes. The decrease in the effective tax rate was due to net favorable discrete items for fiscal 2015, primarily related to federal and state provision to return adjustments.

Seasonality

Historically, our business has had very little seasonality. Our specialty hard surface flooring and decorative home product offering makes us less susceptible to holiday shopping seasonal patterns compared to other retailers. However, we generally conduct a clearance event during our third fiscal quarter followed by a smaller clearance event towards the end of the year. The timing of these clearance events is driven by operational considerations rather than customer demand and could change from year to year.

Interim Results

The following table sets forth our historical quarterly results of operations as well as certain operating data for each of our most recent 12 fiscal quarters. This unaudited quarterly information has been prepared on the same basis as our annual audited financial statements appearing elsewhere in this document and includes all adjustments, consisting only of normally recurring adjustments, that we consider necessary to present fairly the financial information for the fiscal quarters presented.

The quarterly data should be read in conjunction with our audited consolidated and unaudited condensed consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

	Fiscal 2014				Fiscal 2015				Fiscal 2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)
(in thousands, except operating data)												
Net sales	\$ 127,536	\$ 144,540	\$ 152,976	\$ 159,536	\$ 170,552	\$ 191,440	\$ 199,211	\$ 222,809	\$ 235,301	\$ 265,853	\$ 271,311	\$ 278,294
Year-over-year increase	28.0%	30.1%	31.4%	36.4%	33.7%	32.4%	30.2%	39.7%	38.0%	38.9%	36.2%	24.9%
Gross profit	\$ 51,508	\$ 56,459	\$ 58,593	\$ 62,977	\$ 67,450	\$ 75,507	\$ 79,295	\$ 90,370	\$ 93,897	\$ 109,652	\$ 110,967	\$ 114,746
Year-over-year increase	32.1%	26.4%	37.3%	44.8%	31.0%	33.7%	35.3%	43.5%	39.2%	45.2%	39.9%	27.0%
Operating income	\$ 5,811	\$ 10,154	\$ 8,641	\$ 9,075	\$ 8,700	\$ 13,384	\$ 11,633	\$ 18,675	\$ 13,962	\$ 10,628	\$ 24,569	\$ 19,970
Net income	\$ 2,188	\$ 4,880	\$ 4,124	\$ 3,906	\$ 3,963	\$ 6,825	\$ 6,052	\$ 9,967	\$ 7,101	\$ 5,012	\$ 14,219	\$ 16,707

	Fiscal 2014				Fiscal 2015				Fiscal 2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Other financial data												
Comparable store sales growth	11.4%	15.7%	17.0%	18.5%	16.3%	12.9%	10.4%	14.9%	22.4%	22.6%	19.3%	14.0%
Number of stores open at end of period(2)	39	41	44	48	51	53	56	58	61	64	68	70
Adjusted EBITDA (in thousands)(3)	\$ 11,748	\$ 13,555	\$ 12,467	\$ 13,438	\$ 13,254	\$ 18,644	\$ 16,889	\$ 24,081	\$ 20,101	\$ 31,992	\$ 28,161	\$ 28,144
Adjusted EBITDA margin	9.2%	9.4%	8.1%	8.4%	7.8%	9.7%	8.5%	10.8%	8.5%	12.0%	10.4%	10.1%

- (1) The 53rd week in fiscal 2015, which is included in the fourth quarter, represented \$11.9 million in net sales, an estimated \$2.1 million in operating income and an estimated \$2.2 million in Adjusted EBITDA. When presenting comparable store sales for fiscal 2015 and fiscal 2016, we have excluded the last week of fiscal 2015.
- (2) Represents the number of our warehouse-format stores and our one small-format standalone design center.
- (3) EBITDA and Adjusted EBITDA (which are shown in the reconciliations below) have been presented in this prospectus as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization. We define Adjusted EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. Reconciliations of these measures to the equivalent measures under GAAP are set forth in the table below.

EBITDA and Adjusted EBITDA are key metrics used by management and our board of directors to assess our financial performance and enterprise value. We believe that EBITDA and Adjusted EBITDA are useful measures, as they eliminate certain expenses that are not indicative of our core operating performance and facilitate a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine covenant compliance with respect to our Credit Facilities, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. EBITDA and Adjusted EBITDA are also used by analysts, investors and other interested parties as performance measures to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are non-GAAP measures of our financial performance and should not be considered as alternatives to net income as a measure of financial performance or any other performance measure derived in accordance with GAAP and they should not be

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construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of liquidity or free cash flow for management's discretionary use. In addition, these non-GAAP measures exclude certain non-recurring and other charges. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine EBITDA and Adjusted EBITDA, such as stock compensation expense, loss (gain) on asset disposal, executive recruiting/relocation, and other adjustments. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of EBITDA and Adjusted EBITDA differ among companies in the retail industry, and therefore EBITDA and Adjusted EBITDA disclosed by us may not be comparable to the metrics disclosed by other companies.

The reconciliations of net income to EBITDA and Adjusted EBITDA for the periods noted below are set forth in the table as follows:

(in thousands)	Fiscal 2014				Fiscal 2015				Fiscal 2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net income	\$ 2,188	\$ 4,880	\$ 4,124	\$ 3,906	\$ 3,963	\$ 6,825	\$ 6,052	\$ 9,967	\$ 7,101	\$ 5,012	\$ 14,219	\$ 16,707
Depreciation and amortization(a)	2,440	2,449	2,882	3,302	3,547	4,131	4,421	4,695	5,337	6,447	6,154	7,151
Interest expense	2,265	2,346	2,164	2,174	2,279	2,320	2,267	2,520	2,486	2,475	2,401	5,441
Loss on early extinguishment of debt(b)	—	—	—	—	—	—	—	—	—	153	—	1,660
Income tax expense	1,358	2,928	2,353	2,995	2,458	4,239	3,314	6,188	4,375	2,988	7,949	(3,838)
EBITDA	8,251	12,603	11,523	12,377	12,247	17,515	16,054	23,370	19,299	17,075	30,723	27,121
Stock compensation expense(c)	542	539	620	622	964	748	775	771	755	706	745	1,023
Loss (gain) on asset disposal(d)	(20)	165	—	3	43	18	60	7	47	211	193	—
Executive severance(e)	2,975	—	—	—	—	363	—	(67)	—	—	—	—
Legal settlement(f)	—	—	—	—	—	—	—	—	—	14,000	(3,500)	—
Other(g)	—	248	324	436	—	—	—	—	—	—	—	—
Adjusted EBITDA	<u>\$ 11,748</u>	<u>\$ 13,555</u>	<u>\$ 12,467</u>	<u>\$ 13,438</u>	<u>\$ 13,254</u>	<u>\$ 18,644</u>	<u>\$ 16,889</u>	<u>\$ 24,081</u>	<u>\$ 20,101</u>	<u>\$ 31,992</u>	<u>\$ 28,161</u>	<u>\$ 28,144</u>

- (a) Net of amortization of tenant improvement allowances and excludes deferred financing amortization, which is included as a part of interest expense in the table above.
- (b) Loss recorded as a result of the non-cash write-off of certain deferred financing fees related to term borrowings outstanding at the time of the refinancing.
- (c) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on timing of awards and forfeitures.
- (d) The losses related primary to assets retired in connection with significant store remodels.
- (e) Represents costs incurred in connection with separation agreements with former officers.
- (f) Legal settlement related to classwide settlement to resolve a lawsuit.
- (g) Other adjustments include amounts management does not consider indicative of our core operating performance. Amounts in fiscal 2014 relate primarily to costs in connection with a proposed initial public offering.

Liquidity and Capital Resources

Liquidity is provided primarily by our cash flows from operations and the ABL Facility. As of December 29, 2016, we had \$122.2 million in unrestricted liquidity, consisting of \$0.5 million in cash and cash equivalents and \$121.7 million immediately available for borrowing under the ABL Facility without violating any covenants thereunder.

During fiscal 2016, we generated \$89.5 million in cash provided by operating activities. Additionally, on September 30, 2016, we refinanced our existing indebtedness by amending our existing asset-based revolving credit facility with a \$200 million asset-backed revolving credit facility (the "ABL Facility," and together with the Term Loan Facility, our "Credit Facilities"), and entering into the Term Loan Facility, a \$350.0 million senior secured term loan facility maturing on September 30, 2023. We used cash from the Term Loan Facility as follows, (i) \$202.5 million was used to fund the Special Dividend, (ii) \$22.5 million was used to make related cash payments in respect of certain options to purchase our common stock in accordance with the terms of the 2011 Plan (the "Option Payments"), (iii) \$77.6 million was used to repay and terminate the GCI Facility, (iv) \$19.8 million was used to repay and terminate the Prior Term Loan Facility, and (v) \$13.0 million was used to repay a portion of the Prior ABL Facility. We refer to the refinancing, Special Dividend and Option Payments collectively as the "2016 Refinancing." We used the cash provided by operating activities to (a) fund capital expenditures and (b) repay a portion of the Prior ABL Facility.

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A portion of the Option Payments were for unvested options, and option holders are required to repay any amounts related to options that do not vest prior to such option holder's termination of employment. In the event that an option holder defaults on such repayment, we will record the amount as additional stock based compensation expense in that reporting period.

Our primary cash needs are for merchandise inventories, payroll, store rent, and other operating expenses and capital expenditures associated with opening new stores and remodeling existing stores, as well as information technology, e-commerce and store support center infrastructure. We also use cash for the payment of taxes and interest.

The most significant components of our operating assets and liabilities are merchandise inventories and accounts payable, and to a lesser extent accounts receivable, prepaid expenses and other assets, other current and non-current liabilities, taxes receivable and taxes payable. Our liquidity is not generally seasonal, and our uses of cash are primarily tied to when we open stores and make other capital expenditures. We believe that cash expected to be generated from operations and the availability of borrowings under the ABL Facility will be sufficient to meet liquidity requirements, anticipated capital expenditures and payments due under our Credit Facilities for at least the next 12 months.

Merchandise inventory is our most significant working capital asset and is considered "in-transit" or "available for sale," based on whether we have physically received the products at an individual store location or in one of our four distribution centers. In-transit inventory generally varies due to contractual terms, country of origin, transit times, international holidays, weather patterns and other factors, but for the last two years, less than 20% of our inventory was in-transit, while over 80% of our inventory was available for sale in our stores or at one of our four distribution centers.

We measure realizability of our inventory by monitoring sales, gross margin, inventory aging, weeks of supply or inventory turns as well as by reviewing SKUs that have been determined by our merchandising team to be discontinued. Based on our analysis of these factors, we believe our inventory is realizable.

Twice a year, we conduct a clearance event with the goal of selling through discontinued inventory, followed by donations of the aged discontinued inventory that we are unable to sell. We generally conduct a larger clearance event during our third fiscal quarter followed by a smaller clearance event towards the end of the fiscal year. We define aged discontinued inventory as inventory in discontinued status for more than 12 months that we intend to donate. As of December 29, 2016, we had \$0.4 million of aged discontinued inventory.

Total capital expenditures in fiscal 2017 are planned to be between approximately \$95 million to \$104 million and will be funded primarily by cash generated from operations. We intend to make the following capital expenditures in fiscal 2017:

- Open 14 stores and start construction on stores opening in early 2018 using approximately \$50 million to \$54 million of cash;
- Invest in existing store remodeling projects and our distribution centers using approximately \$32 million to \$35 million of cash; and
- Invest in information technology infrastructure, e-commerce and other store support center initiatives using approximately \$13 million to \$15 million of cash.

During the fourth quarter of fiscal 2017, we plan to relocate all the existing inventory from our currently leased distribution center in Savannah, Georgia to a newly leased distribution center in Savannah, Georgia that is currently under construction and, in connection therewith, we anticipate incurring related costs of less than \$1 million in fiscal 2017. Additionally, in fiscal 2018, we plan to relocate all the existing inventory from our currently leased distribution center in Miramar, Florida to the newly leased distribution center in Savannah, Georgia and, in connection therewith, we anticipate incurring related costs of less than \$1 million in fiscal 2018.

Cash Flow Analysis

A summary of our operating, investing and financing activities are shown in the following table:

(in thousands)	Fiscal year ended		
	12/25/2014	12/31/2015	12/29/2016
Net cash provided by operating activities	\$ 43,594	\$ 20,380	\$ 89,456
Net cash used in investing activities	(39,069)	(45,021)	(74,648)
Net cash (used in) provided by financing activities	(4,421)	24,680	(14,675)
Increase in cash and cash equivalents	\$ 104	\$ 39	\$ 133

Net Cash Provided By Operating Activities

Cash from operating activities consists primarily of net income adjusted for non-cash items, including depreciation and amortization, stock-based compensation, deferred taxes and the effects of changes in operating assets and liabilities.

Net cash provided by operating activities was \$89.5 million for fiscal 2016 and \$20.4 million for fiscal 2015. The net cash provided by operating activities was primarily the result of an increase in net income and improved working capital management with better inventory management in anticipation of factory closures for Chinese New Year in fiscal 2016 as well as timing of tax payments.

Net cash provided by operating activities was \$20.4 million for fiscal 2015 and \$43.6 million for fiscal 2014. The decrease in fiscal 2015 compared to fiscal 2014 reflects the increased inventory receipts received at the end of fiscal 2015 to improve in-stock positions in anticipation of Chinese New Year factory closures in early 2016, income tax payments made in fiscal 2015, partially offset by an increase in accounts payable due to the increased inventory and associated changes in working capital.

Net Cash Used in Investing Activities

Investing activities consist primarily of capital expenditures for new store openings, existing store remodels (including leasehold improvements, new racking, new fixtures, new vignettes and new design centers) and new infrastructure and information systems.

Capital expenditures were \$74.6 million compared to \$45.0 million for fiscal 2016 and fiscal 2015, respectively. The growth is primarily related to opening more new stores in fiscal 2016 as well as capital expenditures for stores opening in early fiscal 2017 compared to the same period in fiscal 2015. For fiscal 2016, approximately 46% of capital expenditures was for new stores, 33% was for existing store remodel and distribution center investments, and the remainder was for information technology and e-commerce investments.

Capital expenditures were \$45.0 million compared to \$39.1 million for fiscal 2015 and fiscal 2014, respectively. The increase in capital expenditures for fiscal 2015 was primarily due to a large investment in our distribution centers and existing store expenditures. For fiscal 2015, approximately 55% of capital expenditures was for new stores, 34% was for existing store remodel and distribution center investments, and the remainder was for information technology and e-commerce investments. For fiscal 2014, approximately 62% of capital expenditures was for new stores, 23% was for existing store remodel investments, and the remainder was for information technology and e-commerce investments.

Net Cash (Used In) Provided By Financing Activities

Financing activities consist primarily of borrowings and related repayments under our credit agreements, as well as dividends paid to common stockholders.

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Net cash used in financing activities was \$14.7 million for fiscal 2016 and net cash provided by financing activities was \$24.7 million for fiscal 2015. The net cash used in financing activities for fiscal 2016 was primarily due to (i) the Special Dividend, (ii) the Option Payments, (iii) \$20.3 million to repay and terminate the GCI Facility, (iv) \$78.0 million to repay and terminate the Prior Term Loan Facility and (v) \$42.9 million to pay down a portion of the ABL Facility, mostly offset by borrowing \$350.0 million on the Term Loan Facility.

Net cash provided by financing activities was \$24.7 million for fiscal 2015 and net cash used in financing activities was \$4.4 million for fiscal 2014. The increase in fiscal 2015 compared to fiscal 2014 was driven primarily by proceeds from borrowings under our credit agreements. The cash provided by operations for fiscal 2014 allowed us to make capital investments, as well as, pay down a portion of the Prior Term Loan Facility.

Our Credit Facilities

We have two arrangements governing our material outstanding indebtedness: our ABL Facility and our Term Loan Facility.

The indebtedness outstanding under our Credit Facilities is secured by substantially all of our assets. In particular, the indebtedness outstanding under (i) the ABL Facility is secured by a first-priority security interest in all of our current assets, including inventory and accounts receivable, and a second-priority security interest in the collateral that secures the Term Loan Facility on a first-priority basis, and (ii) the Term Loan Facility is secured by a first-priority security interest in all of our fixed assets and intellectual property, and a second- priority interest in the collateral that secures the ABL Facility on a first- priority basis.

The Term Loan Facility requires quarterly repayments of approximately \$875 thousand, which commenced on December 31, 2016, with the remainder due and payable at maturity.

As of December 29, 2016, the Term Loan Facility bore interest based on one of the following rates, at our option:

- i) Adjusted LIBOR Rate plus a margin of 4.25%
- ii) Base Rate plus a margin of 3.25%. Base Rate defined as the greater of the following:
 - (a) the base rate in effect on such day,
 - (b) the federal funds rate plus 0.50%,
 - (c) the adjusted LIBOR rate for the interest period of one month plus a margin of 1.00%.

The ABL Facility initially accrued interest ranging from LIBOR + 1.50% to LIBOR + 2.00%, and as of December 29, 2016 was subject to a pricing grid based on average daily availability under such facility ranging from LIBOR + 1.25% to 1.50%. The ABL Facility allows us to borrow up to \$200 million, subject to the borrowing base requirements, set forth in the credit agreement governing the ABL Facility. As of December 29, 2016, we had the ability to access \$121.7 million of unused borrowings under the ABL Facility without violating any covenants thereunder and had \$10.1 million in outstanding letters of credit.

The credit agreements governing our Credit Facilities contain customary restrictive covenants that, among other things and with certain exceptions, limit our ability to (i) incur additional indebtedness and liens in connection therewith; (ii) pay dividends and make certain other restricted payments; (iii) effect mergers or consolidations; (iv) enter into transactions with affiliates; (v) sell or dispose of property or assets; and (vi) engage in unrelated lines of business. In addition, these credit

agreements subject us to certain reporting obligations and require that we satisfy certain financial covenants, including, among other things:

- a requirement that if borrowings under the ABL Facility exceed 90% of availability, we will maintain a certain fixed charge coverage ratio (defined as consolidated EBITDA less non-financed capital expenditures and income taxes paid to consolidated fixed charges, in each case as more fully defined in the credit agreement governing the ABL Facility).

The Term Loan Facility has no financial maintenance covenants. As of December 29, 2016, we were in compliance in all material respects with the covenants of the Credit Facilities and no Event of Default (as defined in the credit agreements governing our Credit Facilities) had occurred.

For more information on our Credit Facilities, see "Prospectus Summary—Recent Developments—Repricing of Term Loan Facility" and "Use of Proceeds."

Contractual Obligations

We enter into long-term obligations and commitments in the normal course of business, primarily debt obligations and non-cancelable operating leases. As of December 29, 2016, without giving effect to this offering, our contractual cash obligations over the next several periods were as follows:

(in thousands)	Payments due by period						
	Total	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Thereafter
Term loans	\$ 350,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 4,375	\$ 2,625	\$ 332,500
Revolving loan	50,000	—	—	—	—	50,000	—
Estimated interest(1)	122,951	18,530	18,344	18,158	19,540	16,266	32,113
Operating leases(2)	717,537	63,340	71,913	73,580	71,598	67,875	369,231
Letters of credit	10,119	10,119	—	—	—	—	—
Purchase obligations(3)	157,384	157,384	—	—	—	—	—
Total	\$ 1,407,991	\$ 252,873	\$ 93,757	\$ 95,238	\$ 95,513	\$ 136,766	\$ 733,844

- (1) For purposes of this table, interest has been estimated based on interest rates in effect for our indebtedness as of December 29, 2016, and estimated borrowing levels in the future. Actual borrowing levels and interest costs may differ.
- (2) We enter into operating leases during the normal course of business. Most lease arrangements provide us with the option to renew the leases at defined terms. The future operating lease obligations would change if we were to exercise these options, or if we were to enter into additional operating leases.
- (3) Purchase obligations include all legally binding contracts such as firm commitments for inventory purchases, container commitments, software and license commitments and legally binding service contracts. Purchase orders that are not binding agreements are excluded from the table above.

Off-Balance Sheet Arrangements

We do not have any relationship with unconsolidated entities or financial partnerships for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect amounts reported in our consolidated financial statements and related notes, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. Management evaluates its accounting policies, estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions, and such differences could be material to the consolidated financial statements.

Management evaluated the development and selection of its critical accounting policies and estimates and believes that the following involve a higher degree of judgment or complexity and are the most significant to reporting our results of operations and financial position, and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between actual and expected experience can potentially have a materially favorable or unfavorable impact on subsequent results of operations. More information on all of our significant account policies can be found in Note 1—*Nature of Business* and Note 2—*Summary of Significant Accounting Policies* to our audited consolidated financial statements included elsewhere in this prospectus.

Revenue Recognition

Retail sales at our stores are recorded at the point of sale and are net of sales discounts and estimated returns. We recognize revenue and the related cost of sales when both collection or reasonable assurance of collection of payment and final delivery of the product have occurred. For orders placed through our website and shipped to our customers, we recognize revenue and the related cost of sales at the time we estimate the customer receives the merchandise, which is typically within a few days of shipment. In certain cases, we arrange and pay for freight to deliver products to our customers, and bill the customer for the estimated freight cost, which is included in net sales. Sales taxes collected are not recognized as revenue as these amounts are ultimately remitted to the appropriate taxing authorities.

We reserve for future returns of previously sold merchandise based on historical experience and various other assumptions that we believe to be reasonable. This reserve reduces sales and cost of sales, accordingly. Merchandise exchanges of similar product and price are not considered merchandise returns and, therefore, are excluded when calculating the sales returns reserve.

Gift Cards and Merchandise Credits

We sell gift cards to our customers in our stores and through our website and issue merchandise credits in our stores. We account for the programs by recognizing a liability at the time the gift card is sold or the merchandise credit is issued. The liability is relieved and revenue is recognized upon redemption. Prior to February 1, 2013, we recognized revenue on unredeemed gift cards based on the estimated rate of gift card breakage, which was applied over the period of estimated performance. Net sales related to the estimated breakage are included in net sales in the consolidated statement of income. On February 1, 2013, we entered into an agreement with an unrelated third-party who became the issuer of our gift cards going forward and also assumed the existing liability for unredeemed gift cards for which there were no currently existing claims under unclaimed property statutes. We are no longer the primary obligor for the third-party issued gift cards and are therefore not subject to claims under unclaimed property statutes, as the agreement effectively transfers the

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ownership of such unredeemed gift cards and the related future escheatment liability, if any, to the third-party. Accordingly, gift card breakage income of \$0.6 million, \$0.5 million, and \$0.4 million was recognized in fiscal 2016, fiscal 2015, and fiscal 2014, respectively, for such unredeemed gift cards.

Inventory Valuation and Shrinkage

Inventories consist of merchandise held for sale and are stated at the lower of cost and net realizable value. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recorded in cost of sales in the consolidated statement of income as a loss in the period in which it occurs. We determine inventory costs using the weighted average cost method. We capitalize transportation, duties and other costs to get product to our retail locations. We provide provisions for losses related to shrinkage and other amounts that are otherwise not expected to be fully recoverable. These provisions are calculated based on historical shrinkage, selling price, margin and current business trends. The estimates have calculations that require management to make assumptions based on the current rate of sales, age, salability and profitability of inventory, historical percentages that can be affected by changes in our merchandising mix, customer preferences, rates of sell through and changes in actual shrinkage trends. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions we use to calculate our inventory provisions. However, if actual results are not consistent with our estimates and assumptions, we may be exposed to losses or gains that could be material.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the period that includes the enactment date of such a change.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the associated temporary differences became deductible. On a quarterly basis, we evaluate whether it is more likely than not that our deferred tax assets will be realized in the future and conclude whether a valuation allowance must be established.

We include any estimated interest and penalties on tax-related matters in income taxes payable and income tax expense. Current guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under the relevant authoritative literature, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50 percent likelihood of being sustained.

Goodwill and Other Indefinite-Lived Intangible Assets

We have identified each of the five geographic regions (the East, Northeast, Southeast, Central and West) of our operating segment as separate components and have determined that these components have similar economic characteristics and therefore should be aggregated into one reporting unit. We reached this conclusion based on the level of similarity of a number of quantitative and qualitative factors, including net sales, gross profit margin percentage, the manner in which we

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operate our business, the similarity of hard surface flooring products, operating procedures, marketing initiatives, store layout, employees, customers and methods of distribution, as well as the level of shared resources between the components.

We complete an impairment test of goodwill and other indefinite-lived intangible assets at least annually or more frequently if indicators of impairment are present. We obtain independent third-party valuation studies to assist us with determining the fair value of goodwill and indefinite-lived intangible assets. Our goodwill and other indefinite-lived intangible assets subject to impairment testing arose primarily as a result of our acquisition of F&D in November 2010.

We qualitatively assess goodwill to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. We also perform a two-step quantitative impairment test on goodwill. In the first step, we compare the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired, and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

We estimate the fair value of our reporting unit using a combination of the income approach and the market approach. The income approach utilizes a discounted cash flow model incorporating management's expectations for future revenue, operating expenses, earnings before interest, taxes, depreciation and amortization, taxes and capital expenditures. We discount the related cash flow forecasts using our estimated weighted-average cost of capital at the date of valuation. The market approach utilizes comparative market multiples in the valuation estimate. Multiples are derived by relating the value of guideline companies in our industry and with similar growth prospects, based on either the market price of publicly traded shares or the prices of companies being acquired in the marketplace, to various measures of their earnings and cash flow. Such multiples are then applied to our historical and projected earnings and cash flow in developing the valuation estimate.

Preparation of forecasts and the selection of the discount rates involve significant judgments about expected future business performance and general market conditions. Significant changes in our forecasts, the discount rates selected or the weighting of the income and market approach could affect the estimated fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

Based on the goodwill asset impairment analysis performed quantitatively on October 23, 2015, we determined that the fair value of our reporting unit is substantially in excess of the carrying value. No events or changes in circumstances have occurred since the date of our most recent annual impairment test to indicate that the fair value of a reporting unit would be less than its carrying amount.

We annually evaluate whether indefinite-lived assets continue to have an indefinite life or have impaired carrying values due to changes in the asset(s) or their related risks. The impairment review is performed by comparing the carrying value to the estimated fair value, determined using a discounted cash flow methodology. If the recorded carrying value of the indefinite-lived asset exceeds its estimated fair value, an impairment charge is recorded to write the asset down to its estimated fair value.

Our goodwill and other indefinite-lived intangible assets impairment loss calculations contain uncertainties because they require management to make significant judgments estimating the fair value of our reporting unit and indefinite-lived intangible assets, including the projection of future cash flows, assumptions about which market participants are the most comparable, the selection of discount rates

and the weighting of the income and market approaches. These calculations contain uncertainties because they require management to make assumptions such as estimating economic factors and the profitability of future business operations and, if necessary, the fair value of a reporting unit's assets and liabilities among others. Further, our ability to realize the future cash flows used in our fair value calculations is affected by factors such as changes in economic conditions, changes in our operating performance and changes in our business strategies. Significant changes in any of the assumptions involved in calculating these estimates could affect the estimated fair value of our reporting unit and indefinite-lived intangible assets and could result in impairment charges in a future period.

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use in our goodwill or other tests of impairment. Based on the results of our annual impairment tests for goodwill and other indefinite-lived intangible assets, no impairment was recorded. Based on this assessment, we believe that our goodwill and other indefinite-lived intangible assets are not at risk of impairment. However, if actual results are not consistent with our estimates or assumptions or there are significant changes in any of these estimates, projections or assumptions, it could have a material effect on the fair value of these assets in future measurement periods and result in an impairment, which could materially affect our results of operations.

Long-Lived Assets

Long-lived assets, such as fixed assets and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of an asset, a product recall or an adverse action by a regulator. If the sum of the estimated undiscounted future cash flows related to the asset is less than the asset's carrying value, we recognize a loss equal to the difference between the carrying value and the fair value, usually determined by the estimated discounted cash flow analysis of the asset.

Since there is typically no active market for our definite-lived intangible assets, we estimate fair values based on expected future cash flows at the time they are identified. We estimate future cash flows based on store-level historical results, current trends and operating and cash flow projections. We amortize these assets with finite lives over their estimated useful lives on a straight-line basis. This amortization methodology best matches the pattern of economic benefit that is expected from the definite-lived intangible assets. We evaluate the useful lives of its intangible assets on an annual basis.

Stock-Based Compensation

We account for employee stock options in accordance with relevant authoritative literature. Given the absence of a public trading market for our common stock, the fair value of the common stock underlying our share-based awards was determined by our compensation committee, with input from management as well as valuation reports prepared by an unrelated nationally recognized third-party valuation specialist, in each case using the income and market valuation approach. We believe that our compensation committee has the relevant experience and expertise to determine the fair value of our common stock. In accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide: *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, our compensation committee exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- valuations of our common stock performed by an unrelated nationally recognized third-party valuation specialist;
- our historical and projected operating and financial results, including capital expenditures;

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- current business conditions and performance, including dispositions and discontinued operations;
- present value of estimated future cash flows;
- the market performance and financial results of comparable publicly-traded companies;
- amounts of indebtedness;
- industry or company-specific considerations;
- likelihood of achieving a liquidity event, such as an initial public offering or a sale of the company;
- lack of marketability of our common stock; and
- the U.S. and global capital market conditions.

These estimates will not be necessary to determine the fair value of new awards once the underlying shares begin trading publicly.

Stock options are granted with exercise prices equal to or greater than the estimated fair market value on the date of grant as authorized by our board of directors or compensation committee. Options granted have vesting provisions ranging from three to five years. Stock option grants are generally subject to forfeiture if employment terminates prior to vesting. We have selected the Black-Scholes option pricing model for estimating the grant date fair value of stock option awards granted. We have considered the retirement and forfeiture provisions of the options and utilized our historical experience to estimate the expected life of the options. We base the risk-free interest rate on the yield of a zero coupon U.S. Treasury security with a maturity equal to the expected life of the option from the date of the grant. We estimate the volatility of the share price of our common stock by considering the historical volatility of the stock of similar public entities. We estimate the dividend yield to be zero as we do not intend to pay dividends in the future. In determining the appropriateness of the public entities included in the volatility assumption we considered a number of factors, including the entity's life cycle stage, growth profile, size, financial leverage and products offered. Stock-based compensation cost is measured at the grant date based on the value of the award, net of estimated forfeitures, and is recognized as expense over the requisite service period based on the number of years for which the requisite service is expected to be rendered.

Self-Insurance Reserves

We are partially self-insured for workers' compensation and general liability claims less than certain dollar amounts and maintains insurance coverage with individual and aggregate limits. We also have a basket aggregate limit to protect against losses exceeding \$5.0 million (subject to adjustment and certain exclusions) for workers' compensation claims and general liability claims. Our liabilities represent estimates of the ultimate cost for claims incurred, including loss adjusting expenses, as of the balance sheet date. The estimated liabilities are not discounted and are established based upon analysis of historical data, actuarial estimates, regulatory requirements, an estimate of claims incurred but not yet reported and other relevant factors. The liabilities are reviewed by management utilizing third-party actuarial studies on a regular basis to ensure that they are appropriate. While we believe these estimates are reasonable based on the information currently available, if actual trends, including the severity or frequency of claims, medical cost inflation or fluctuations in premiums, differ from our estimates, our results of operations could be impacted.

Recently Issued Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." This standard simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted after January 1, 2017. The amendments in this update should be applied using a prospective approach. The adoption of ASU No. 2017-04 is not expected to have a material impact on our Consolidated Financial Statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." This standard update requires an entity to recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. ASU No. 2016-16 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The amendments in this update should be applied using a modified retrospective approach. The adoption of ASU No. 2016-16 is not expected to have a material impact on our Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." The standard update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The amendments in this update should be applied using a retrospective approach. The adoption of ASU No. 2016-15 is not expected to have a material impact on our Consolidated Statements of Cash Flows.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employees Share-Based Payment Accounting." The update is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The amendments in this update are effective for fiscal years beginning after December 15, 2016, and interim periods within those years, with early adoption permitted. Depending on the amendment, methods used to apply the requirements of the update include modified retrospective, retrospective, and prospective. We elected to early adopt this standard during 2016. The adoption of this standard resulted in an immaterial modified retrospective adjustment on our consolidated balance sheet as of the beginning of fiscal 2016.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires that lessees recognize lease assets and lease liabilities for all leases with greater than 12 month terms on the balance sheet. The guidance also requires disclosures about the amount, timing and uncertainty of cash flows arising from leases. This new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years, with early adoption permitted. The standard must be applied using a modified retrospective approach. We are currently evaluating the impact that ASU No. 2016-02 will have on our Consolidated Financial Statements. When implemented, we believe the new standard will have a material impact on our consolidated balance sheet. We are currently evaluating the effect that implementation of this standard will have on our consolidated statements of income, cash flows, financial position and related disclosures.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." ASU No. 2015-11 provides new guidance for entities using first-in, first-out or average cost to simplify the subsequent measurement of inventory, which proposes that inventory should be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance eliminates the option to subsequently measure

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inventory at replacement cost or net realizable value less an approximately normal profit margin. This new guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within those years, with early adoption permitted. The amendments in this update should be applied prospectively. The adoption of ASU No. 2015-11 is not expected to have a material impact on our Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 provides new guidance related to the core principle that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services provided. In July 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," to defer the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date, and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. In March 2016, the FASB issued ASU No. 2016-08 "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," which clarifies the guidance in ASU No. 2014-09 and has the same effective date as the original standard. In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing." In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients. The 2016 updates to the revenue recognition guidance relate to principal versus agent assessments, identifying performance obligations, the accounting for licenses, and certain narrow scope improvements and practical expedients. This new standard could impact the timing and amounts of revenue recognized. As we evaluate the impact of this standard, the more significant change relates to the timing of revenue recognized for certain transactions for which we allow customers to store their merchandise at the retail store for final delivery at a later date. We are continuing to evaluate the impact this standard, and related amendments and interpretive guidance, will have on our consolidated financial statements. We plan to adopt the new standard on a modified retrospective basis beginning the first day of fiscal 2018.

Quantitative and Qualitative Disclosure of Market Risk

Foreign Currency Risk

We contract for production with third parties primarily in Asia and Europe. While substantially all of these contracts are stated in U.S. dollars, there can be no assurance that the cost for the future production of our products will not be affected by exchange rate fluctuations between the U.S. dollar and the local currencies of these contractors. Due to the number of currencies involved, we cannot quantify the potential impact of future currency fluctuations on net income (loss) in future years. To date, such exchange fluctuations have not had a material impact on our financial condition or results of operations.

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our Credit Facilities, which carry variable interest rates. As of December 29, 2016, our outstanding variable rate debt aggregated approximately \$400.0 million. Based on December 29, 2016 debt levels, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest cost of approximately \$4.0 million over the next 12 months. To lessen our exposure to changes in interest rate risk, we entered into \$205.0 million interest rate cap agreements in November 2016 with Bank of America and Wells Fargo (collectively, the "Cap Agreements") that cap our LIBOR at 2.0% beginning in December 2016.

Impact of Inflation/Deflation

We do not believe that inflation has had a material impact on our net sales or operating results for the past three fiscal years. However, substantial increases in costs, including the price of raw materials, labor, energy and other inputs used in the production of our merchandise, could have a significant impact on our business and the industry in the future. Additionally, while deflation could positively impact our merchandise costs, it could have an adverse effect on our average unit retail price, resulting in lower net sales and operating results.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Internal Control over Financial Reporting

The process of improving our internal controls has required and will continue to require us to expend significant resources to design, implement and maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. There can be no assurance that any actions we take will be completely successful. We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an ongoing basis. As part of this process, we may identify specific internal controls as being deficient.

We have begun documenting and testing internal control procedures in order to comply with the requirements of Section 404(a) of the Sarbanes-Oxley Act. Section 404 requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent auditors addressing these assessments. We must comply with Section 404 no later than the time we file our annual report for fiscal 2018 with the SEC.

BUSINESS

Our Company

Founded in 2000, Floor & Decor is a high-growth, differentiated, multi-channel specialty retailer of hard surface flooring and related accessories with 72 warehouse-format stores across 17 states. We believe that we offer the industry's broadest in-stock assortment of tile, wood, laminate and natural stone flooring along with decorative and installation accessories at everyday low prices positioning us as the one-stop destination for our customers' entire hard surface flooring needs. We appeal to a variety of customers, including Pro, DIY and BIY. Our Pro customers are loyal, shop often and help promote our brand. The combination of our category and product breadth, low prices, in-stock inventory in project-ready quantities, proprietary credit offerings, free storage options and dedicated customer service positions us to gain share in the attractive Pro customer segment. We believe our DIY customers spend significant time planning their projects while conducting extensive research in advance. We provide our customers with the education and inspiration they need before making a purchase through our differentiated online and in-store experience.

Our warehouse-format stores, which average approximately 72,000 square feet, are typically larger than any of our specialty retail flooring competitors' stores. Other large format home improvement retailers only allocate a small percentage of their floor space to hard surface flooring and accessories. When our customers walk into a Floor & Decor store for the first time, we believe they are amazed by our visual presentation, our store size, our everyday low prices and the breadth and depth of our merchandise. We believe that our inspiring design centers, creative and informative visual merchandising, and accessible price points greatly enhance our customers' experience. Our stores are easy to navigate and designed to interactively showcase the wide array of designs and product styles a customer can create with our flooring and decorative accessories. We engage our customers both through our trained store associates and designers who can assist in narrowing choices and making the process of home renovation easier, as well as our staff dedicated to serving Pro customers. By carrying a deep level of hard surface flooring inventory and wide range of tools and accessories, we seek to offer our customers immediate availability on everything they need to complete their entire flooring or remodeling project. In addition to our stores, our website *FloorandDecor.com* showcases our products, offers informational training and design ideas and has our products available for sale, which a customer can pick up in-store or have delivered. Our ability to purchase directly from manufacturers through our direct sourcing model enables us to be fast to market with a balanced assortment of bestseller and unique, hard to find items that are the latest trend-right products. We believe these factors create a differentiated value proposition for Floor & Decor and drive customer loyalty with our Pro, DIY and BIY hard surface flooring customers in our markets, as evidenced by our track record of consistent double digit comparable store sales growth. Based on these characteristics, we believe Floor & Decor is redefining and expanding the addressable market size of the hard surface flooring category and that we have an opportunity to significantly expand our store base to approximately 400 stores nationwide within the next 15 years, as described in more detail below.

Our company was founded in 2000 by our Vice Chairman Vincent West, who opened the first Floor & Decor store in Atlanta, Georgia, with the vision of being the low-price leader for hard surface flooring. As we have grown, we have implemented a customer-focused and decentralized approach to managing our business. We provide our store leadership and regional operating teams with regular training and sophisticated information technology systems. We also train and incentivize our store associates to deliver a superior experience to our customers. Taken together, these elements create a customer-centric culture that helps us achieve our operational and financial goals.

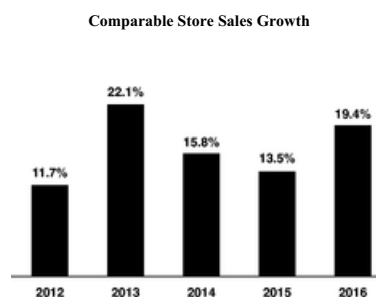
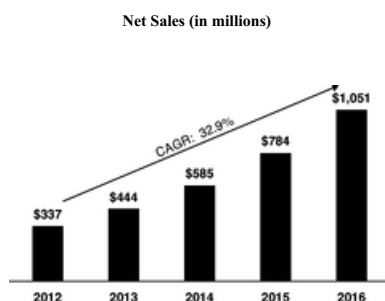
Over the last five years, we have invested significant resources across our business and infrastructure to support innovation and growth. We believe that these investments will continue to strengthen our customer value proposition and further differentiate Floor & Decor from our

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competition, positioning us for continued market share gains. We have made significant investments in product innovation across all categories, improving our assortment and seeking to provide more value to our Pro, DIY and BIY customers. We have also invested in technology and personnel to support our stores. From fiscal 2011 to fiscal 2014, our general and administrative expenses and capital expenditures grew at a rate exceeding our net sales growth. We believe that these investments have enabled us to drive successful, scalable growth, as demonstrated by the doubling of our average net sales per store between fiscal 2011 and fiscal 2016 (for all stores open prior to fiscal 2011). We believe that our investment in our business will continue to improve our customer value proposition, differentiating us and strengthening our competitive advantage.

We believe our strong financial results are a reflection of our consistent and disciplined culture of innovation and reinvestment, creating a differentiated business model in the hard surface flooring category, as evidenced by the following:

- eight consecutive years of double digit comparable store sales growth averaging 15.3% per year (and averaging 16.5% per year for fiscal 2012 to fiscal 2016), with a 19.4% increase in fiscal 2016;
- while our newer stores generally have higher comparable store sales growth, our stores opened prior to 2012 averaged comparable store sales growth of 15.5% for fiscal 2016;
- store base expansion from 30 warehouse-format stores at the end of fiscal 2012 to 69 at the end of fiscal 2016, representing a CAGR of 23.1%; we added 12 warehouse-format stores during fiscal 2016, representing a 21.1% growth in units compared to fiscal 2015;
- total net sales growth from \$336.7 million to \$1,050.8 million from fiscal 2012 to fiscal 2016, representing a CAGR of 32.9%;
- net income growth from \$12.8 million to \$43.0 million from fiscal 2012 to fiscal 2016, representing a CAGR of 35.3%;
- Adjusted EBITDA growth from \$32.6 million to \$108.4 million from fiscal 2012 to fiscal 2016, representing a CAGR of 35.1%, which includes significant investments in our sourcing and distribution network, integrated IT systems and corporate overhead to support our future growth. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of net income to Adjusted EBITDA, see Note 8 to the information contained in "Selected Consolidated Financial Data."



Our Competitive Strengths

We believe our strengths, described below, set us apart from our competitors and are the key drivers of our success.

Unparalleled Customer Value Proposition. Our customer value proposition is a critical driver of our business. The key components include:

Differentiated Assortment Across a Wide Variety of Hard Surface Flooring Categories Our stores are generally larger than those of our specialty retail flooring competitors, and we allocate substantially more square footage to hard surface flooring and accessories than large home improvement retailers. We believe we have the most comprehensive in-stock, trend-right product assortment in the industry within our categories with on average approximately 3,500 SKUs in each store, which based on our market experience is a far greater in-stock offering than any other flooring retailer. Additionally, we customize our product assortment at the store level for the regional preferences of each market. We have an ongoing product line review process across all categories that allows us to identify and interpret emerging trends in hard surface flooring. We work with our suppliers to quickly introduce new products and styles in our stores. We appeal to a wide range of customers through our "good/better/best" merchandise selection, as well as through our broad range of product styles from classic to modern, as well as new trend-right products. We consistently innovate with proprietary brands and products that appeal to certain customers with over 50 proprietary brands, including AquaGuard® and NuCore®.

Low Prices. We provide everyday low prices in the retail hard surface flooring market. Our merchandising and individual store teams competitively shop each market so that we can offer our flooring products and related accessories at low prices. We also work with our vendors to identify and create new, affordable products in categories traditionally considered high-end to further democratize hard surface flooring by providing a greater number of options to a larger customer base. We believe we are unique in our industry in employing an "everyday low price" strategy, where we strive to offer our products at consistently everyday low prices throughout the year instead of engaging in frequent promotional activities. Our ability to provide these low prices is supported by our direct-sourcing model, which strives to eliminate third-party intermediaries and shortens time to market. We believe this strategy creates trust with our Pro, DIY and BIY customers because they consistently receive low prices at Floor & Decor without having to wait for a sale or negotiate to obtain the lowest price.

One-Stop Project Destination with Immediate Availability. We carry an extensive range of products, from flooring and decorative accessories to thin set, underlayment, grout and tools, to fulfill a customer's entire flooring project. Our large in-stock assortment, including decorative and installation accessories, differentiates us from our competitors. Our stores stock job-size quantities to immediately fulfill a customer's entire flooring project. In the instance where product is not available in the store, our four regional distribution centers and neighboring stores can quickly ship a product to meet a customer's needs. On average, each warehouse-format store carries approximately 3,500 SKUs, which equates to 1.3 million square feet of flooring products or \$2.5 million of inventory at cost. Customers also have access to all of our inventory for in-store pick up or delivery through *FloorandDecor.com*.

Unique and Inspiring Shopping Environment. Our stores average approximately 72,000 square feet and are typically designed with warehouse features including high ceilings, clear signage, bright lighting and industrial racking and are staffed with knowledgeable store associates. We offer an easy-to-navigate store layout with clear lines of sight and departments organized by our major product categories of tile, wood, laminate, natural stone, decorative accessories and installation accessories. We believe our unique signage, which clearly displays individual product features and benefits, improves the ease of shopping and facilitates customer decision making. We use merchandise displays and point of sale marketing throughout our stores to highlight product features, benefits and design elements. These

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features educate and enable customers to visualize how the product would look in their homes or businesses. Furthermore, we encourage customers to interact with our merchandise, to experiment with potential designs and to see the actual product they will purchase, an experience that is not possible in flooring stores that do not carry in-stock inventory in project-ready quantities. The majority of our stores have design centers that showcase project ideas to further inspire our customers, and we employ experienced designers in all of our stores to provide free design consulting. Additionally, we provide a robust online experience for potential customers on *FloorandDecor.com*. For our DIY customers, we also offer weekly "how-to" installation classes on Saturdays. We believe inspiring and educating customers within our stores and on our website provides us with a significant competitive advantage in serving our customers.

Extensive Service Offering to Enhance the Pro Customer Experience. Our focus on meeting the unique needs of the Pro customer, and by extension the BIY customer, drives our estimated sales mix of approximately 60% Pro and BIY customers, which we believe represents a higher percentage than our competitors. We provide an efficient one-stop shopping experience for our Pro customers, offering low prices on a broad selection of high-quality flooring products, deep inventory levels to support immediate availability of our products, modest financial credit, free storage for purchased inventory, the convenience of early store hours and, in most stores, separate entrances for merchandise pick-up. Additionally, each store has a dedicated Pro sales force with technology to service our Pro customer more efficiently, and we have rolled out Pro Zones, which are areas offering a variety of services to Pro customers, in a majority of our stores. We believe by serving the needs of Pro customers, we drive repeat and high-ticket purchases, customer referrals and brand awareness from this attractive and loyal customer segment.

Decentralized Culture with an Experienced Store-Level Team and Emphasis on Training. We have a decentralized culture that empowers managers at the store and regional levels to make key decisions to maximize the customer experience. Our store managers, who carry the title Chief Executive Merchant, have significant flexibility to customize product mix, pricing, marketing, merchandising, visual displays and other elements in consultation with their regional leaders. We tailor the merchandising assortment for each of our stores for local market preferences, which we believe differentiates us from our national competitors that tend to have standard assortments across markets. Throughout the year, we train all of our employees on a variety of topics, including product knowledge, leadership and store operations. Our store managers and store department managers are an integral part of our company, and many have over 15 years of relevant industry experience in retail. We have made important investments in the training and development of our people, including the creation of a full time training department. Approximately 70% of our new store management positions are filled through internal promotions. We also have incentive compensation programs for all employees, regardless of position or title. We train prospective store managers at our Floor & Decor University, which is part of an extensive training program. Once a year, we hold a four day training session with our senior management, regional directors and store managers, where we focus on the upcoming year's strategic priorities to keep our entire business aligned. We believe our decentralized culture and coordinated training foster an organization aligned around providing a superior customer experience, ultimately contributing to higher net sales and profitability.

Sophisticated, Global Supply Chain. Our merchandising team has developed direct sourcing relationships with manufacturers and quarries in over 18 countries. Through these relationships, we believe we understand the best places to procure our various product categories. We currently source our products from more than 180 vendors worldwide and have developed long-term relationships with many of them. We often collaborate with our vendors to design and manufacture products for us to address emerging customer preferences that we observe in our stores and markets. We procure the majority of our products directly from the manufacturers, which eliminates additional costs from exporters, importers, wholesalers and distributors. We believe direct sourcing is a key competitive

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advantage, as many of our specialty retail flooring competitors are too small to have the scale or the resources to work directly with suppliers. Over the past several years, we have established a Global Sourcing and Compliance Department to, among other things, enhance our policies and procedures to address compliance with appropriate regulatory bodies, including compliance with the requirements of the Lacey Act, the CARB and the EPA. We also utilize third -party consultants for audits, testing and surveillance to ensure product safety and compliance. Additionally, we have invested in technology and personnel to collaborate throughout the entire supply chain process to support our direct sourcing model, which has improved our ability to find, manage and source trend-right merchandise quickly and at lower costs, allowing us to offer products at low prices while maintaining attractive gross margins.

Highly Experienced Management Team with Proven Track Record. Led by our Chief Executive Officer, Tom Taylor, our management team brings substantial expertise from leading retailers and other companies across core functions, including store operations, merchandising, marketing, real estate, e-commerce, supply chain management, finance, legal and information technology. Tom Taylor, who joined us in 2012, spent 23 years at The Home Depot, where he most recently served as Executive Vice President of Merchandising and Marketing with responsibility for all stores in the United States and Mexico. Over the course of his career at The Home Depot, Tom Taylor helped expand the store base from fewer than 15 stores to over 2,000 stores. Our Executive Vice President and Chief Merchandising Officer, Lisa Laube, has over 30 years of merchandising and leadership experience with leading specialty retailers, including most recently as President of Party City. Our Executive Vice President and Chief Financial Officer, Trevor Lang, brings more than 20 years of accounting and finance experience, including 17 years of Chief Financial Officer and Vice President of Finance experience at public companies, including most recently as the Chief Financial Officer and Chief Administrative Officer of Zumiez Inc. Our entire management team drives our organization with a focus on strong merchandising, superior customer experience, expanding our store footprint, and fostering a strong, decentralized culture. We believe our management team is an integral component of our achieving strong financial results.

Our Growth Strategy

We expect to continue to drive our strong net sales and profit growth through the following strategies:

Open Stores in New and Existing Markets. We believe there is an opportunity to significantly expand our store base in the United States from 72 warehouse-format stores currently to approximately 400 stores nationwide over the next 15 years based on our internal research with respect to housing density, demographic data, competitor concentration and other variables in both new and existing markets. We plan to target new store openings in both existing and new, adjacent and underserved markets. We have a disciplined approach to new store development, based on an analytical, research-driven site selection method and a rigorous real estate approval process. We believe our new store model delivers strong financial results and returns on investment, targeting net sales on average of \$10 million to \$13 million and positive four-wall Adjusted EBITDA in the first year, pre-tax payback in two to three years and cash-on-cash returns of greater than 50% in the third year. On average, our stores opened after 2011 have exceeded this model. Over the past several years, we have made significant investments in personnel, information technology, warehouse infrastructure and connected customer strategies to support our current growth and the expansion of our stores. We intend to grow our store base by approximately 20% annually over the next several years. The performance of our new stores opened over the last three years, the performance of our older stores over that same time frame, our disciplined real estate strategy and the track record of our management team in successfully opening retail stores support our belief in the significant store expansion opportunity.

Increase Comparable Store Sales. We expect to grow our comparable store sales by continuing to offer our customers a dynamic and expanding selection of compelling, value-priced hard surface flooring and accessories while maintaining strong service standards for our customers. We regularly introduce new products into our assortment through our category product line review process, including collaboration with our vendors to bring to market innovative products such as water-resistant laminates. Because almost half of our stores have been opened for less than three years, we believe they will continue to drive comparable store sales growth as they ramp to maturity. While our newer stores generally have higher comparable store sales growth, our stores opened prior to 2012 averaged comparable store sales growth of 15.5% for fiscal 2016. We believe that we can continue to enhance our customer experience by focusing on service, optimizing sales and marketing strategies, investing in store staff and infrastructure, remodeling existing stores and improving visual merchandising and the overall aesthetic appeal of our stores. We also believe that growing our proprietary credit offering, further integrating connected customer strategies and enhancing other key information technology, will contribute to increased comparable store sales. As we increase awareness of Floor & Decor's brand, we believe there is a significant opportunity to gain additional market share, especially from independent flooring retailers and large format home improvement retailers. We are also adding adjacent categories that align with flooring projects like frameless glass in the bathroom and customized countertops for the kitchen. We believe the combination of these initiatives plus the expected growth of the hard surface flooring category described in more detail under "Our Industry" below will continue to drive strong comparable store sales growth.

Continue to Invest in the Pro Customer. We believe our differentiated focus on Pro customers has created a competitive advantage for us and will continue to drive our net sales growth. We will invest in gaining and retaining Pro customers due to their frequent and high-ticket purchases, loyalty and propensity to refer other potential customers. We have made important investments in the Pro services regional team to better recruit and train the Pro services team in each store, new technology such as integrated CRM software to help us further penetrate and grow our Pro business, dedicated phone lines for our Pro customers to call and text, commercial credit and open account terms, jobsite delivery, a dedicated website for Pro customers, training on technical flooring installation solutions, and tools to facilitate large commercial jobs sourced throughout the store. We plan to further invest in initiatives to increase speed of service, improve financing solutions, leverage technology, elevate our Pro branding, dedicate additional store and regional staffing to support Pro customers and enhance the in-store experience for our Pro customers. We have implemented a "Pro Zone" in a majority of our stores that focuses on the specific needs of the Pro customer. Additionally, we communicate our value proposition and various Pro-focused offerings by hosting a number of Pro networking events. Building on our success in serving the Pro customer, in 2016 we entered the adjacent commercial sales channel, thus increasing the size of the addressable market we serve. Our commercial effort, which we have branded F&D Commercial, initially targets corporate customers with large flooring needs across the hospitality, multi-family and retail sectors. We believe Pro customers will continue to be an integral part of our sales growth, and the commercial channel will provide incremental revenue and profit opportunities in the future.

Expand Our "Connected Customer" Experience. Floor & Decor's online experience allows our Pro, BIY and DIY customers to explore our product selection and design ideas before and after visiting our stores and offers the convenience of making online purchases for delivery or pick up in-store. We believe our online platform reflects our brand attributes and provides a powerful tool to educate, inspire and engage our consumers, and we view our website and multi-channel strategies as leading our brand. Our research indicates that 71% of our shoppers have visited our website. We continuously invest in our connected customer strategies to improve how our customers experience our brand. For example, we regularly update our website, which provides our customers with inspirational vignettes, videos, products and education. Additional initiatives include: (i) implementing our new CRM to obtain a single view of our customers, (ii) developing personalized content based on location,

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purchase and browsing history, (iii) developing more relevant content and improved search and purchasing tools to help customers add decorative and installation accessories, (iv) creating frequently asked questions to help customers choose the best product for their jobs and (v) implementing online scheduling tools to access our designers. We believe this reinforces our unique customer value proposition and ultimately drives sales. Currently, e-commerce sales represent less than 5% of our total net sales. While the hard surface flooring category has a relatively low penetration of e-commerce sales due to the nature of the product, we believe our connected customer presence represents an attractive growth opportunity to drive consumers to Floor & Decor.

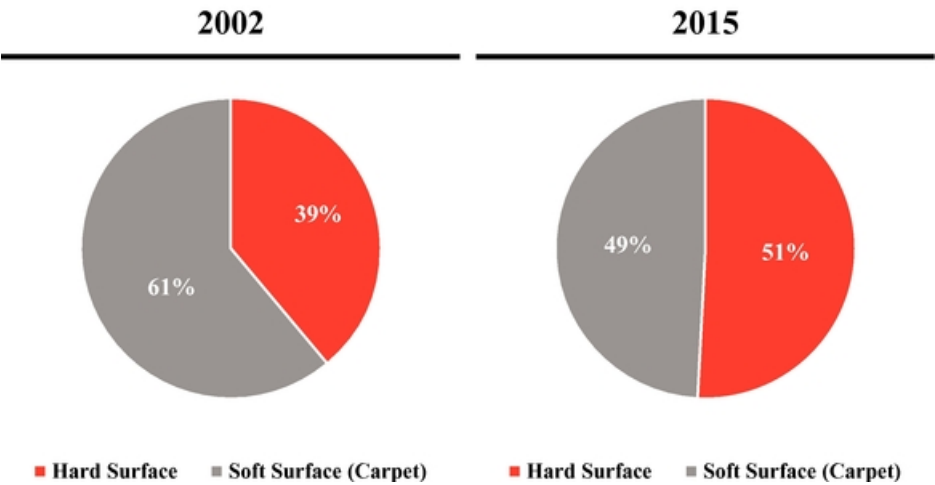
Enhance Margins Through Increased Operating Leverage Since 2011, we have invested significantly in our sourcing and distribution network, integrated IT systems and corporate overhead to support our growth. We expect to leverage these investments as we grow our net sales. Additionally, we believe operating margin improvement opportunities will include enhanced product sourcing processes and overall leveraging of our store-level fixed costs, existing infrastructure, supply chain, corporate overhead and other fixed costs resulting from increased sales productivity. We anticipate that the planned expansion of our store base and growth in comparable store sales will also support increasing economies of scale.

Our Industry

Floor & Decor operates in the large, growing and highly fragmented \$10 billion hard surface flooring market (in manufacturers' dollars), which is part of the larger \$20 billion U.S. floor coverings market (in manufacturers' dollars) based on the Catalina Floor Coverings Report. We estimate that after the retail markup, we represent only approximately 5% of an estimated \$17 billion market. The competitive landscape of the hard surface flooring market includes big-box home improvement centers, national and regional specialty flooring retailers, and independent flooring retailers. We believe we benefit from growth in the overall hard surface flooring market, which, based on the Catalina Floor Coverings Report, grew on average 8% per year from 2012 to 2016 and is estimated to grow on average 5% per year from 2017 through 2021. We believe that growth in the hard surface flooring market has been and will continue to be driven by home remodeling demand drivers such as the aging household inventory, millennials forming households, existing home sales, rising home equity values and the secular shift from carpet to hard surface flooring. In addition, we believe we have an opportunity to increase our market share as our competitors are unable to compete on our combination of price, service and in-stock assortment.

Based on our internal market research, key long-term industry trends include increasing spend on home renovations, aging of the existing housing stock, rising level of home ownership, growing average size of homes and favorable demographic trends. Based on the National Association of Home Builders Remodeling Market Index, current market conditions and future market indicators suggest that remodeling demand is accelerating in a strengthening home remodel cycle. For more than a decade, hard surface flooring has consistently taken share from carpet as a percentage of the total floor coverings market, increasing from 39% of the market in 2002 to 51% in 2015 based on the Catalina Floor Coverings Report. Historically, mix shift towards hard surface flooring has been driven by product innovation, changing consumer preferences, better hygiene qualities, increasing ease of installation and higher durability. Product innovation, which has been aided by the increasing use of technology such as inkjet tile printing, waterproof wood-look flooring and water-resistant laminates, and

non-traditional uses of hard surface flooring including walls, fireplaces and patios have increased the size of the hard surface flooring market and has allowed us to better serve customer needs.



We believe we have an opportunity to continue to gain share in the hard surface flooring market with the largest selection of tile, wood, laminate, natural stone, decorative accessories and installation accessories. Our strong focus on the customer experience drives us to remain innovative and locally relevant while maintaining low prices and in-stock merchandise in a one-stop shopping destination.

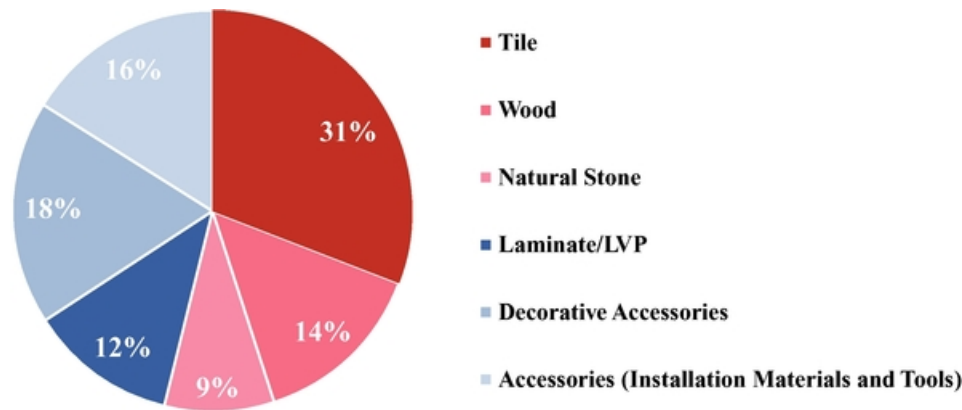
Our Products

We offer an assortment of tile, wood, laminate and natural stone flooring, along with decorative and installation accessories at everyday low prices. Our objective is to carry a broad and deep product offering in order to be the one-stop destination for our customer's entire project needs. We seek to showcase products in our stores and online to provide multiple avenues for inspiration throughout a customer's decision-making process.

Our strategy is to fulfill the product needs of our Pro, DIY and BIY customers with our extensive assortment, in-stock inventory and merchandise selection across a broad range of price points. We offer bestseller products in addition to the more unique, hard to find items that we believe our customers have come to expect from us. We source our products from around the world, constantly seeking new and exciting merchandise to offer our customers. Our goal is to be at the forefront of hard surface flooring trends in the market, while offering low prices given our ability to source directly from manufacturers and quarries.

We utilize a regional merchandising strategy in order to carry products in our stores that cater to the preferences of our local customer base. This strategy is executed by our experienced merchandising team, which consists of store support center merchants and regional merchants, who work with our individual stores to ensure they have the appropriate product mix for their location. Our store support center merchants are constantly seeking new products and following trends by attending trade shows and conferences, as well as by shopping the competition, while our store associates are in touch with customers in the store. We schedule regular meetings to review information gathered and make future product development decisions. This constant connectivity between our stores, regional merchants, store support center merchants and our vendors allows us to quickly bring new and compelling products to market.

Our fiscal 2016 net sales by key product categories are set forth below:



Category	Products Offered	Select Product Highlights
Tile	Porcelain, White Body, Ceramic	We offer a wide selection of Porcelain, White Body and Ceramic tiles from 4"x4" all the way up to 24"x72". We source many products directly from Italy, where many design trends in tile originate. We offer traditional stone looks as well as wood-looking planks and contemporary products like cement-look and vein cut styles. We work with many factories in the United States, China, Italy, Mexico, Brazil and other countries to bring the most in-demand styles at low prices.
Wood	Solid Prefinished Hardwood, Solid Unfinished Hardwood, Engineered Hardwood, Bamboo, Cork	We sell common species such as Oak, Walnut, Birch and Maple but also exotics such as Bamboo, Brazilian Cherry, African Mahogany and Taun, all in multiple colors. Our wood flooring comes in multiple widths from 2 ¹ / ₄ " up to 9 ³ / ₄ " wide planks. Customers have the option of buying prefinished or unfinished flooring in many of our stores.
Natural Stone	Granite, Travertine, Marble, Slate	Natural stone is quarried around the world, and we typically buy directly from the source. For example, we buy marble from Italy, Spain, Turkey and China, travertine from Turkey, Peru and Mexico, and slate from India. We work with factories in these countries and others to cut stone tiles in many sizes, finishes and colors.

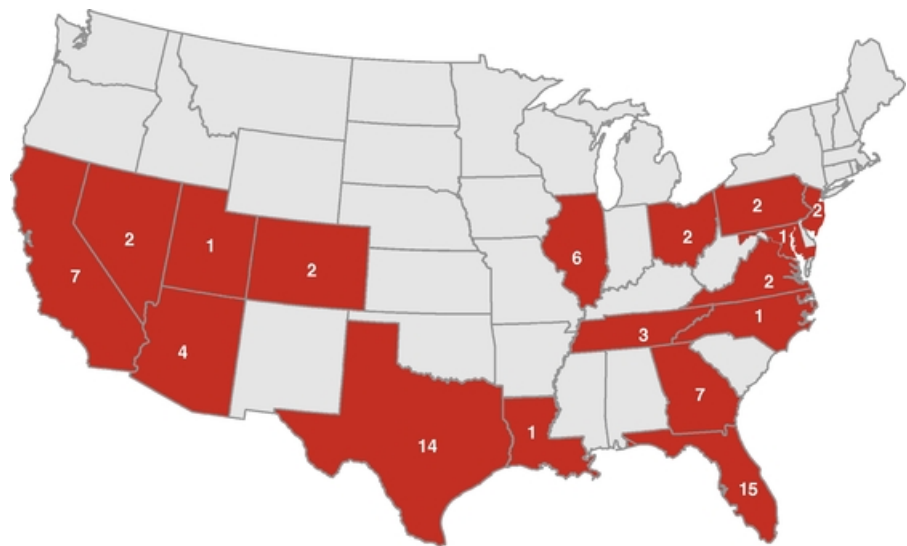
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Category	Products Offered	Select Product Highlights
Laminate/Luxury Vinyl Plank ("LVP")	Laminate Flooring, Luxury Vinyl Wood Plank, Vinyl Composite Tile	Wood look Laminate, NuCore® and Luxury Vinyl Plank flooring is offered in styles that mimic our bestselling wood species, colors and finishes. Our product offers easy locking installation, many are water-resistant and all are great for customers who want the beauty of real hardwood but the ease and convenience that laminate, NuCore® and LVP offers.
Decorative Accessories	Glass Tile, Stone Mosaics, Decoratives, Prefabricated Countertops, Medallions, Wall Tile	With over 700 choices in glass, stone mosaics and decoratives, we can customize nearly any look or style a customer desires. This high margin, trend-forward, distinctive category is a favorite of our designers and offers customers an inexpensive way to quickly update a backsplash or shower.
Accessories (Installation Materials and Tools)	Grout, Adhesives, Mortar, Backer Board, Power Tools, Wood Moldings	This category offers everything a customer needs to complete his or her project, including backer board, mortar, grout, wood glues, molding and tools. We sell top brands, which we believe are highly valued by our customers.

Stores

We operate 72 warehouse-format stores across 17 states and one small 5,500 square foot design center. Most of our stores are situated in highly visible retail and industrial locations. Our warehouse-format stores average approximately 72,000 square feet and carry on average approximately 3,500 flooring, decorative and installation accessory SKUs, which equates to approximately 1.3 million square feet of flooring products or \$2.5 million of inventory at cost.

The map below reflects our store base:



Each of our stores is led by a store manager who holds the title Chief Executive Merchant and is supported by an operations manager, department managers and a Pro sales manager. Our store managers focus on providing superior customer service and creating customized store offerings that are tailored to meet the specific needs of their stores. Beyond the store managers, each store is staffed with associates, the number of whom vary depending on sales volume and size of the store. We dedicate significant resources to training all of our new store managers through Floor & Decor University and in the field across all product areas, with store-level associates receiving certification on specific product areas. Ongoing training and continuing education is provided for all employees throughout the year.

We believe there is an opportunity to significantly expand our store base in the United States from our 72 warehouse-format stores currently to approximately 400 stores nationwide within the next 15 years based on our internal research with respect to housing density, demographic data, competitor concentration and other variables in both new and existing markets. Over the next several years, we plan to grow our store base by approximately 20% per year, with approximately half being opened in existing geographies and approximately half being opened in new markets. We have developed a disciplined approach to new store development, based on an analytical, research-driven method to site selection and a rigorous real estate review and approval process. By focusing on key demographic characteristics for new site selection, such as aging of homes, length of home ownership and median income, we expect to open stores with attractive returns.

When opening new stores, inventory orders are placed several months prior to a new store opening. Significant investment is made in building out or constructing the site, hiring and training employees in advance, and advertising and marketing the new store through pre-opening events to draw the flooring industry community together. Each new store is thoughtfully designed with store interiors that include interchangeable displays on wheels, racking to access products and stand-up visual displays to allow ease of shopping and an exterior highlighted by a large, bold Floor & Decor sign. The majority of our stores have design centers that showcase project ideas to further inspire our customers, and in all of our stores, we employ experienced designers to provide design consulting to our customers free of charge. We have rolled out Pro Zones, which are dedicated areas offering a variety of services to Pro customers, in a majority of our stores.

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Our new store model targets a store size of 60,000-80,000 square feet, total initial net cash investment of approximately \$4 million to \$5 million, targeting net sales on average of \$10 million to \$13 million and positive four-wall Adjusted EBITDA in the first year, pre-tax payback in two to three years and cash-on-cash returns of greater than 50% in the third year. On average, our stores opened after 2012 have exceeded this model. We believe the success of our stores across geographies and vintages supports the portability of Floor & Decor into a wide range of markets. The performance of our new stores is inherently uncertain and is subject to numerous factors that are outside of our control. As a result, we cannot assure you that our new stores will achieve our target results.

Connected Customer

Our website and our call center are important parts of our integrated connected customer strategy. We aim to elevate the customer experience through our website *FloorandDecor.com*. Growing our e-commerce sales provides us with additional opportunity to enhance our connected customer experience for our customers. Home renovation and remodeling projects typically require significant investments of time and money from our DIY customers, and they consequently plan their projects carefully and conduct extensive research online. *FloorandDecor.com* is an important tool for engaging them throughout this process, educating them on our product offerings and providing them with design ideas. Our Pro customers use the website to browse our broad product assortment, to continually educate themselves on new techniques and trends and to share our virtual catalogue and design ideas with their customers. In addition, sales associates at our call center are available to assist our customers with their projects and questions. We designed the website to be a reflection of our stores and to promote our wide selection of high quality products and low prices. To this end, we believe the website provides the same region-specific product selection that customers can expect in our stores, but also the opportunity to extend our assortment by offering the entire portfolio of products.

In addition to highlighting our broad product selection, we believe *FloorandDecor.com* offers a convenient opportunity for customers to purchase products online and pick them up in our stores. For fiscal 2016, approximately 90% of our e-commerce sales were picked up in-store. As we continue to grow, we believe connected customer will become an increasingly important part of our strategy.

Marketing and Advertising

We use a multi-platform approach to increasing Floor & Decor's brand awareness, while historically maintaining a low average advertising to net sales ratio of approximately 3%. We use traditional advertising media, combined with social media and online marketing, to share the Floor & Decor story with a growing audience. We take the same customized approach with our marketing as we do with our product selection; each region has a varied media mix based on local trends and what we believe will most efficiently drive sales. To further enhance our targeting efforts, our store managers have significant input into the store's marketing spend.

A key objective of our messaging is to make people aware of our stores, products and services. Based on internal research, we estimate the conversion rate from a customer visiting one of our stores to purchasing our products is 79%.

As part of our focus on local markets, our stores have events that promote Floor & Decor as a hub for the local home improvement community. We feature networking events for Pro customers, giving them a chance to meet our sales teams, interact with others in the home improvement industry and learn about our newest products. For DIY customers, we regularly offer how-to classes on product installation. We believe these events serve to raise the profile of the Floor & Decor stores in our communities while showcasing our tremendous selection of products and services.

We want our customers to have a great experience at their local Floor & Decor store. With our TV and radio commercials, print and outdoor ads, in-store flyers, online messaging and community events, we show our customers that we are a trusted resource with a vast selection, all at a low price.

Sourcing

Floor & Decor has a well-developed and geographically diverse supplier base. We source our industry leading merchandise assortment from over 180 suppliers in over 18 countries, and maintain good relationships with our vendors. No supplier accounts for more than 10% of our net sales. We continue to increase our sourcing from suppliers outside of the United States, and where appropriate, we are focused on bypassing agents, brokers, distributors and other middlemen in our supply chain in order to reduce costs and lead time. Over the past several years, we have established a Global Sourcing and Compliance Department to, among other things, develop and implement policies and procedures to address compliance with appropriate regulatory bodies, including compliance with the requirements of the Lacey Act, CARB and the EPA. In addition we utilize third -party consultants for audits, testing and surveillance to ensure product safety and compliance. Additionally, we have invested in technology and personnel to collaborate throughout the entire supply chain process. We believe that our direct sourcing model and the resulting relationships we have developed with our suppliers are distinct competitive advantages. The cost savings we achieve by directly sourcing our merchandise enable us to offer our customers low prices. Additionally, our close relationships with suppliers allow us to collaborate with them directly to develop and quickly introduce innovative and quality products that meet our customers' evolving tastes and preferences at low prices. We plan to continue increasing the percentage of merchandise that we directly source from suppliers.

Distribution and Order Fulfillment

We have invested significant resources to develop and enhance our distribution network. We have four distribution centers strategically located across the United States in port cities near Savannah, Georgia; Miami, Florida; Houston, Texas; and Los Angeles, California. Third-party brokers arrange the shipping of our international and domestic purchases to our distribution centers and stores and bill us for shipping costs according to the terms of the purchase agreements with our suppliers. We are typically able to transport inventory from our distribution centers to our stores in less than one week. This quick turnaround time enhances our ability to maintain project-ready quantities of the products stocked in our stores. To further strengthen our distribution capabilities, we have converted all of our distribution centers to Company-operated facilities. In conjunction with the change in responsibility, we have implemented a new warehouse management and transportation management system tailored to our unique needs across all four distribution centers. We believe the system will increase service levels, reduce shrinkage and damage, help us better manage our inventory and allow us to better implement our connected customer initiatives. We recently moved our West Coast distribution center from Carson, California to Moreno Valley, California. We are in the process of exiting the previously occupied 220,000 square foot leased distribution center located in Carson, California in the first quarter of 2017. We have signed a lease for a new 1.4 million square foot distribution center that is being constructed in Savannah, Georgia. We plan to relocate all the existing inventory from our currently leased 378,000 square foot distribution center located in Savannah, Georgia starting in the fourth quarter of 2017 and commencing in the early part of the first quarter of 2018. After this relocation occurs, we plan to cancel our lease in the current 378,000 square foot distribution center in Savannah, Georgia. Concurrent with this relocation, we plan to shut down our 322,000 square foot leased distribution center, in Miramar, Florida and consolidate this inventory in our new 1.4 million square foot leased distribution center in Savannah, Georgia. After this relocation occurs, we plan to exit our current 322,000 square foot leased distribution center in Miramar, Florida.

We believe that our current distribution network, along with these planned changes, is sufficient to support our growth over the next few years. However, we continue to seek opportunities to enhance our distribution capabilities and align them with our strategic growth initiatives, including distribution center capacity.

Management Information Systems

We believe that technology plays a crucial role in the continued growth and success of our business. We have sought to integrate technology into all facets of our business, including supply chain, merchandising, store operations, point-of-sale, e-commerce, finance, accounting and human resources. The integration of technology allows us to analyze the business in real time and react accordingly. Our sophisticated inventory management system is our primary tool for forecasting, placing orders and managing in-stock inventory. The data-driven platform includes sophisticated forecasting tools based on historical trends in sales, inventory levels and vendor lead times at the store and distribution center level by SKU, allowing us to support store managers in their regional merchandising efforts. We rely on the forecasting accuracy of our system to maintain the in-stock, project-ready quantities that our customers rely on. In addition, our employee training certifications are entirely electronic, allowing us to effectively track the competencies of our staff and manage talent across stores. We believe that our systems are sufficiently scalable to support the continued growth of the business.

Competition

The retail hard surface flooring market is highly fragmented and competitive. We face significant competition from large home improvement centers, national and regional specialty flooring chains and independent flooring retailers. Some of our competitors are organizations that are larger, are better capitalized, have existed longer, have product offerings that extend beyond hard surface flooring and related accessories, and have a more established market presence with substantially greater financial, marketing, personnel and other resources than we have. In addition, while the hard surface flooring category has a relatively low threat of new internet-only entrants due to the nature of the product, the growth opportunities presented by e-commerce could outweigh these challenges and result in increased competition in this portion of our connected customer strategy. Further, because the barriers to entry into the hard surface flooring industry are relatively low, manufacturers and suppliers of flooring and related products, including those whose products we currently sell, could enter the market and start directly competing with us.

We believe that the key competitive factors in the retail hard surface flooring industry include:

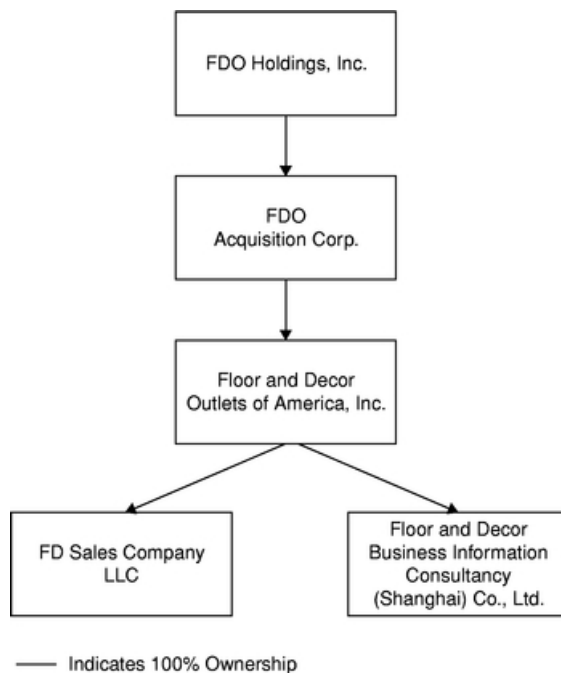
- product assortment;
- product innovation;
- in-store availability of products in project-ready quantities;
- product sourcing;
- product presentation;
- customer service;
- store management;
- store location; and
- low prices.

We believe that we compete favorably with respect to each of these factors by providing a highly diverse selection of products to our customers, at an attractive value, in appealing and convenient retail stores.

Our Structure

FDO Holdings, Inc. (which will be renamed Floor & Decor Holdings, Inc.) was incorporated as a Delaware corporation in October 2010 in connection with our Sponsors' acquisition of F&D in November 2010, which in turn converted from a Georgia corporation into a Delaware corporation in connection therewith.

The following chart illustrates our current corporate structure:



Employees

As of December 29, 2016, we had 4,391 employees, 2,881 of whom were full-time and none of whom were represented by a union. Of these employees, 3,877 work in our stores, 375 work in corporate, store support, infrastructure, e-commerce or similar functions, and 139 work in distribution centers. We believe that we have good relations with our employees.

Properties

We have 72 U.S. warehouse-format stores located in seventeen states, as shown in the chart below:

<u>State</u>	<u>Number of Stores</u>
Arizona	4
California	7
Colorado	2
Florida	15
Georgia	7
Illinois	6
Louisiana	1
Maryland	1
Nevada	2
New Jersey	2
North Carolina	1
Ohio	2
Pennsylvania	2
Tennessee	3
Texas	14
Utah	1
Virginia	2
Total:	<u>72</u>

We opened 12 new stores during fiscal 2016 and have opened three new stores since then. In addition to our warehouse-format stores, we operate one separate small 5,500 square foot design center located in New Orleans, Louisiana. Our headquarters, which we refer to as our store support center, is approximately 106,600 square feet and is located in Smyrna, Georgia. Additionally, we operate an approximately 37,000-square foot product review center in Smyrna, Georgia.

We lease our store support center, all of our stores and our distribution centers. Our leases generally have a term of ten to fifteen years, and generally have at least two renewal options for five years. Most of our leases provide for a minimum rent and typically include escalating rent increases. Our leases also generally require us to pay insurance, utilities, real estate taxes and repair and maintenance expenses.

Government Regulation

We are subject to extensive and varied federal, state and local laws and regulations, including those relating to employment, the environment, protection of natural resources, import and export, advertising, labeling, public health and safety, product safety, zoning and fire codes. We operate our business in accordance with standards and procedures designed to comply with applicable laws and regulations. Compliance with these laws and regulations has not historically had a material effect on our financial condition or operating results; however, the effect of compliance in the future cannot be predicted.

Our operations and properties are also subject to federal, state and local laws and regulations governing the environment, environmental protection of natural resources and health and safety, including the use, storage, handling, generation, transportation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes and relating to the investigation and clean-up of contaminated properties. Except to the extent of the capital expenditures related to our

initiatives described below, compliance with these laws and regulations has not historically had a material effect on our financial condition or operating results, but we cannot predict the effect of compliance in the future.

In particular, certain of our products are subject to laws and regulations relating to the importation, exportation, acquisition or sale of certain plants and plant products, including those illegally harvested (which is prohibited by the Lacey Act), and the emissions of hazardous materials (which in California is governed by regulations promulgated by CARB and federally by regulations promulgated by the EPA). We have established a Global Sourcing and Compliance Department to, among other things, address these requirements, and we work with third-party consultants to assist us in designing and implementing compliance programs relating to the requirements of the Lacey Act, CARB and the EPA. Further, we could incur material compliance costs or be subject to compliance liabilities or claims in the future, especially in the event new laws or regulations are adopted or there are changes in existing laws and regulations or in their interpretation.

Our suppliers are also subject to the laws and regulations of their home countries, including in particular laws regulating forestry and the environment. We also support social and environmental responsibility among our supplier community and endeavor to enter into vendor agreements with our suppliers that contain representations and warranties concerning environmental, labor and health and safety matters.

Insurance and Risk Management

We use a combination of insurance and self-insurance to provide for potential liability for workers' compensation, general liability, product liability, director and officers' liability, team member healthcare benefits, and other casualty and property risks. Changes in legal trends and interpretations, variability in inflation rates, changes in workers' compensation and general liability premiums and deductibles, changes in the nature and method of claims settlement, benefit level changes due to changes in applicable laws, insolvency of insurance carriers, and changes in discount rates could all affect ultimate settlements of claims. We evaluate our insurance requirements on an ongoing basis to ensure we maintain adequate levels of coverage.

Legal Proceedings

We are engaged in various legal actions, claims and proceedings arising in the ordinary course of business, including claims related to breach of contracts, products liabilities, intellectual property matters and employment related matters resulting from our business activities. As with most actions such as these, an estimation of any possible and/or ultimate liability cannot always be determined. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Trademarks and other Intellectual Property

As of March 20, 2017, we have 50 registered marks and several pending trademark applications in the United States. We regard our intellectual property, including our over 50 proprietary brands, as having significant value, and our brand is an important factor in the marketing of our products. Accordingly, we have taken, and continue to take, appropriate steps to protect our intellectual property.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information regarding our executive officers and directors as of April 7, 2017:

<u>Name</u>	<u>Age</u>	<u>Position</u>
<i>Executive Officers</i>		
Thomas V. Taylor	51	Chief Executive Officer and a Director
Trevor S. Lang	46	Executive Vice President and Chief Financial Officer
Lisa G. Laube	54	Executive Vice President and Chief Merchandising Officer
Brian K. Robbins	59	Executive Vice President—Supply Chain
David V. Christopherson	42	Senior Vice President, Secretary and General Counsel
<i>Directors who are not officers</i>		
Norman H. Axelrod	64	Chairman of the Board
George Vincent West	62	Vice Chairman of the Board
Brad J. Brutocao	43	Director
Michael Fung	66	Director*
David B. Kaplan	49	Director
Rachel H. Lee	32	Director
John M. Roth	58	Director
Peter M. Starrett	69	Director
Richard L. Sullivan	60	Director*
Felicia D. Thornton	53	Director*

* These individuals have agreed to join the board of directors prior to the completion of this offering.

Executive Officers

Each of our executive officers serves at the direction of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Thomas V. Taylor, Jr., 51, has served as our Chief Executive Officer and a member of our board of directors since December 2012. Prior to joining us, Mr. Taylor began his career at age 16 in 1983 at a Miami Home Depot store. He worked his way up through various manager, district manager, vice president, president, and senior vice president roles to eventually serve as the Executive Vice President of Operations with responsibility for all 2,200 Home Depot stores and then the Executive Vice President of Merchandising and Marketing, again for all stores. After leaving Home Depot in 2006, for the next six years, Mr. Taylor was a Managing Director at Sun Capital Partners. During his tenure, he was a board member for over twenty portfolio companies in the United States and Europe. Mr. Taylor's significant experience as a board member and his expertise in the home improvement retail industry led to the conclusion that he should serve as a member of our board of directors.

Trevor S. Lang, 46, is our Executive Vice President and Chief Financial Officer. Mr. Lang joined the Company as Senior Vice President and Chief Financial Officer in 2011, and was promoted to Executive Vice President of Professional Services and Chief Financial Officer in October 2014 in connection with his assuming responsibility for leading our in-store Pro and Commercial businesses. From 2007 to 2011, he served as the Chief Financial Officer of Zumiez Inc. and also served as its Chief Administrative Officer beginning in April 2010. Previously, he had served as Vice President of Finance for Carter's, Inc. since 2003. At Carter's, Mr. Lang was responsible for the management of the

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corporate accounting and finance functions. From 1999 until joining Carter's in 2003, Mr. Lang served in a progressive series of Vice President roles in the finance area at Blockbuster Inc., culminating in his role as Vice President Operations Finance where he was responsible for accounting and reporting for over 5,000 company-owned and franchised stores. From 1994 until 1999, Mr. Lang worked in the audit division of Arthur Andersen reaching the level of audit manager. Mr. Lang is a 1993 graduate of Texas A&M University with a B.B.A. in Accounting. He is also a Certified Public Accountant.

Lisa G. Laube, 54, has served as our Executive Vice President and Chief Merchandising Officer since 2012. She is responsible for Merchandising, Marketing, Inventory and E-Commerce. From 2005 to 2011, Ms. Laube was President of Party City where she was responsible for Merchandising, Marketing and E-Commerce and prior to that she was the company's Chief Merchandising Officer. From 2002 to 2004, she was the Vice President of Merchandising for White Barn Candle Company, a division of Bath and Body Works. Prior to that, Ms. Laube worked from 1996 to 2002 at Linens 'n Things beginning as a Buyer and progressing to General Merchandising Manager. From 1988 to 1996, she was a Buyer at Macy's in the Textiles division. Ms. Laube began her career at Rich's department store in the Executive Training Program. She graduated from the Terry School of Business, University of Georgia in 1985 with a B.B.A. in Marketing.

Brian K. Robbins, 59, has served as our Executive Vice President of Supply Chain since 2013. Prior to joining us, Mr. Robbins was a senior supply chain or merchandising executive with three portfolio companies of Cerberus Capital Management since 2009. He had also held senior supply chain roles with GE and DuPont, and was a Merchandise Vice President with Home Depot. Early in his career, Mr. Robbins received his CPA certificate and held various accounting positions with Grant Thornton, Scripps Howard and PricewaterhouseCoopers. Mr. Robbins is a graduate of Miami University with a B.S. degree in Education, majoring in Industrial Management.

David V. Christopherson, 42, is our Senior Vice President, General Counsel and Secretary. He joined the Company as General Counsel and Secretary in 2013 and was promoted to Senior Vice President in February 2015. Mr. Christopherson was the Vice President, General Counsel and Secretary of Teavana Holdings, Inc. from 2011 to 2013 and the Deputy General Counsel of Swett & Crawford from 2007 to 2011. He was previously an attorney with the law firms King & Spalding and Sullivan & Cromwell. Mr. Christopherson received an A.B. in Political Science from Davidson College and a J.D. from Harvard Law School.

Board of Directors

Information pertaining to Mr. Taylor may be found in the section entitled "Management—Executive Officers."

Norman H. Axelrod, 64, has served as our Chairman since December 2011 and as a member of our board of directors since November 2010. Beginning in 1988, Mr. Axelrod served as Chief Executive Officer and a member of the board of directors of Linens 'n Things, Inc., a retailer of home textiles, housewares and decorative home accessories, was appointed as Chairman of its board of directors in 1997, and served in such capacities until its acquisition in February 2006. Mr. Axelrod also serves on the boards of directors of the parent entities of Smart & Final Stores, Inc., a warehouse-style food and supply retailer, Guitar Center, Inc., a musical instruments retailer, 99 Cents Only Stores LLC, a deep-discount retailer, Jaclyn, Inc., a handbags and apparel company, and The Neiman Marcus Group LLC, a luxury retailer. Mr. Axelrod has also previously served as the Chairman of the boards of directors of GNC Holdings, Inc., a specialty retailer of health and wellness products, National Bedding Company LLC, a mattress and bedding product manufacturer, and Simmons Company, a mattress and bedding product manufacturer, and as a member of the boards of directors of Reebok International Ltd., a leading worldwide designer and marketer of sports, fitness and casual footwear, apparel and equipment, and Maidenform Brands, Inc., an intimate apparel retailer. Mr. Axelrod has

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provided consulting services to certain Ares entities. Mr. Axelrod received a B.S. in Management and Marketing from Lehigh University and an M.B.A. from New York University. Mr. Axelrod's vast experience led to the conclusion that he should serve as a member of our board of directors.

George Vincent West, 62, has served on our board of directors since he founded us in 2000. He served as our Chief Executive Officer from 2000 to 2002, as co-Chief Executive Officer from 2008 to 2010 and as Chief Executive Officer from 2010 through 2012. Currently, Mr. West serves as the Vice Chairman of our board of directors, a position that he has held since December 2012. Mr. West began his business career starting a successful retail glassware business in Atlanta. He was eventually recruited to work for his family building materials business, West Building Materials, which operated in five southeastern states, and eventually became its President. Mr. West also developed and sold a multistate billboard company and has developed several real estate projects across the state of Georgia, the most recent being Utana Bluffs, a boutique mountain home community in the north Georgia Mountains. Mr. West graduated from the Terry College of Business at the University of Georgia in 1977. Mr. West's experience and intimate knowledge of the Company led to the conclusion that he should serve as a member of our board of directors.

Brad J. Brutocao, 43, has served as a member of our board of directors since November 2010. Mr. Brutocao joined Freeman Spogli in 1997 and has been a Partner since 2008. Prior to joining Freeman Spogli, Mr. Brutocao worked at Morgan Stanley & Co., a financial services firm, in the Mergers and Acquisitions and Corporate Finance departments. Mr. Brutocao currently serves on the boards of directors of the parent entities of Arhaus LLC, a home furnishings retailer, Boot Barn, Inc., a retailer of western and work footwear and apparel, Plantation Products LLC, a supplier of lawn and garden consumables, Regent Holding, a supplier of home décor and accent products, and City Barbeque, a fast-casual restaurant concept. Mr. Brutocao received a B.A. in Business Economics from the University of California, Los Angeles. Mr. Brutocao's experience managing investments in, and serving on the boards of, companies operating in the retail and consumer industries led to the conclusion that he should serve as a member of our board of directors.

Michael Fung, 66, will join our board of directors prior to the effectiveness of this Registration Statement. Mr. Fung has been the Interim Chief Operating Officer and Chief Financial Officer for The Neiman Marcus Group LLC, a luxury retailer, since November 2016. Previously, Mr. Fung served as the Interim Chief Financial Officer and Treasurer for 99 Cents Only Stores LLC, a deep-discount retailer, from June to November 2015 and as the Interim Executive Vice President and Chief Administrative Officer from January to September 2013. Mr. Fung served as Senior Vice President and Chief Financial Officer at Walmart U.S., a multinational retailer, from 2006 until his retirement in February 2012, as Senior Vice President, Internal Audit Services from 2003 to 2006, and as Vice President, Finance and Administration of Global Procurement from 2001 to 2003. Before joining Walmart, Mr. Fung spent five years as Vice President and Chief Financial Officer of Sensient Technologies Corporation, a global manufacturer and marketer of colors, flavors and fragrances, preceded by three years as Senior Vice President and Chief Financial Officer of Vanstar Corporation, a developer of information technology and networking solutions and four years as Vice President and Chief Financial Officer of Bass Pro Shops, Inc., a hunting, fishing and outdoor gear retailer. Mr. Fung currently serves as a member of the boards of directors of Franklin Covey Co., a provider of time management and assessment products, and 99 Cents Only Stores LLC. Mr. Fung is the immediate past Chair and member of the Board for the Asian and Pacific Islander American Scholarship Fund. Mr. Fung is also a member of the Committee of 100 and the University of Illinois Foundation. Mr. Fung is a Certified Public Accountant (Inactive) in the State of Illinois. He received his B.S. in Accounting from the University of Illinois at Chicago and his M.B.A. from the University of Chicago. Mr. Fung's operating experience at retailers and his service on boards of directors led to the conclusion that he should serve as a member of our board of directors.

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David B. Kaplan, 49, has served as a member of our board of directors since October 2010, including as Chairman from October 2010 to December 2011. Mr. Kaplan is a Co-Founder of Ares, and a Director and Partner of Ares Management GP LLC, Ares Management's general partner. He is a Partner of Ares Management, Co-Head of its Private Equity Group and a member of its Management Committee. He additionally serves on several of the Investment Committees for certain funds managed by the Private Equity Group. Mr. Kaplan joined Ares in 2003 from Shelter Capital Partners, LLC, where he was a Senior Principal from June 2000 to April 2003. From 1991 through 2000, Mr. Kaplan was affiliated with, and a Senior Partner of, Apollo Management, L.P. and its affiliates, during which time he completed multiple private equity investments from origination through exit. Prior to Apollo Management, L.P., Mr. Kaplan was a member of the Investment Banking Department at Donaldson, Lufkin & Jenrette Securities Corp., an investment banking and securities firm. Mr. Kaplan currently serves as Chairman of the board of directors of the parent entities of Neiman Marcus Group, Inc., a luxury retailer, and Smart & Final Stores, Inc., a warehouse-style food and supply retailer, and as a member of the boards of directors of ATD Corporation, a replacement tire distributor, 99 Cents Only Stores LLC, a deep-discount retailer, and the parent entity of Guitar Center, Inc., a musical instruments retailer. Mr. Kaplan's previous public company board of directors experience includes Maidenform Brands, Inc., an intimate apparel retailer, where he served as the company's Chairman, GNC Holdings, Inc., a specialty retailer of health and wellness products, Dominick's Supermarkets, Inc., a grocery store retailer, Stream Global Services, Inc., a business process outsourcing provider, Orchard Supply Hardware Stores Corporation, a home improvement retailer, and Allied Waste Industries Inc., a waste services company. Mr. Kaplan also serves on the board of directors of Cedars-Sinai Medical Center, is a Trustee of the Center for Early Education and serves on the President's Advisory Group of the University of Michigan. Mr. Kaplan graduated with High Distinction, Beta Gamma Sigma, from the University of Michigan, School of Business Administration with a B.B.A. concentrating in Finance. Mr. Kaplan's over 25 years of experience managing investments in, and serving on the boards of directors of, companies operating in various industries led to the conclusion that he should serve as a member of our board of directors.

Rachel H. Lee, 32, has served as a member of our board of directors since October 2015. Ms. Lee is a Principal in the Private Equity Group of Ares. Prior to joining Ares in 2008, Ms. Lee was an investment banking generalist at J.P. Morgan, where she participated in the execution of a variety of transactions including leveraged buyouts, mergers and acquisitions, and debt and equity financings across various industries. Ms. Lee also serves on the board of directors of Farrow & Ball Ltd., a manufacturer of paints and wallpapers. She holds a B.S.B.A. from the University of Southern California Marshall School of Business in Corporate Finance and a B.S. from the University of Southern California Leventhal School of Accounting in Accounting. Ms. Lee's experience working with and serving as a director of various companies operating in various industries controlled by private equity sponsors led to the conclusion that she should serve as a member of our board of directors.

John M. Roth, 58, has served as a member of our board of directors since November 2010. Mr. Roth joined Freeman Spogli in 1988 and has been a Partner since 1993, he previously served as President and Chief Operating Officer and now serves as Chief Executive Officer. From 1984 to 1988, Mr. Roth was employed by Kidder, Peabody & Co. Incorporated in the Mergers and Acquisitions Group. Mr. Roth has served on the board of directors of hhgregg, Inc., an electronics and appliances retailer, since February 2005 and El Pollo Loco Holdings, Inc., a differentiated quick service restaurant concept, since December 2007. Mr. Roth received an M.B.A. and a bachelor's degree from the Wharton School of the University of Pennsylvania. With his extensive experience as a board member of numerous retail and consumer businesses and his experience and insights into strategic expansion opportunities, capital markets and capitalization strategies, Mr. Roth is well qualified to serve on our board of directors.

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Peter M. Starrett, 69, has served as a member of our board of directors since November 2010. In 1998, Mr. Starrett founded Peter Starrett Associates, a retail advisory firm, and currently serves as its President. In connection with his activities at Peter Starrett Associates, Mr. Starrett also provides consulting services to certain Freeman Spogli affiliated entities. From 1990 to 1998, Mr. Starrett served as the President of Warner Bros. Studio Stores Worldwide, a specialty retailer. Previously, he was Chairman and Chief Executive Officer of The Children's Place, a specialty retailer. Prior to that, Mr. Starrett held senior executive positions at both Federated Department Stores and May Department Stores, each a department store retailer. Mr. Starrett is Chairman of the board of directors of Boot Barn, Inc., a specialty apparel and footwear retailer. From May to November of 2012, Mr. Starrett served as Boot Barn, Inc.'s interim Chief Executive Officer. In addition, he is a member of the board of directors of hhgregg, Inc., an electronics and appliances retailer, as well as several private companies. Previously, he was also the Chairman of the board of directors of Pacific Sunwear, Inc. Mr. Starrett received a B.S.B.A. from the University of Denver and an M.B.A. from Harvard Business School. Mr. Starrett's extensive experience as an officer and a director of both public and private companies in the retail industry led to the conclusion that he should serve as a member of our board of directors.

Richard L. Sullivan, 60, will join our board of directors prior to the effectiveness of this Registration Statement. Mr. Sullivan has been the President and CEO of the parent entity of PGA TOUR Superstore, a nationwide specialty golf retailer, since 2009, and serves on its board of directors. Previously, Mr. Sullivan was the Chief Marketing Officer for Home Depot Inc. from 1992 to 2002. From 2002 to 2008, Mr. Sullivan served as the Executive Vice President and Chief Marketing Officer overseeing sales, marketing and other business related functions for the Atlanta Falcons and team owner Arthur Blank. Mr. Sullivan was elected Vice Chairman of the board of directors of the National Golf Foundation in January 2016 and serves as a member of its compensation committee. He received his B.S. in Accounting from Roger Williams University. Mr. Sullivan's business experience, including in home improvement and specialty retailers, led to the conclusion that he should serve as a member of our board of directors.

Felicia D. Thornton, 53, will join our board of directors prior to the effectiveness of this Registration Statement. Ms. Thornton has been the Chief Financial Officer and Treasurer for 99 Cents Only Stores LLC, a deep-discount retailer, since November 2015. Previously, Ms. Thornton served as Co-Chief Executive Officer, President and Chief Operating Officer for DeMoulas Super Market, Inc., a supermarket chain, from April 2014 to December 2014 and as the Chief Executive Officer of Knowledge Universe U.S., a private childhood education company, from 2006 to 2011. Ms. Thornton served as Chief Financial Officer and led overall strategy for Albertsons, a grocery and drugstore company, from 2001 to 2006. Ms. Thornton served in a variety of executive strategic and financial roles from 1992 to 2000 for Ralphs Grocery Company, Inc., a grocery store chain, and for Fred Meyer, a retail supermarket company, both of which eventually became part of The Kroger Company, a global retailer of grocery, multi-department, discount, convenience and jewelry stores, where Ms. Thornton served as Group Vice President responsible for retail operations. Ms. Thornton has served as a member of the boards of directors of public and private companies, including Nordstrom, Inc., a luxury retailer, from November 2010 to May 2012 and for Knowledge Universe Education, Inc. from November 2006 to May 2012. Ms. Thornton received a B.S. in Economics from Santa Clara University and an M.B.A. from the University of Southern California. Ms. Thornton's extensive executive experience in retail, and particularly in large high growth multi-unit retailers, led to the conclusion that she should serve as a member of our board of directors.

Board Composition

Our business and affairs are managed by our board of directors, which upon the closing of this offering will consist of 11 directors. The size of our board of directors may range from three to 12 members, the exact number of which will be set from time to time by our board of directors.

Pursuant to the terms of the Investor Rights Agreement, each Sponsor is entitled to nominate (a) five directors for election to our board of directors for so long as it holds 40% or more of our outstanding common stock, (b) three directors for election to our board of directors for so long as it holds 30% or more of our outstanding common stock, (c) two directors for election to our board of directors for so long as it holds 15% or more of our outstanding common stock and (d) one director for election to our board of directors for so long as it holds 5% or more of our outstanding common stock. In particular, Ares has nominated Messrs. Axelrod, Kaplan and Starrett and Ms. Lee and Thornton for election to our board of directors, and Freeman Spogli has nominated Messrs. Brutocao and Roth for election to our board of directors. Pursuant to the terms of the Investor Rights Agreement, each Sponsor will agree to vote in favor of the other Sponsor's nominees and for the election of our then-current chief executive officer to our board of directors.

Upon the closing of this offering, our board of directors will be divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms, subject to our Sponsors' rights to remove their respective nominees, at the annual meeting of stockholders in the year in which their term expires. There will be no cumulative voting at the election of directors. Consequently, at each annual meeting, the successors to the directors whose terms are then expiring will be decided by a majority of the votes cast at the meeting. The classes will be composed as follows:

- Messrs. Axelrod, Brutocao and Sullivan and Ms. Thornton will be Class I directors, whose terms will expire at the first annual meeting of stockholders following this offering;
- Messrs. Fung, Roth and Taylor and Ms. Lee will be Class II directors, whose terms will expire at the second annual meeting of stockholders following this offering;
- Messrs. Kaplan, Starrett and West will be Class III directors, whose terms will expire at the third annual meeting of stockholders following this offering;

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control.

Pursuant to the terms of the Investor Rights Agreement, directors nominated by our Sponsors may be removed with or without cause by the affirmative vote of the Sponsor entitled to nominate such director. In all other cases and at any other time, directors may only be removed for cause by the affirmative vote of at least a majority of the voting power of our common stock.

Director Independence

Our board of directors has reviewed the independence of our directors and has considered whether any director has a material relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that each of Messrs. Axelrod, Brutocao, Fung, Kaplan, Roth, Starrett and Sullivan and Ms. Lee and Thornton qualifies as an "independent director," as defined in the corporate governance rules of the New York Stock Exchange.

Controlled Company Exception

Upon the closing of this offering, we will be deemed a "controlled company" under the rules of the New York Stock Exchange, and we will qualify for, but do not intend to rely on, the "controlled company" exemption to the board of directors and committee composition requirements under the rules of the New York Stock Exchange. If we were to rely on this exemption, we would be exempt from the requirements that (1) our board of directors be comprised of a majority of independent directors, (2) we have a nominating and corporate governance committee composed entirely of independent directors, (3) our compensation committee be comprised solely of independent directors and (4) we conduct an annual performance evaluation of the nominating and corporate governance committee and the compensation committee. The "controlled company" exception does not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the rules of the New York Stock Exchange, which require that our audit committee be composed of at least three members and entirely of independent directors within one year from the date of this prospectus.

Since we do not intend to rely on the "controlled company" exemption under the rules of the New York Stock Exchange, the board of directors will take all actions necessary to comply with such rules, including appointing a majority of independent directors to the board and establishing certain committees composed entirely of independent directors within the time frames set forth under the rules of the New York Stock Exchange.

Board Leadership Structure

Our board of directors has no policy with respect to the separation of the offices of Chief Executive Officer and Chairman of the Board. It is the board of directors' view that rather than having a rigid policy, the board of directors, with the advice and assistance of the nominating and corporate governance committee, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the two offices should be separate.

Currently, our leadership structure separates the offices of Chief Executive Officer and Chairman of the Board with Mr. Taylor serving as our Chief Executive Officer and Mr. Axelrod as Chairman of the Board. We believe this is appropriate as it provides Mr. Taylor with the ability to focus on our day-to-day operations while Mr. Axelrod focuses on oversight of our board of directors.

Risk Oversight

Our board of directors plays an active role in overseeing management of our risks. Our board of directors regularly reviews information regarding our credit, compliance, liquidity and operations, as well as the risks associated with each. Our compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements and our audit committee is responsible for overseeing the management of financial, legal and regulatory risks and our enterprise risk management process generally. Upon the closing of this offering, our nominating and corporate governance committee will be responsible for managing risks associated with the independence of the board of directors. While each committee will be responsible for evaluating certain risks and overseeing the management of such risks, our full board of directors plans to keep itself regularly informed regarding such risks through committee reports and otherwise.

Board Committees

Our board of directors has the authority to appoint committees to perform certain management and administration functions. Our board of directors has the following standing committees: an audit committee, a compensation committee and, upon the closing of this offering, will have a nominating and corporate governance committee. The composition and responsibilities of each

standing committee are described below. Members will serve on these committees until their resignation or until otherwise determined by the board of directors.

Audit Committee

Upon the closing of this offering, the audit committee of our board of directors (the "Audit Committee") will consist of Messrs. Starrett and Sullivan and Mr. Fung who will act as its chair. Our board of directors determined that each of Messrs. Fung and Sullivan qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, has the attributes set forth in such section and is financially literate, as required by the rules of the New York Stock Exchange. In addition, our board of directors has determined that each of Messrs. Starrett and Sullivan is independent as independence is defined under the rules of the New York Stock Exchange and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Within one year of the date of this prospectus, we expect to have a fully independent audit committee in accordance with the rules of the New York Stock Exchange and Rule 10A-3(b)(1) under the Exchange Act.

The principal duties and responsibilities of our Audit Committee are as follows:

- to monitor our financial reporting process and internal control system;
- to appoint and replace our independent registered public accounting firm from time to time, determine their compensation and other terms of engagement and oversee their work;
- to oversee the performance of our internal audit function; and
- to oversee our compliance with legal, ethical and regulatory requirements.

The Audit Committee will have the power to investigate any matter brought to its attention within the scope of its duties. It will also have the authority to retain counsel and advisors to fulfill its responsibilities and duties.

Compensation Committee

Upon the closing of this offering, the compensation committee of our board of directors (the "Compensation Committee") will consist of Mr. Brutocao, Ms. Lee and Mr. Axelrod, who will act as its chair.

The principal duties and responsibilities of our Compensation Committee are as follows:

- to provide oversight on the development and implementation of the compensation policies, strategies, plans and programs for our key employees and outside directors and disclosure relating to these matters;
- to review and approve the compensation of our chief executive officer and the other executive officers of us and our subsidiaries; and
- to provide oversight concerning the compensation of our chief executive officer, succession planning, performance of the chief executive officer and related matters.

Nominating and Corporate Governance Committee

Upon the closing of this offering, the nominating and corporate governance committee of our board of directors will consist of Ms. Lee, Mr. Roth and Ms. Thornton, who will act as its chair.

The principal duties and responsibilities of the nominating and corporate governance committee will be as follows:

- to establish criteria for board and committee membership and recommend to our board of directors proposed nominees for election to the board of directors and for membership on committees of the board of directors; and
- to make recommendations to our board of directors regarding board governance matters and practices.

Code of Conduct and Ethics

Our board of directors will adopt a code of conduct and ethics that applies to all of our employees, including those officers responsible for financial reporting. The code of conduct and ethics will be available on our website at www.FloorandDecor.com. We intend to disclose any amendments to the code, or any waivers of its requirements, on our website to the extent required by applicable SEC rules or the rules of the New York Stock Exchange. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on or accessible through our website into this prospectus.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board or compensation committee of any entity that has one or more executive officers serving on our board or compensation committee.

EXECUTIVE AND DIRECTOR COMPENSATION

Introduction

In this Compensation Discussion and Analysis, we address our philosophy, programs and processes related to the compensation paid or awarded for fiscal 2016 to our named executive officers listed in the Summary Compensation Table for Fiscal 2016 that follows this discussion.

Our named executive officers ("NEOs") for fiscal 2016, which consist of our principal executive officer, our principal financial officer and our three other most highly compensated executive officers for fiscal 2016, are:

- Thomas V. Taylor, who serves as Chief Executive Officer and a member of our board of directors and is our principal executive officer;
- Trevor S. Lang, who serves as Executive Vice President and Chief Financial Officer and is our principal financial officer;
- Lisa G. Laube, who serves as Executive Vice President and Chief Merchandising Officer;
- Brian K. Robbins, who serves as Executive Vice President—Supply Chain; and
- David V. Christopherson, who serves as Senior Vice President, Secretary and General Counsel.

Fiscal 2016 Compensation

Compensation Philosophy and Objectives

Our Compensation Committee worked with Korn Ferry Hay Group ("Hay Group"), our independent compensation consultant, to develop and formalize our fiscal 2016 compensation philosophy and to implement compensation arrangements that reflect this philosophy. Our compensation philosophy reflects the following general principles:

- *Simplicity and transparency:* Base salary, bonuses and stock option awards should be easy to understand, and total compensation should be market and performance-based.
- *Attractive compensation for talent:* The more senior the executive, the more pay should be "at risk."
- *Pay for performance:* Compensation should only be paid (with the possibility of no incentive payments) when financial performance is achieved that aligns with the strategic and financial priorities set by the Board.
- *Operating income is an appropriate measure of performance:* Incentive compensation should be tied to operating income because it is a measure of profitability scrutinized by public companies and excludes uncontrollable factors like taxes and interest rates.

Determination of Compensation

Prior to this offering, we were privately held, and the Compensation Committee reviewed and recommended the compensation of our NEOs. Following this offering, the Compensation Committee will continue to review and recommend the compensation of our NEOs and will regularly report its compensation decisions and recommendations to our board of directors.

In addition, Hay Group had been retained by us to provide advice on compensation for a private company, with such advice being utilized by the Compensation Committee to assist in developing our approach to executive officer and director compensation. In addition to advising our Compensation Committee, Hay Group performs other compensation consulting services for us.

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Following the IPO, the Compensation Committee expects to retain Hay Group as its compensation consultant to provide advice on compensation for a public company.

In making executive compensation determinations for fiscal 2016, we relied on the significant experience of our directors in establishing compensation across many companies in multiple industries, as well as the input of our Chief Executive Officer, who has many years of experience in our industry. As a private company, our Compensation Committee analyzed market data for executive compensation focusing on retail companies with \$250 million to \$1.9 billion in annual revenue. The Compensation Committee reviewed compensation data from the public filings for the following companies:

Big 5 Sporting Goods
Conn's
The Container Store
Ethan Allen Interiors
Flexsteel Industries
Haverty Furniture
Hibbett Sports

Kirkland's
Lumber Liquidators
Mattress Firm
Restoration Hardware
Select Comfort
Sportsman's Warehouse
Tile Shop

While the Compensation Committee considered this data from time to time to generally inform decisions relating to NEO compensation, it did not seek to benchmark our NEO compensation to any particular level. Following this offering, the Compensation Committee expects to periodically evaluate competitive market data to include the most suitable peer group as well as other market data deemed relevant. The Compensation Committee will review our NEO compensation against an appropriate peer group on a more formal basis and will also consider other relevant market data to ensure that our named executive officer compensation is competitive and sufficient to recruit and retain our NEOs.

The Compensation Committee expects to periodically review and update this peer group and to utilize Hay Group for benchmarking and peer group analysis in determining and developing compensation packages for our NEOs.

In connection with this offering, the Compensation Committee, in consultation with Hay Group, expects to revise the Company's peer group to add Party City, Pier 1 and La-Z-Boy, and removed Kirkland's, Sportsman's Warehouse and Flexsteel Industries in order to more closely align the peer group with our revenue, and removed Mattress Firm because it was acquired on August 8, 2016.

Elements of Our Executive Compensation Program

For fiscal 2016, our executive compensation program consisted of the following elements:

- base salary;
- annual cash incentive bonuses;
- stock options;
- health and retirement benefits; and
- severance payments.

We do not have formal policies relating to the allocation of total compensation among the various elements of our compensation program. We generally allocate compensation between short-term and long-term components and between cash and equity in order to maximize executive performance and retention. Long-term compensation and equity awards comprise an increasingly larger proportion of total compensation of our senior executives as position level increases based on our belief that these at-risk elements of compensation more closely align management's interests with our financial performance and with our employees' interests.

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Base Salary. Base salary is a visible and stable foundation of our compensation program. The base salaries of our NEOs are intended to reflect the position, duties and responsibilities of each executive and the market for base salaries of similarly situated executives at other companies of similar size and in similar industries. On a prospective basis, we will continue to evaluate the mix of base salary, short-term incentive compensation and long-term incentive compensation to appropriately align the interests of our NEOs with those of our stockholders. As of the end of fiscal 2016, Mr. Taylor received a base salary at an annual rate of \$700,000, Ms. Laube received a base salary at an annual rate of \$490,000, Mr. Lang received a base salary at an annual rate of \$410,000, Mr. Robbins received a base salary at an annual rate of \$351,527, and Mr. Christopherson received a base salary at an annual rate of \$309,000. These amounts reflect merit-based salary increases approved by the Compensation Committee in February 2016 of 3% for Ms. Laube, 2.5% for Mr. Lang, 5% for Mr. Robbins and 3% for Mr. Christopherson. Mr. Taylor's base salary did not change in fiscal 2016.

In February 2017, the Compensation Committee approved base salary increases for Messrs Taylor, Lang, Robbins and Christopherson. During fiscal year 2017, the NEOs will receive the following base salaries: Mr. Taylor, \$850,000 (an approximately 21.5% increase over his fiscal year 2016 base salary), Mr. Lang, \$422,300 (a 3% increase over his fiscal year 2016 base salary), Mr. Robbins, \$380,315 (an approximately 2.5% increase over his fiscal year 2016 base salary) and Mr. Christopherson, \$321,260 (a 4% increase over his fiscal year 2016 base salary). Ms. Laube's base salary remained unchanged from fiscal year 2016.

Discretionary Bonus. On February 24, 2016, the Compensation Committee approved a discretionary bonus of \$200,000 to Mr. Taylor to recognize his contribution to our exceptional performance in fiscal 2015.

Annual Cash Incentive Bonuses. Our NEOs are eligible to receive annual cash incentive bonuses. We consider annual cash incentive bonuses to be "at-risk" compensation. As "at-risk" compensation, we increase the size of the target bonus, as a percentage of base compensation, proportionate to each executive officer's position and responsibilities. The annual incentive bonuses are intended to reward our senior executives for achieving a target operating income objective established by the Compensation Committee at the beginning of the year. For fiscal 2016, Mr. Taylor was eligible to receive a bonus with a target amount equal to 100% of his base salary. For fiscal 2016, Ms. Laube and Messrs. Lang, Robbins and Christopherson were each eligible to receive a bonus with a target amount equal to 50% of his or her base salary.

In fiscal 2016, our target operating income as calculated with respect to the annual incentive bonuses was \$64.6 million. Our actual and Adjusted operating income as calculated with respect to such annual cash incentive bonuses, or our Adjusted operating income, was \$81.0 million, which was 125% of the target and resulted in a payout percentage of 201.4%. We define adjusted operating income as our operating income adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance, which includes (a) provisions for legal settlement and other legal fees and expenses, (b) costs associated with the relocation of certain stores and distribution centers and (c) certain business and strategic consulting fees. In 2016, the majority of such adjustments was a credit for the cost to settle a putative class action lawsuit. See Note 6 to our consolidated

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financial statements for the year ended December 29, 2016. Accordingly, the NEOs received the following annual incentive bonuses:

Name	Target Annual Incentive Bonus	Actual Annual Incentive Bonus	Actual Payout Percentage
Thomas V. Taylor	\$ 700,000	\$ 1,410,122	201.4%
Trevor S. Lang	\$ 204,038	\$ 411,027	201.4%
Lisa G. Laube	\$ 243,558	\$ 490,637	201.4%
Brian Robbins	\$ 174,152	\$ 350,822	201.4%
David V. Christopherson	\$ 153,635	\$ 309,491	201.4%

In February 2017, the Compensation Committee adopted the 2017 Annual Performance Bonus Program (the "2017 Bonus Program"), pursuant to which executive officers, including the NEOs, will be eligible to earn annual cash incentive bonuses based upon our achievement of operating income for the 2017 fiscal year. For payouts at target, our operating income must be \$100.3 million, with greater payouts possible in the event we exceed our target operating income objective. Under the 2017 Bonus Program, our operating income must be at least \$81.1 million in order for any payouts to be made. Mr. Taylor is eligible to receive a bonus with a target amount equal to 100% of his base salary. Ms. Laube and Messrs. Lang, Robbins and Christopherson are each eligible to receive a bonus with a target amount equal to 60%, 60%, 55% and 50% of their respective base salaries.

Stock Option Awards. We generally grant stock options to our NEOs in connection with their hiring as a way of aligning our interests with those of our employees. Stock options generally become exercisable in equal annual installments of 20% each, on each of the first five anniversaries of their effective date as long as the NEO is continuously employed by us on each vesting date. For Mr. Taylor, certain stock options become exercisable in annual installments of 25% each on each of the first four anniversaries of their grant date so long as Mr. Taylor remains continuously employed by us on each vesting date. On September 30, 2016, in connection with a non-recurring extraordinary dividend, we adjusted the exercise price of certain outstanding stock options and made cash payments to certain stock option holders in accordance with the terms of the 2011 Plan to account for such dividend, including stock options held by the NEOs, in order to prevent substantial dilution or enlargement of the rights of such option holders. Certain option holders, including the NEOs, will, in the event of a termination of employment prior to March 31, 2018, be required to repay dividend payments received in respect of stock options that were unvested as of September 30, 2016 and that remain unvested as of the date of termination. There was no incremental change to the fair value of the options in connection with the adjustment of the exercise price. On September 30, 2016, in connection with extraordinary individual and Company performance, we granted Messrs. Taylor, Lang, Robbins and Christopherson and Ms. Laube 834, 264, 168, 122 and 292 stock options, respectively. In connection with this offering, we intend to grant stock options to our NEOs under the 2017 Plan.

401(k) Plan. All full-time employees are eligible to participate in our 401(k) plan after 6 months of service and are eligible to receive matching contributions from us after one year of service. We match employee contributions in cash at a rate of 30% of the first 5% of base compensation that an employee contributes, with graded vesting over a six year period. Our NEOs are also eligible for our matches, subject to regulatory limits on contributions to 401(k) plans.

Employment Agreements. The following is a summary of the employment agreements that we have entered into with our NEOs. The summary below does not contain complete descriptions of all provisions of the employment agreements of our NEOs and is qualified in its entirety by reference to such employment agreements, copies of which will be filed as exhibits to the registration statement of which this prospectus forms a part. See "Where You Can Find More Information."

Thomas V. Taylor—Chief Executive Officer

We entered into an amended and restated employment agreement with Mr. Taylor on July 29, 2015 pursuant to which Mr. Taylor agreed to continue to serve as our Chief Executive Officer. Mr. Taylor's employment agreement has a term of three years, after which it will automatically renew each year for successive one-year terms unless either party provides written notice of non-renewal or his employment is otherwise terminated, in each case pursuant to the terms of the employment agreement.

If we terminate Mr. Taylor's employment without Cause or do not renew it or if Mr. Taylor resigns for Good Reason, he is entitled to receive (i) any accrued and unpaid base salary and benefits and payments pursuant to the terms of any benefit plan (collectively, the "Accrued Benefits"), and (ii) subject to Mr. Taylor executing a valid release of claims, severance pay equal to (w) two times Mr. Taylor's annual base salary, payable over 24 months; (x) any unpaid annual incentive bonus with respect to the most recently completed fiscal year if the bonus is unpaid on the date of termination; (y) a pro-rated portion of the average annual incentive bonus that Mr. Taylor earned over the two completed fiscal years prior to his date of termination; and (z) an amount equal to our portion of Mr. Taylor's health care premiums for 24 months following his date of termination. In addition, any vested stock options held by Mr. Taylor at the time of his termination of employment without Cause or for Good Reason will remain exercisable for a period of 90 days following the date of such termination.

We generally may terminate Mr. Taylor's employment for "Cause" immediately upon written notice of any of the following reasons: (i) his commission of, or being indicted for a felony, or his commission of a misdemeanor where imprisonment may be imposed (other than a traffic-related offense); (ii) any act of material misconduct or gross negligence in the performance of his duties or any act of moral turpitude; (iii) any act of theft, fraud or material dishonesty; (iv) his willful failure to perform any reasonable duties assigned by the board of directors, or his refusal to follow the directives of the board of directors that is not cured within 30 days; (v) any material breach of an agreement with us that is not cured within ten days; or (vi) his unlawful appropriation of a material corporate opportunity.

Mr. Taylor generally may terminate his employment for "Good Reason" in connection with any of the following without his consent: (i) a material diminution of his authority, duties or responsibilities; (ii) a material diminution of his base salary; (iii) a relocation of his office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of Mr. Taylor's employment agreement by us that is not cured within 60 days.

In the event of Mr. Taylor's death or disability, Mr. Taylor or his personal representatives or heirs will receive (i) his Accrued Benefits, (ii) his base salary for 12 months, (iii) any unpaid annual incentive bonus with respect to the most recently completed fiscal year if the bonus is unpaid on the date of termination, and (iv) a pro-rated portion of the annual incentive bonus that Mr. Taylor would have earned if he had remained employed, payable at the time bonuses are paid to employees generally. Additionally Mr. Taylor's vested options will be exercisable for 12 months after his termination due to death or disability.

In the event that Mr. Taylor's employment is terminated by us without Cause or by Mr. Taylor for Good Reason within one year following a Change in Control (as defined in his amended and restated employment agreement), Mr. Taylor will be entitled to receive (i) the Accrued Benefits, and (ii) subject to Mr. Taylor executing a valid release of claims, severance pay equal to (v) two times Mr. Taylor's annual base salary; (w) any unpaid annual incentive bonus with respect to the most recently completed fiscal year if the bonus is unpaid on the date of termination; (x) a pro-rated portion of the average annual incentive bonus that Mr. Taylor earned over the two completed fiscal years prior to his date of termination; (y) an amount equal to our portion of Mr. Taylor's health care premiums for

24 months following his date of termination and (z) an amount equal to two times Mr. Taylor's target annual incentive bonus.

Trevor S. Lang—Executive Vice President and Chief Financial Officer

We entered into an amended and restated employment agreement with Mr. Lang on July 29, 2015 pursuant to which Mr. Lang agreed to continue to serve as our Executive Vice President and Chief Financial Officer. Mr. Lang's employment agreement had an initial term of one year, but automatically renewed on July 29, 2016 and will continue to automatically renew each year for successive one-year terms unless either party provides written notice of non-renewal or his employment is otherwise terminated, in each case pursuant to the terms of the employment agreement.

If we terminate Mr. Lang's employment without Cause or do not renew it or if Mr. Lang resigns for Good Reason, he is entitled to receive (i) any Accrued Benefits, and (ii) subject to Mr. Lang executing a valid release of claims, severance pay equal to Mr. Lang's annual base salary, payable over 12 months. In addition, any vested stock options held by Mr. Lang at the time of his termination of employment without Cause or for Good Reason remain exercisable for a period of 90 days following the date of such termination.

We may terminate Mr. Lang's employment for "Cause" immediately upon written notice of any of the following reasons: (i) his (x) commission of, or being indicted for a felony, or (y) commission of a misdemeanor where imprisonment may be imposed (other than a traffic-related offense); (ii) any act of material misconduct or gross negligence in the performance of his duties or any act of moral turpitude; (iii) any act of theft, fraud or material dishonesty; (iv) his willful failure to perform any reasonable duties assigned by the Chief Executive Officer, or his refusal to follow the directives of the Chief Executive Officer that is not cured within 30 days; (v) any material breach of an agreement with us that is not cured within ten days; or (vi) his unlawful appropriation of a material corporate opportunity.

Mr. Lang generally may terminate his employment for "Good Reason" in connection with any of the following without his consent: (i) a material diminution of his authority, duties or responsibilities; (ii) a material diminution of his base salary; (iii) a relocation of his office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of Mr. Lang's employment agreement by us, in each case that is not cured within 60 days.

Lisa G. Laube—Executive Vice President and Chief Merchandising Officer

We entered into an amended and restated employment agreement with Ms. Laube on July 29, 2015 pursuant to which Ms. Laube agreed to continue to serve as our Executive Vice President and Chief Merchandising Officer. Ms. Laube's employment agreement had an initial term of one year, but automatically renewed on July 29, 2016 and will continue to automatically renew each year for successive one-year terms unless either party provides written notice of non-renewal or her employment is otherwise terminated, in each case pursuant to the terms of the employment agreement.

If we terminate Ms. Laube's employment without Cause or do not renew it or if Ms. Laube resigns for Good Reason, she is entitled to receive (i) any Accrued Benefits, and (ii) subject to Ms. Laube executing a valid release of claims, severance pay equal to Ms. Laube's annual base salary, payable over 12 months. In addition, any vested stock options held by Ms. Laube at the time of her termination of employment without Cause or for Good Reason remain exercisable for a period of 90 days following the date of such termination.

We generally may terminate Ms. Laube's employment for "Cause" immediately upon written notice of any of the following reasons: (i) her (x) commission of, or being indicted for a felony, or (y) commission of a misdemeanor where imprisonment may be imposed (other than a traffic-related offense); (ii) any act of material misconduct or gross negligence in the performance of her duties or

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any act of moral turpitude; (iii) any act of theft, fraud or material dishonesty; (iv) her willful failure to perform any reasonable duties assigned by the Chief Executive Officer, or her refusal to follow the directives of the Chief Executive Officer that is not cured within 30 days; (v) any material breach of an agreement with us that is not cured within ten days; or (vi) her unlawful appropriation of a material corporate opportunity.

Ms. Laube generally may terminate her employment for "Good Reason" in connection with any of the following without her consent: (i) a material diminution of her authority, duties or responsibilities; (ii) a material diminution of her base salary; (iii) a relocation of her office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of Ms. Laube's employment agreement by us, in each case that is not cured within 60 days.

Brian Robbins—Executive Vice President—Supply Chain

We entered into an employment agreement with Mr. Robbins on July 29, 2015 pursuant to which Mr. Robbins agreed to serve as our Executive Vice President—Supply Chain. Mr. Robbins's employment agreement had an initial term of one year, but automatically renewed on July 29, 2016 and will continue to automatically renew each year for successive one-year terms unless either party provides written notice of non-renewal or his employment is otherwise terminated, in each case pursuant to the terms of the employment agreement.

If we terminate Mr. Robbins's employment without Cause or do not renew it or if Mr. Robbins resigns for Good Reason, he is entitled to receive (i) any Accrued Benefits, and (ii) subject to Mr. Robbins executing a valid release of claims, severance pay equal to Mr. Robbins's annual base salary, payable over 12 months. In addition, any vested stock options held by Mr. Robbins at the time of his termination of employment without Cause or for Good Reason remain exercisable for a period of 90 days following the date of such termination.

We may terminate Mr. Robbins's employment for "Cause" immediately upon written notice of any of the following reasons: (i) his (x) commission of, or being indicted for a felony, or (y) commission of a misdemeanor where imprisonment may be imposed (other than a traffic-related offense); (ii) any act of material misconduct or gross negligence in the performance of his duties or any act of moral turpitude; (iii) any act of theft, fraud or material dishonesty; (iv) his willful failure to perform any reasonable duties assigned by the Chief Executive Officer, or his refusal to follow the directives of the Chief Executive Officer that is not cured within 30 days; (v) any material breach of an agreement with us that is not cured within ten days; or (vi) his unlawful appropriation of a material corporate opportunity.

Mr. Robbins generally may terminate his employment for "Good Reason" in connection with any of the following without his consent: (i) a material diminution of his authority, duties or responsibilities; (ii) a material diminution of her base salary; (iii) a relocation of his office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of Mr. Robbins's employment agreement by us, in each case that is not cured within 60 days.

David V. Christopherson—Senior Vice President and General Counsel

We entered into an amended and restated employment agreement with Mr. Christopherson on July 29, 2015 pursuant to which Mr. Christopherson agreed to continue to serve as our Senior Vice President and General Counsel. Mr. Christopherson's employment agreement had an initial term of one year, but automatically renewed on July 29, 2016 and will continue to automatically renew each year for successive one-year terms unless either party provides written notice of non-renewal or his employment is otherwise terminated, in each case pursuant to the terms of the employment agreement.

If we terminate Mr. Christopherson's employment without Cause or do not renew it or if Mr. Christopherson resigns for Good Reason, he is entitled to receive (i) any Accrued Benefits, and

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(ii) subject to Mr. Christopherson executing a valid release of claims, severance pay equal to Mr. Christopherson's annual base salary, payable over 12 months. In addition, any vested stock options held by Mr. Christopherson at the time of his termination of employment without Cause or for Good Reason remain exercisable for a period of 90 days following the date of such termination.

We may terminate Mr. Christopherson's employment for "Cause" immediately upon written notice of any of the following reasons: (i) his (x) commission of, or being indicted for a felony, or (y) commission of a misdemeanor where imprisonment may be imposed (other than a traffic-related offense); (ii) any act of material misconduct or gross negligence in the performance of his duties or any act of moral turpitude; (iii) any act of theft, fraud or material dishonesty; (iv) his willful failure to perform any reasonable duties assigned by the Chief Financial Officer or Chief Executive Officer, or his refusal to follow the directives of the Chief Executive Officer that is not cured within 30 days; (v) any material breach of an agreement with us that is not cured within ten days; or (vi) his unlawful appropriation of a material corporate opportunity.

Mr. Christopherson generally may terminate his employment for "Good Reason" in connection with any of the following without his consent: (i) a material diminution of his authority, duties or responsibilities; (ii) a material diminution of his base salary; (iii) a relocation of his office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of Mr. Christopherson's employment agreement by us, in each case that is not cured within 60 days.

Restrictive Covenants

Each of the NEOs are subject to certain non-compete and non-solicitation restrictions while employed and for one year after termination of employment (or, in the case of Mr. Taylor, for three years after termination of employment). In addition, each NEO is subject to confidentiality and non-disparagement restrictions.

Tax Considerations

As a general matter, our board of directors and the Compensation Committee review and consider the various tax and accounting implications of compensation programs we utilize.

Section 162(m) ("Section 162(m)") of the Internal Revenue Code of 1986, as amended (the "Code") generally disallows public companies a tax deduction for compensation in excess of \$1,000,000 paid to their chief executive officers and the three other most highly compensated executive officers (excluding the chief financial officer) unless certain performance and other requirements are met. Our intent generally is to design and administer executive compensation programs in a manner that will preserve the deductibility of compensation paid to our named executive officers, and we believe that a substantial portion of our current executive compensation program (including the stock options and other awards that may be granted to our named executive officers as described above) satisfies the requirements for exemption from the \$1,000,000 deduction limitation. We intend to comply with applicable laws in order to rely on the transition rules under Section 162(m) for newly public companies. To the extent the transition rules under Section 162(m) apply to us, the \$1,000,000 deduction limitation would not apply. However, we reserve the right to design programs that recognize a full range of performance criteria important to our success, even where the compensation paid under such programs may not be deductible.

Hedging and Pledging Policy

Our insider trading policy expressly prohibits transactions involving hedging or pledging of shares of our common stock by Covered Persons (defined as our and our subsidiaries' officers, directors and employees, as well as their immediate families and members of their households).

Stock Ownership Guidelines

To further align the long-term interests of our executives and our stockholders, in connection with this offering, we intend to adopt stock ownership guidelines applicable to our Chief Executive Officer, other executive officers and non-employee directors. The guidelines require our executives and non-executive directors to maintain the following beneficial ownership of shares of our common stock (measured in market value):

Group	Required ownership
Chief Executive Officer	5 times annual base salary
Executive Vice Presidents	3 times annual base salary
Senior Vice Presidents	2 times annual base salary
Non-employee directors	5 times annual cash retainer

Our executives and non-employee directors have until May 2022 or, if later, five years from the effective date of their respective election, appointment or promotion, as the case may be, to satisfy these stock ownership guidelines. For purposes of determining ownership levels, shares of common stock owned outright, unvested shares of restricted stock and shares underlying vested and certain unvested, in-the-money options to purchase common stock are included. Unvested stock options and shares of common stock underlying an award subject to performance-vesting for which the performance criteria have not been satisfied are not included.

Compensation Risk Assessment

Our Compensation Committee, Management and Hay Group have conducted risk assessments of our compensation plans and practices, and our Compensation Committee and management have concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Role of the Compensation Committee in Executive Compensation

As described above, during fiscal 2016, our Compensation Committee made all decisions regarding the compensation of our NEOs. It is the Compensation Committee's responsibility to:

- oversee the design of our executive compensation programs, policies and practices;
- determine the types and amounts of most compensation for executive officers; and
- review and approve the adoption, termination and amendment of, and to administer and, as appropriate, make recommendations to our board of directors regarding, our incentive compensation and equity plans.

The Compensation Committee considered and approved the executive salary and bonus potential increases. In addition, as described above, the Compensation Committee has directly engaged Hay Group to assist in its review of compensation for our executive officers.

Role of Executive Officers in Determining Compensation for Our Executive Officers

Our Compensation Committee made all decisions regarding the compensation of our executive officers, after considering recommendations by Mr. Taylor (other than with respect to his own compensation). Our human resources department supports the Compensation Committee's work, and in some cases acts under delegated authority to administer compensation programs.

Compensation Committee Interlocks and Insider Participation

In fiscal 2016, none of our executive officers served as a director or member of the compensation committee of another entity whose executive officers served on our board of directors or the Compensation Committee.

COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Summary Compensation Table for Fiscal 2016

The following table contains information about the compensation paid to or earned by each of our NEOs during fiscal 2016.

Name and Principal Position	Fiscal Year	Salary(\$)	Bonus (\$)	Option awards (\$)(1)	Non-equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred compensation earnings (\$)	All other compensation (\$)(2)(3)	Total(\$)
Thomas V. Taylor— <i>Chief Executive Officer</i>	2016	700,000	—	1,096,026	1,410,122	—	3,906,220	7,112,368
Trevor S. Lang— <i>Executive Vice President and Chief Financial Officer</i>	2016	408,077	—	346,944	411,027	—	1,536,308	2,702,356
Lisa G. Laube— <i>Executive Vice President and Chief Merchandising Officer</i>	2016	487,115	—	383,741	490,637	—	1,798,881	3,160,374
Brian K. Robbins— <i>Executive Vice President Supply Chain</i>	2016	348,303	—	220,782	350,822	—	285,203	1,205,110
David V. Christopherson— <i>Senior Vice President, Secretary and General Counsel</i>	2016	307,269	—	160,330	309,491	—	180,938	958,028

- (1) Amounts set forth in the Option Awards column represents the aggregate grant date fair value of awards granted in Fiscal 2016 computed in accordance with the FASB Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). All assumptions made in the valuations are contained and described in footnote 8 to the Company's financial statements for the year ended December 29, 2016. The amounts shown in the table reflect the total fair value on the date of grant and do not necessarily reflect the actual value, if any, that may be realized by the NEOs.
- (2) In connection with a non-recurring extraordinary dividend, we adjusted the exercise price of certain outstanding stock options and made cash payments to certain stock option holders on September 30, 2016. Such cash payments were made to the NEOs in the following amounts: Mr. Taylor: \$3,905,392; Mr. Lang: \$1,533,118; Ms. Laube: \$1,795,403; Mr. Robbins: \$281,020; and Mr. Christopherson: \$177,979.
- (3) Amounts in this column also include (i) 401(k) employer matching contributions of \$2,650 for each of Ms. Laube and Messrs. Lang, Robbins and Christopherson and (ii) employer-paid group term life insurance premiums of \$828, \$540, \$1,533, \$309 and \$828 for Messrs. Taylor, Lang, Robbins and Christopherson and Ms. Laube, respectively.

Grants of Plan-Based Equity Awards Table

The following table contains information about each grant of an award made to our NEOs under any incentive plan in fiscal 2016:

Name	Grant Date or Performance Period	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/share)(2)	Grant Date Fair Value of Option Awards \$(3)
		Threshold (\$)	Target (\$)	Maximum (\$)			
Thomas V. Taylor	9/30/16	N/A	700,000	N/A	834	3,214.00	1,096,026
Trevor S. Lang	9/30/16	N/A	204,999	N/A	264	3,214.00	346,944
Lisa G. Laube	9/30/16	N/A	244,999	N/A	292	3,214.00	383,741
Brian K. Robbins	9/30/16	N/A	175,763	N/A	168	3,214.00	220,782
David V. Christopherson	9/30/16	N/A	154,500	N/A	122	3,214.00	160,330

- (1) Constitutes threshold, target and maximum award opportunities for our NEOs under the 2016 Cash Incentive Program. See "—Fiscal 2016 Compensation—Elements of Our Executive Compensation Program—Annual Incentive Bonuses" for information regarding the criteria applied in determining amounts payable under the awards. The actual amounts paid with respect to these awards are included in the "Non-Equity Incentive Plan Compensation" column in the Summary Compensation Table for Fiscal 2016.
- (2) The exercise price of option awards is based on a good faith determination of fair market value of one share of our common stock as determined by the Compensation Committee on September 30, 2016 based on an appraisal prepared by an independent third party valuation firm.
- (3) Pursuant to the SEC rules, option awards are valued in accordance with ASC 718. All assumptions made in the valuations are contained and described in footnote 8 to the Company's financial statements for the year ended December 29, 2016. The amounts shown in the table reflect the total fair value on the date of grant and do not necessarily reflect the actual value, if any, that may be realized by the NEOs.

Outstanding Equity Awards at Fiscal Year-End 2016

Option numbers and option exercise prices in this section do not give effect to the for one stock split of our common stock to be effected prior to the consummation of this offering.

The following table contains information about stock options that have not been exercised and were outstanding as of the last day of fiscal 2016 for each of our NEOs.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Thomas V. Taylor(1)	2,502	—	1,012.00	December 13, 2022
	2,501	—	1,558.00	December 13, 2022
	—	834	3,214.00	September 30, 2026
Trevor S. Lang(2)	892	—	916.00	July 11, 2021
	1,072	—	1,391.00	July 11, 2021
	—	264	3,214.00	September 30, 2026
Lisa G. Laube(3)	920	230	916.00	February 23, 2022
	920	230	1,391.00	February 23, 2022
	—	292	3,214.00	September 30, 2026
Brian K. Robbins(4)	—	45	1,219.39	September 13, 2023
	135	45	2,000.00	September 13, 2023
	—	15	2,219.39	September 13, 2023
	45	15	3,000.00	September 13, 2023
	—	80	1,692.06	May 20, 2024
	80	40	2,472.67	May 20, 2024
	—	168	3,214.00	September 30, 2026
David V. Christopherson(5)	—	30	1,219.39	September 13, 2023
	65	30	2,000.00	September 13, 2023
	—	10	2,219.39	September 13, 2023
	30	10	3,000.00	September 13, 2023
	—	30	1,692.06	April 22, 2025
	10	10	2,472.67	April 22, 2025
	—	32	1,692.06	May 20, 2024
	32	16	2,472.67	May 20, 2024
	—	122	3,214.00	September 30, 2026

- (1) Stock options granted to Mr. Taylor on December 13, 2012 vested in equal annual installments of approximately 1,251 on each of December 3, 2013, 2014, 2015 and 2016, and stock options granted on September 30, 2016 will vest in equal annual installments of approximately 167 on each of September 30, 2017, 2018, 2019, 2020, and 2021, in each case subject to his continued employment with us.
- (2) Stock options granted to Mr. Lang on July 11, 2011 vested in equal annual installments of approximately 429 on each of June 17, 2012, 2013, 2014, 2015 and 2016, and stock options granted on September 30, 2016 will vest in equal annual installments of approximately 53 on each of September 30, 2017, 2018, 2019, 2020, and 2021, in each case subject to his continued employment with us.
- (3) Stock options granted to Ms. Laube on February 23, 2012 vested or vest in equal annual installments of approximately 460 on each of February 3, 2013, 2014, 2015, 2016 and 2017, and stock options granted on September 30, 2016 will vest in equal annual installments of approximately 58 on each of September 30, 2017, 2018, 2019, 2020, and 2021, in each case subject to her continued employment with us.

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- (4) Stock options granted to Mr. Robbins on September 13, 2013 vested or vest in equal annual installments of approximately 60 on each of September 13, 2014, 2015, 2016, 2017 and 2018, stock options granted on May 20, 2014 vested or vest in equal annual installments of approximately 40 on each of May 20, 2015, 2016, 2017, 2018 and 2019, and stock options granted on September 30, 2016 will vest in equal annual installments of approximately 33 on each of September 30, 2017, 2018, 2019, 2020, and 2021, in each case subject to his continued employment with us.
- (5) Stock options granted to Mr. Christopherson on September 13, 2013 vested or vest in equal annual installments of approximately 40 on each of September 13, 2014, 2015, 2016, 2017 and 2018, stock options granted on May 20, 2014 vested or vest in equal annual installments of approximately 16 on each of May 20, 2015, 2016, 2017, 2018 and 2019, stock options granted on April 22, 2015 will vest in equal annual installments of approximately 10 on each of April 22, 2016, 2017, 2018, 2019 and 2020, and stock options granted on September 30, 2016 will vest in equal annual installments of approximately 24 on each of September 30, 2017, 2018, 2019, 2020, and 2021, in each case subject to his continued employment with us.

Option Exercises During Fiscal Year 2016

The following table provides information regarding option exercises by the NEOs during fiscal 2016.

<u>Name</u>	<u>Option Awards</u>	
	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise \$(1)</u>
Thomas V. Taylor	—	—
Trevor S. Lang	180	415,260
Lisa G. Laube	—	—
Brian K. Robbins	—	—
David V. Christopherson	25	30,333

- (1) The value realized is computed as the difference between the fair market value of the underlying shares on the date of exercise and the exercise price times the number of options exercised.

Potential Payments upon Termination or Change in Control

In this section, we describe payments that may be made to our NEOs upon several events of termination, assuming the termination event occurred on the last day of fiscal 2016 (except as otherwise noted). See "—Fiscal 2016 Compensation—Elements of Our Executive Compensation Program—

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Employment Agreements" for a description of the employment agreements and amounts payable upon certain terminations and, where applicable, upon a Change in Control.

<u>Name</u>	<u>Cash Payments (\$)</u>	<u>Continuation of Welfare Plans (\$)</u>
Thomas V. Taylor	2,079,622(1)	10,636(2)
Termination Without Cause/Company Non-Renewal/Resignation for Good Reason	2,110,122(3)	10,636(2)
Death/Disability	3,479,622(4)	10,636(2)
Termination Within One Year Following a Change in Control		
Trevor S. Lang	410,000(5)	
Termination Without Cause/Company Non-Renewal/Resignation for Good Reason		
Lisa G. Laube	490,000(5)	
Termination Without Cause/Company Non-Renewal/Resignation for Good Reason		
Brian K. Robbins	351,527(5)	
Termination Without Cause/Company Non-Renewal/Resignation for Good Reason		
David V. Christopherson	309,000(5)	
Termination Without Cause/Company Non-Renewal/Resignation for Good Reason		

- (1) Represents an amount equal to (i) 2 times his base salary in effect at the end of the 2016 fiscal year, plus (ii) the average annual incentive bonus earned over the two completed fiscal years prior to the date of his termination.
- (2) Represents our payment for the employer portion of the cost of continuation health coverage for his family for 24 months following his termination.
- (3) Represents an amount equal to (i) his base salary in effect at the end of the 2016 fiscal year, plus (ii) the annual incentive bonus earned with respect to the year of his termination.
- (4) Represents an amount equal to (i) 2 times his base salary in effect at the end of the 2016 fiscal year, (ii) the average annual incentive bonus earned over the two completed fiscal years prior to the date of his termination, plus (iii) an amount equal to two times his target bonus (at the target bonus rate for the fiscal year of his termination).
- (5) Represents an amount equal to his or her base salary in effect at the end of the 2016 fiscal year.

Compensation of Our Directors for Fiscal 2016

Name	Fees Earned or Paid in Cash (\$)	Option Awards (#)(1)	All Other Compensation \$(2)	Total (\$)
Norman Axelrod (Chairman)	100,000	—	897,702	997,702
Pamela Knous(3)	75,000	—	390,305	465,305
Peter Starrett	40,000	—	390,305	430,305
Vincent West	—	—	4,105,392	4,105,392
John Roth	—	—	—	—
Brad Brutocao	—	—	—	—
David Kaplan	—	—	—	—
Rachel Lee	—	—	—	—

- (1) At December 29, 2016, the number of shares of our common stock underlying options held by each of the directors listed in the table was: Mr. Axelrod: 1,150; Ms. Knous: 500; Mr. Starrett: 500; and Mr. West: 5,003. Ms. Knous may exercise her vested options during the one year period following her resignation as a director effective January 18, 2017.
- (2) In connection with a non-recurring extraordinary dividend, we made cash payments to certain stock option holders on September 30, 2016. Such cash payments were made to the following directors in the following amounts: Mr. Axelrod: \$897,702; Ms. Knous: \$390,305; Mr. Starrett: \$390,305; and Mr. West: \$3,905,392. Additionally, we paid Mr. West a \$200,000 consulting fee pursuant to his consulting agreement with us.
- (3) Ms. Knous resigned as a director effective January 18, 2017.

Director Compensation

For fiscal 2016, directors who were employees of Ares or Freeman Spogli or their respective affiliates or who were executives of the Company did not receive compensation for their services as directors. Directors who were not executives of the Company or employees of Ares or Freeman Spogli or their respective affiliates each earned director fees in fiscal 2016 as follows: Norman Axelrod, \$100,000; Pamela Knous, \$75,000; and Peter Starrett, \$40,000.

In addition, George Vincent West is party to a consulting agreement with us, pursuant to which he receives annual consulting fees of \$200,000. Either party may terminate the consulting agreement at any time upon 30 days written notice. Mr. West is subject to certain non-compete and non-solicitation restrictions while a consultant and for two years after the termination of his consultancy. In addition, Mr. West is subject to confidentiality and non-disparagement restrictions.

Certain of our directors received stock options prior to fiscal 2016 in connection with their service on the board of directors, or in the case of Mr. West, in connection with his services as our former Chief Executive Officer. See "Compensation of Our Directors for Fiscal 2016" above and "Principal Stockholders" below for more details.

Our board of directors utilized a review of director compensation from Hay Group to reassess director compensation. As a result of such review, effective January 1, 2017, we pay the following fees to each of our directors who are not executives of the Company or employees of Ares or Freeman Spogli or their respective affiliates (collectively, the "Non-Employee Directors"):

- an annual cash retainer of \$60,000;
- an additional annual cash retainer of \$80,000 to the chair of our board of directors;

- an additional annual cash retainer of \$35,000 to the chair of our audit committee;
- an additional annual cash retainer of \$10,000 to the chair of our compensation committee; and
- an additional annual cash retainer of \$7,500 to a non-chair member of our audit committee.

Directors who are not Non-Employee Directors do not receive any compensation for their services as directors.

Upon the completion of this offering, our board of directors intends to approve a compensation program that will pay the following fees to each of our Non-Employee Directors:

- an annual cash retainer of \$60,000;
- an additional annual cash retainer of \$80,000 to the chair of our board of directors;
- an additional annual cash retainer of \$15,000 to the chair of our audit committee;
- an additional annual cash retainer of \$10,000 to the chair of our compensation committee;
- an additional annual cash retainer of \$7,500 to a non-chair member of our audit committee
- an additional annual cash retainer of \$7,500 to the chair of our nominating and corporate governance committee;
- an additional annual cash retainer of \$5,000 to a non-chair member of our other committees; and
- a grant of restricted stock under the 2017 Plan in an amount equal to \$65,000 per year.

Such restricted stock awards will vest ratably on each of the first four anniversaries of the date of approval by the Board.

Directors who are not Non-Employee Directors will not receive any compensation for their services as directors.

We also reimburse our directors for reasonable out-of-pocket expenses incurred in connection with the performance of their duties as directors, including travel expenses in connection with their attendance in-person at board and committee meetings.

Equity Plan Disclosure

2011 Stock Incentive Plan

We maintain a stock incentive plan, the 2011 Plan, pursuant to which, we may grant incentive stock options, non-qualified stock options and restricted stock to our employees, consultants and non-employee directors. We will cease granting awards under the 2011 Plan upon the implementation of the 2017 Plan, described below.

The material terms of the 2011 Plan are summarized below. The following summary is qualified in its entirety by reference to the complete text of the 2011 Plan, a copy of which will be filed as an exhibit to the registration statement of which this prospectus forms a part.

Administration of the Plan

The board of directors has authority to administer the 2011 Plan. The board of directors has delegated such authority to the compensation committee (the board of directors, or compensation committee, as applicable, the "Administrator"). The compensation committee and the board of directors are authorized to grant awards to eligible employees, consultants and non-employee directors.

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The Administrator may also delegate the authority to grant awards covering a limited number of shares (not to exceed 1,000 per person) to the Chief Executive Officer, a committee of our officers or employees or one or more members of the board of directors. Any awards granted by such delegate must not be to any individuals subject to Section 16 of the Exchange Act or to any "covered employees" within the meaning of Section 162(m)(3) of the Code.

We intend to freeze the 2011 Plan in connection with this offering. Following the date the 2011 Plan is frozen, no further awards will be granted under the 2011 Plan but awards granted prior to the freeze date will continue in accordance with their terms and the terms of the 2011 Plan.

Number of Authorized Shares and Award Limits

The aggregate number of our shares of common stock that may be issued or used for reference purposes under the 2011 Plan may not exceed the sum of 38,905 shares (subject to adjustment as described below).

Our shares of common stock that are subject to awards under the 2011 Plan are counted against the overall limit as one share for every share granted or covered by an award.

The Administrator will, in accordance with the terms of the 2011 Plan, make appropriate adjustments to the above aggregate limits, to the number or kind of shares or other property (including cash) underlying awards and to the purchase price of shares underlying awards, in each case, to reflect any change in our capital structure or business by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in our capital structure, or an extraordinary cash dividend.

Eligibility and Participation

All of our and our affiliates' current and prospective eligible employees and consultants, as well as our non-employee directors, are eligible to be granted non-qualified stock options and restricted stock under the 2011 Plan. Only our and our subsidiaries' eligible employees are eligible to be granted incentive stock options ("ISOs") under the 2011 Plan. Eligibility for awards under the 2011 Plan is determined by the Administrator in its sole discretion.

Types of Awards

Stock Options. The 2011 Plan authorizes the Administrator to grant ISOs to eligible employees and non-qualified stock options to purchase shares to eligible employees, consultants, prospective employees, prospective consultants and non-employee directors. The Administrator will determine the number of shares of common stock subject to each option, the term of each option, the exercise price (which may not be less than the fair market value of the shares of common stock at the time of grant, or 110 percent of fair market value in the case of ISOs granted to ten-percent stockholders), the vesting schedule and the other terms and conditions of each option. Options will be exercisable at such times and subject to such terms as are determined by the Administrator at the time of grant. The maximum term of options under the 2011 Plan is ten years (or five years in the case of ISOs granted to ten-percent stockholders). Upon the exercise of an option, the participant must make payment of the full exercise price, either in cash or by check, bank draft or money order; solely to the extent permitted by law, through the delivery of irrevocable instructions to a broker, reasonably acceptable to us, to promptly deliver to us an amount equal to the aggregate exercise price; or on such other terms and conditions as may be acceptable to the Administrator (including, without limitation, the relinquishment of options or by payment in full or in part in the form of shares of common stock).

Restricted Stock. The 2011 Plan authorizes the Administrator to grant restricted stock to eligible employees, consultants, prospective employees, prospective consultants and non-employee

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directors. Recipients of restricted stock enter into an agreement with us subjecting the restricted stock to transfer and other restrictions and providing the criteria or dates on which such awards vest and such restrictions lapse. The restrictions on restricted stock may lapse and the awards may vest over time, based on performance criteria or other factors, as determined by the Administrator at the time of grant. Except as otherwise determined by the Administrator, a holder of restricted stock has all of the attendant rights of a stockholder including the right to receive dividends, if any, the right to vote such shares and, subject to and conditioned upon the vesting and restrictions lapsing for the underlying shares, the right to tender such shares. However, the payment of dividends is deferred until and conditioned upon vesting and restrictions lapsing on the underlying restricted stock unless the Administrator, in its sole discretion, specifies otherwise at the time of grant.

Effect of Certain Transactions; Change in Control

In the event of a change in control, as defined in the 2011 Plan, the Administrator, in its sole discretion may, but is not obligated, to (i) accelerate, vest or cause the restrictions to lapse on outstanding awards, (ii) cancel awards in exchange for the fair value of the awards (for options, the fair value may mean the per share value paid in connection with the change in control less the per share exercise price of such options, if any, or for no value, if none), or (iii) provide that new awards will be substituted for outstanding awards.

Non-Transferability of Awards

Except as the Administrator may permit, at the time of grant or thereafter, awards granted under the 2011 Plan are generally not transferable by a participant other than by will or the laws of descent and distribution. Shares of common stock acquired by a permissible transferee will continue to be subject to the terms of the 2011 Plan and the applicable award agreement.

Term

Awards under the 2011 Plan may not be made after October 10, 2022, but awards granted prior to such date may extend beyond that date.

Amendment and Termination

Subject to the rules referred to in the balance of this paragraph, the board of directors may at any time amend, in whole or in part, any or all of the provisions of the 2011 Plan, or suspend or terminate it entirely, retroactively or otherwise. Except as required to comply with applicable law, no such amendment may adversely impair the rights of a participant with respect to awards previously granted without the consent of such participant. In addition, without the approval of stockholders, no amendment may be made that would: increase the aggregate number of shares of common stock that may be issued under the 2011 Plan; change the classification of individuals eligible to receive awards under the 2011 Plan; decrease the minimum exercise price of any stock option; extend the maximum term of any option; award any stock option as a replacement for a stock option that has a higher exercise price; or require stockholder approval in order for the 2011 Plan to continue to comply with Section 422 of the Code.

2017 Stock Incentive Plan

In anticipation of this offering, our board of directors is expected to adopt the 2017 Plan contingent upon the consummation of this offering. Our stockholders are expected to approve the 2017 Plan contingent upon the consummation of this offering. We believe that a new omnibus incentive plan is appropriate in connection with a public offering of our common stock not only to continue to enable

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us to grant awards to management to reward and incentivize their performance and retention, but also to have a long-term equity plan that is appropriate for us as a publicly held company.

The material terms of the 2017 Plan are summarized below. The following summary is qualified in its entirety by reference to the complete text of the 2017 Plan, a copy of which will be filed as an exhibit to the registration statement of which this prospectus forms a part.

Administration of the Plan

The board of directors intends to appoint the compensation committee as the committee under the 2017 Plan with the authority to administer the 2017 Plan (we continue to refer to the board of directors or compensation committee, as applicable, as the "Administrator"). The Administrator is authorized to grant awards to eligible employees, consultants and non-employee directors.

Number of Authorized Shares and Award Limits

The aggregate number of our shares of common stock that may be issued or used for reference purposes under the 2017 Plan may not exceed _____ shares (subject to adjustment as described below).

Our shares of common stock that are subject to awards will be counted against the overall limit as one share for every share granted or covered by an award. If any award is cancelled, expires or terminates unexercised for any reason, the shares covered by such award will again be available for the grant of awards under the 2017 Plan, except that any shares that are not issued as the result of a net exercise or settlement or that are used to pay any exercise price or tax withholding obligation will not be available for the grant of awards. Shares of common stock that we repurchase on the open market with the proceeds of an option exercise price also will not be available for the grant of awards. Awards that may be settled solely in cash will not be deemed to use any shares.

The maximum number of our shares of common stock that may be subject to any award of stock options, any restricted stock or other stock-based award denominated in shares that may be granted under the 2017 Plan during any fiscal year to each employee or consultant is _____ shares per type of award; provided that the maximum number of our shares of common stock for all types of awards during any fiscal year is _____ shares per each employee or consultant and _____ shares per each director. The maximum number of our shares of common stock that may be granted pursuant to awards under the 2017 Plan during any fiscal year to any non-employee director is _____ shares. In addition, the maximum grant date value of any other stock-based awards denominated in cash and the maximum payment under any performance-based cash award granted under the 2017 Plan payable with respect to any fiscal year to an employee or consultant is \$ _____.

The foregoing individual participant limits are cumulative; that is, to the extent that shares of common stock that may be granted to an individual in a fiscal year are not granted, the number of shares of common stock that may be granted to such individual is increased in the subsequent fiscal years during the term of the 2017 Plan until used. In addition, the foregoing limits (other than the limit on the maximum number of our shares of common stock for all types of awards during any fiscal year) will not apply (i) to options, restricted stock or other stock-based awards that constitute "restricted property" under Section 83 of the Code to the extent granted during the Reliance Period (as described below) or (ii) to performance-based cash awards or other types of other stock-based awards to the extent paid or otherwise settled during the Reliance Period.

For companies that become public in connection with an initial public offering, the deduction limit under Section 162(m) does not apply during a "reliance period" under the Treasury Regulations under Section 162(m) until the earliest of: (i) the expiration of the 2017 Plan, (ii) the date the 2017 Plan is materially amended for purposes of Treasury Regulation Section 1.162-27(h)(1)(iii); (iii) the

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date all shares of common stock available for issuance under the 2017 Plan have been allocated; or (iv) the date of the first annual meeting of our stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the initial public offering occurs (such period, the "Reliance Period").

The Administrator will, in accordance with the terms of the 2017 Plan, make appropriate adjustments to the above aggregate and individual limits (other than cash limitations), to the number and/or kind of shares or other property (including cash) underlying awards and to the purchase price of shares underlying awards, in each case, to reflect any change in our capital structure or business by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, any recapitalization, merger, consolidation, spin off, split off, reorganization or any partial or complete liquidation, any sale or transfer of all or part of our assets or business, or any other corporate transaction or event that would be considered an "equity restructuring" within the meaning of FASB ASC Topic 718. In addition, the Administrator may take similar action with respect to other extraordinary events.

Eligibility and Participation

All of our and our affiliates' current and prospective employees and consultants, as well as our Compensated Directors, are eligible to be granted non-qualified stock options, restricted stock, performance-based cash awards and other stock-based awards under the 2017 Plan. Only our and our subsidiaries' employees are eligible to be granted ISOs under the 2017 Plan. Eligibility for awards under the 2017 Plan is determined by the Administrator in its discretion.

Types of Awards

Stock Options. The 2017 Plan authorizes the Administrator to grant ISOs to eligible employees and non-qualified stock options to purchase shares to employees, consultants, prospective employees, prospective consultants and Compensated Directors. The Administrator will determine the number of shares of common stock subject to each option, the term of each option, the exercise price (which may not be less than the fair market value of the shares of common stock at the time of grant, or 110 percent of fair market value in the case of ISOs granted to ten-percent stockholders), the vesting schedule and the other terms and conditions of each option. Options will be exercisable at such times and subject to such terms as are determined by the Administrator at the time of grant. The maximum term of options under the 2017 Plan is ten years (or five years in the case of ISOs granted to ten-percent stockholders). Upon the exercise of an option, the participant must make payment of the full exercise price, either in cash or by check, bank draft or money order; solely to the extent permitted by law and authorized by the Administrator, through the delivery of irrevocable instructions to a broker, reasonably acceptable to us, to promptly deliver to us an amount equal to the aggregate exercise price; or on such other terms and conditions as may be acceptable to the Administrator (including, without limitation, the relinquishment of options or by payment in full or in part in the form of shares of common stock).

Restricted Stock. The 2017 Plan authorizes the Administrator to grant restricted stock. Recipients of restricted stock enter into an agreement with us subjecting the restricted stock to transfer and other restrictions and providing the criteria or dates on which such awards vest and such restrictions lapse. The restrictions on restricted stock may lapse and the awards may vest over time, based on performance criteria or other factors (including, without limitation, performance goals that are intended to comply with the performance-based compensation exception under Section 162(m), as discussed below), as determined by the Administrator at the time of grant. Except as otherwise determined by the Administrator, a holder of restricted stock has all of the attendant rights of a stockholder including the right to receive dividends, if any, subject to and conditioned upon vesting and restrictions lapsing on the underlying restricted stock, the right to vote shares and, subject to and

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conditioned upon the vesting and restrictions lapsing for the underlying shares, the right to tender such shares. However, the Administrator may in its discretion provide at the time of grant that the right to receive dividends on restricted stock will not be subject to the vesting or lapsing of the restrictions on the restricted stock.

Other Stock-Based Awards. The 2017 Plan authorizes the Administrator to grant awards of shares of common stock and other awards that are valued in whole or in part by reference to, or are payable in or otherwise based on, shares of common stock, including, but not limited to, shares of common stock awarded purely as a bonus and not subject to any restrictions or conditions; shares of common stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by us or an affiliate; stock appreciation rights; stock equivalent units; restricted stock units; performance awards entitling participants to receive a number of shares of common stock (or cash in an equivalent value) or a fixed dollar amount, payable in cash, stock or a combination of both, with respect to a designated performance period; or awards valued by reference to book value of our shares of common stock. In general, other stock-based awards that are denominated in shares of common stock will include the right to receive dividends, if any, subject to and conditioned upon vesting and restrictions lapsing on the underlying award, but the Administrator may in its discretion provide at the time of grant that the right to receive dividends on a stock-denominated award will not be subject to the vesting or lapsing of the restrictions on the performance award.

Performance-Based Cash Awards

The 2017 Plan authorizes the Administrator to grant cash awards that are payable or otherwise based on the attainment of pre-established performance goals during a performance period. As noted above, following the Reliance Period, performance-based cash awards granted under the 2017 Plan that are intended to satisfy the performance-based compensation exception under Section 162(m) will vest based on attainment of specified performance goals established by the Administrator. These performance goals will be based on the attainment of a certain target level of, or a specified increase in (or decrease where noted), criteria selected by the Administrator.

Such performance goals may be based upon the attainment of specified levels of company, affiliate, subsidiary, division, other operational unit, business segment or administrative department performance under one or more of the measures described above relative to the performance of other companies. The Administrator may designate additional business criteria on which the performance goals may be based or adjust, modify or amend those criteria, to the extent permitted by Section 162(m). Unless the Administrator determines otherwise, to the extent permitted by Section 162(m), the Administrator will disregard and exclude the impact of special, unusual or non-recurring items, events, occurrences or circumstances; discontinued operations or the disposal of a business; the operations of any business that we acquire during the fiscal year or other applicable performance period; or a change in accounting standards required by generally accepted accounting principles or changes in applicable law or regulations.

Effect of Certain Transactions; Change in Control

In the event of a change in control, as defined in the 2017 Plan, except as otherwise provided by the Administrator, unvested awards will not vest. Instead, the Administrator may, in its sole discretion provide that outstanding awards will be: assumed and continued; purchased based on the price per share paid in the change in control transaction (less, in the case of options and SARs, the exercise price), as adjusted by the Administrator for any contingent purchase price, escrow obligations, indemnification obligations or other adjustments to the purchase price; and/or in the case of stock options or other stock-based appreciation awards where the change in control price is less than the applicable exercise price, cancelled. However, the Administrator may in its sole discretion provide for

the acceleration of vesting and lapse of restrictions of an award at any time including in connection with a change in control.

Non-Transferability of Awards

Except as the Administrator may permit, at the time of grant or thereafter, awards granted under the 2017 Plan are generally not transferable by a participant other than by will or the laws of descent and distribution. Shares of common stock acquired by a permissible transferee will continue to be subject to the terms of the 2017 Plan and the applicable award agreement.

Term

Awards under the 2017 Plan may not be made after _____, 2027, but awards granted prior to such date may extend beyond that date. We may seek stockholder reapproval of the performance goals in the 2017 Plan. If such stockholder approval is obtained, on or after the first stockholders' meeting in the fifth year following the year of the last stockholder approval of the performance goals in the 2017 Plan, awards under the 2017 Plan may be based on such performance goals in order to qualify for the "performance-based compensation" exception under Section 162(m).

Amendment and Termination

Subject to the rules referred to in the balance of this paragraph, our board of directors or the Administrator (to the extent permitted by law) may at any time amend, in whole or in part, any or all of the provisions of the 2017 Plan, or suspend or terminate it entirely, retroactively or otherwise. Except as required to comply with applicable law, no such amendment, suspension or termination may reduce the rights of a participant with respect to awards previously granted without the consent of such participant. In addition, without the approval of stockholders, no amendment may be made that would: increase the aggregate number of shares of common stock that may be issued under the 2017 Plan; increase the maximum individual participant share limitations for a fiscal year or year of a performance period; change the classification of individuals eligible to receive awards under the 2017 Plan; extend the maximum term of any option; reduce the exercise price of any option or SAR or cancel any outstanding "in-the-money" option or SAR in exchange for cash; substitute any option or SAR in exchange for an option or SAR (or similar other award) with a lower exercise price; alter the performance goals; or require stockholder approval in order for the 2017 Plan to continue to comply with Section 162(m) or Section 422 of the Code.

Following consummation of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register the full number of shares of common stock that will be available for issuance under the 2017 Plan, as described in the section titled "—2017 Plan—Number of Authorized Shares and Award Limits" above.

Federal Income Tax Implications of the Incentive Plans

The federal income tax consequences arising with respect to awards granted under the Incentive Plans will depend on the type of award. From the recipients' standpoint, as a general rule, ordinary income will be recognized at the time of payment of cash, or delivery of actual shares. Future appreciation on shares held beyond the ordinary income recognition event will be taxable at capital gains rates when the shares are sold. We, as a general rule, will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the recipient, and we will not be entitled to any tax deduction in respect of capital gain income recognized by the recipient. Exceptions to these general rules may arise under the following circumstances: (i) if shares, when delivered, are subject to a substantial risk of forfeiture by reason of failure to satisfy any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of

forfeiture lapses (unless the recipient makes a special election to ignore the risk of forfeiture); (ii) if an employee is granted an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares acquired upon exercise of the ISO are held longer than the later of one year from the date of exercise and two years from the date of grant; (iii) for awards granted after the Reliance Period, we may not be entitled to a tax deduction for compensation attributable to awards granted to one of our named executive officers (other than our Chief Financial Officer), if and to the extent such compensation does not qualify as "performance-based" compensation under Section 162(m), and such compensation, along with any other non-performance-based compensation paid in the same calendar year, exceeds \$1 million; and (iv) an award may be taxable at 20% above ordinary income tax rates at the time it becomes vested, even if that is prior to the delivery of the cash or stock in settlement of the award, if the award constitutes "deferred compensation" under Section 409A of the Code, and the requirements of Section 409A of the Code are not satisfied. The foregoing provides only a general description of the application of federal income tax laws to certain awards under the Incentive Plans, and is not intended as tax guidance to participants in the Incentive Plans, as the tax consequences may vary with the types of awards made, the identity of the recipients and the method of payment or settlement. This summary does not address the effects of other federal taxes (including possible "golden parachute" excise taxes) or taxes imposed under state, local, or foreign tax laws.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Pre-IPO Shareholders Agreement

We are party to a Shareholders Agreement, dated as of November 24, 2010 (as amended, the "Pre-IPO Shareholders Agreement"), among us and each of our stockholders, including Ares, Freeman Spogli and certain of our directors, executive officers and other employees. However, in connection with the closing of this offering, the Pre-IPO Shareholders Agreement will effectively be replaced by a registration rights agreement (the "Registration Rights Agreement") and a separate investor rights agreement (the "Investor Rights Agreement"), each as described in more detail below.

Registration Rights Agreement

Pursuant to the terms of the Registration Rights Agreement, Ares, Freeman Spogli and certain other signatories thereto will be entitled to various rights with respect to the registration of their shares under the Securities Act. Registration of these any of these shares under the Securities Act would result in such shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates.

Demand Registration Rights

At any time following the closing of this offering and the expiration of the applicable lock-up period, subject to certain conditions and restrictions contained in the Registration Rights Agreement, our Sponsors will be able to require us to use reasonable best efforts to register their common stock under the Securities Act.

Piggyback Registration Rights

In the event of a demand registration or if we propose to register any of our own securities under the Securities Act in a public offering, we will be required to provide notice to the holders of our common stock with registration rights under the Registration Rights Agreement and provide them with the right to include their shares in the registration statement, subject to certain conditions and exceptions contained in the Registration Rights Agreement.

Expenses

We will be required to bear the registration expenses, other than underwriting discounts and commissions and transfer taxes, associated with any registration of shares of our common stock held by the holders of our common stock with registration rights under the Registration Rights Agreement.

Investor Rights Agreement

Pursuant to the terms of the Investor Rights Agreement, each Sponsor is entitled to nominate (a) five directors for election to our board of directors for so long as it holds 40% or more of our outstanding common stock, (b) three directors for election to our board of directors for so long as it holds 30% or more of our outstanding common stock, (c) two directors for election to our board of directors for so long as it holds 15% or more of our outstanding common stock and (d) one director for election to our board of directors for so long as it holds 5% or more of our outstanding common stock. In particular, Ares has nominated Messrs. Axelrod, Kaplan and Starrett and Mses. Lee and Thornton for election to our board of directors, and Freeman Spogli has nominated Messrs. Brutocao and Roth for election to our board of directors. Pursuant to the terms of the Investor Rights Agreement, each Sponsor will agree to vote in favor of the other Sponsor's nominees and for the election of our then-current chief executive officer to our board of directors, and subject to any applicable securities exchange or equivalent listing requirements, we will agree to take all necessary and

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desirable actions to support the election of such director nominees, including soliciting proxies in favor of such nominees, at each annual or special meeting of our stockholders called for the election of directors. The Investor Rights Agreement also provides that the size of our board of directors may not exceed 12 members unless otherwise agreed by our Sponsors. In addition, subject to certain conditions, the Investor Rights Agreement provides each Sponsor with certain rights with respect to board committee membership, except to the extent that such membership would violate applicable securities laws or stock exchange or stock market rules.

Directors nominated by our Sponsors may be removed with or without cause by the affirmative vote of the Sponsor entitled to nominate such director. In all other cases and at any other time, directors may only be removed for cause by the affirmative vote of at least a majority of the voting power of our common stock. We will be required to bear the expenses associated with any transactions contemplated under the Investor Rights Agreement.

Indemnification of Officers and Directors

Our certificate of incorporation and bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by Delaware law. In addition, we have entered into indemnification agreements with each of our directors and executive officers. See "Description of Our Capital Stock—Limitation on Liability and Indemnification" below for more details.

Reserved Share Program

The underwriters have reserved up to _____ of the shares of Class A common stock being offered by this prospectus for sale, at the initial public offering price, to our directors, officers, employees and other parties related to us as part of a reserved share program. The reserved share program will not limit the ability of our directors, officers, employees and other parties related to us to purchase more than \$120,000 in value of our Class A common stock. We do not currently know the extent to which these related persons will participate in our reserved share program, if at all, or the extent to which they will purchase more than \$120,000 in value of our Class A common stock.

Ordinary Course Transactions with Related Persons

From time to time, our and our Sponsors' directors, officers, employees and affiliates may enter into commercial transactions with us in the ordinary course of business, primarily for the purchase of inventory at our stores. We do not believe that any such transaction is significant enough to be material to us or the applicable related person.

Statement of Policy Regarding Transactions with Related Persons

Since November 2010, we have been subject to requirements for the approval of certain related party transactions set forth in the Pre-IPO Shareholders Agreement. Pursuant to the Pre-IPO Shareholders Agreement, the consent of Ares and Freeman Spogli or the affirmative vote of a majority of the directors nominated by Ares and a majority of the directors nominated by Freeman Spogli was required to approve a transaction with any of our affiliates. As disclosed above, the Pre-IPO Shareholders Agreement will effectively be replaced by the Registration Rights Agreement and the Investor Rights Agreement in connection with the closing of this offering, neither of which will have provisions governing related party transactions.

Upon the closing of this offering, the policies regarding transactions with related persons will be included in the charter of our audit committee and in our Corporate Governance Guidelines, each of which will require that any transaction with a "related person" (as defined in paragraph (a) of Item 404 Regulation S-K) that is brought to the audit committee's attention be reviewed and approved by the audit committee.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of _____, 2017, by:

- each of our directors and named executive officers;
- all of our directors, executive officers and certain other officers as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our Class A common stock or our Class C common stock, which is convertible into shares of our Class A common stock.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options that are currently exercisable or exercisable within 60 days of _____, 2017. Shares issuable pursuant to options are deemed outstanding for computing the percentage of the person holding such options, but are not outstanding for computing the percentage of any other person. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of Class A common stock and Class C common stock shown that they beneficially own, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose.

Our calculation of the percentage of beneficial ownership is based on shares of Class A common stock and shares of Class C common stock outstanding as of _____, 2017, after giving effect to the _____-for-one stock split of our common stock to be effected prior to the consummation of this offering and assuming that all shares of our Class B common stock are automatically converted on a one-to-one basis into shares of our Class A common stock.

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Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Floor & Decor Holdings, Inc., 2233 Lake Park Drive, Smyrna, GA 30080.

Name of Beneficial Owner	Number of Class A Shares Beneficially Owned(1)	Percentage Class A Beneficially Owned(1)	Number of Class C Shares Beneficially Owned(1)	Percentage Class C Beneficially Owned(1)	Total Shares Beneficially Owned(1)	Total Percentage Beneficially Owned(1)
Named Executive Officers and Directors:						
Thomas V. Taylor(2)						
Trevor S. Lang(3)						
Lisa G. Laube(4)						
Brian K. Robbins(5)						
David V. Christopherson(6)						
Norman H. Axelrod(7)						
George Vincent West(8)						
Brad J. Brutocao						
Michael Fung**						
David B. Kaplan						
Rachel H. Lee						
John M. Roth						
Peter M. Starrett(9)						
Richard L. Sullivan**						
Felicia D. Thornton**						
All directors and executive officers as a group (15 persons)						
5% Stockholders:						
Ares Corporate Opportunities Fund III, L.P.(10)(11)						
FS Equity Partners VI, L.P. and FS Affiliates VI, L.P., as a group(10)(12)						

* Represents ownership of less than 1%.

** These individuals have agreed to join the board of directors prior to the completion of this offering.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of our common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities.
- (2) Consists of (i) _____ shares of Class A common stock directly held by Mr. Taylor and (ii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.

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- (3) Consists of (i) _____ shares of Class A common stock directly held by Mr. Lang and (ii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (4) Consists of (i) _____ shares of Class A common stock directly held by Ms. Laube and (ii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (5) Consists of (i) _____ shares of Class A common stock directly held by Mr. Robbins and (ii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (6) Consists of (i) _____ shares of Class A common stock directly held by Mr. Christopherson and (ii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (7) Consists of (i) _____ shares of Class A common stock directly held by Alison K. Axelrod 2012 Family Trust, of which Mr. Axelrod is the trustee, (ii) _____ shares of Class A common stock directly held by AS SKIP LLC, of which Mr. Axelrod is the managing member and (iii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable by Mr. Axelrod within 60 days of _____, 2017.
- (8) Consists of (i) _____ shares of Class A common stock directly held by American West Investment Corporation, of which Mr. West is the president, (ii) _____ shares of Class A common stock directly held by West Family Partners, LLP, of which Mr. West is the general partner, and (iii) _____ shares of Class A common stock that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (9) Consists of (i) _____ shares of Class A common stock directly held by the Starrett Family Trust, of which Mr. Starrett is the trustee, and (ii) _____ shares of Class A common stock issuable that are currently exercisable or that will become exercisable within 60 days of _____, 2017.
- (10) Pursuant to the terms of the Investor Rights Agreement, each Sponsor will agree to vote in favor of the other Sponsor's nominees and for the election of our then-current chief executive officer to our board of directors. As a result, each Sponsor may be deemed to be the beneficial owner of the shares of our Class A common stock owned by the other Sponsor. Each of Ares and Freeman Spogli expressly disclaims beneficial ownership of the shares of Class A common stock not directly held by it, and such shares have not been included in the table above for purposes of calculating the number of shares beneficially owned by Ares or Freeman Spogli. For a more detailed description of the Investor Rights Agreement, see "Certain Relationships and Related Party Transactions—Investor Rights Agreement."
- (11) Shares of Class A common stock are held directly by Ares Corporate Opportunities Fund III, L.P. ("ACOF III"). The manager of ACOF III is ACOF Operating Manager III, LLC ("ACOF Operating Manager III"), and the sole member of ACOF Operating Manager III is Ares Management LLC. The sole member of Ares Management LLC is Ares Management Holdings L.P. ("Ares Management Holdings") and the general partner of Ares Management Holdings is Ares Holdco LLC ("Ares Holdco"). The sole member of Ares Holdco is Ares Holdings Inc. ("Ares Holdings"), whose sole stockholder is Ares Management, L.P. ("Ares Management"). The general partner of Ares Management is Ares Management GP LLC ("Ares Management GP") and the sole member of Ares Management GP is Ares Partners Holdco LLC ("Ares Partners") and, together with ACOF III, ACOF Operating Manager III, Ares Management LLC, Ares Management Holdings, Ares Holdco, Ares Holdings, Ares Management, and Ares Management GP, the "Ares Entities"). Ares Partners is managed by a

board of managers, which is composed of Michael Arougheti, R. Kipp deVeer, David Kaplan, Antony Ressler and Bennett Rosenthal. Decisions by Ares Partners' board of managers generally are made by a majority of the members, which majority, subject to certain conditions, must include Antony Ressler. Each of the Ares Entities (other than ACOF III with respect to the shares held directly by it) and the members of Ares Partners' board of managers and the other directors, officers, partners, stockholders, members and managers of the Ares Entities expressly disclaims beneficial ownership of the shares of Class A common stock. The address of each Ares Entity is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

- (12) FS Equity Partners VI, L.P. directly beneficially owns shares, or %, of our Class A common stock and shares, or %, of our Class C common stock, representing an aggregate of shares, or %, of our common stock. FS Affiliates VI, L.P. directly beneficially owns shares, or %, of our Class A common stock and shares, or %, of our Class C common stock, representing an aggregate of shares, or %, of our common stock. FS Capital Partners VI, LLC, as the general partner of FS Equity Partners VI, L.P. and FS Affiliates VI, L.P. (the "FS Funds"), has the sole power to vote and dispose of the shares of our common stock owned by the FS Funds. Messrs. Brad J. Brutocao, Bradford M. Freeman, Benjamin D. Geiger, Todd W. Halloran, Jon D. Ralph, John M. Roth, J. Frederick Simmons, Ronald P. Spogli and William M. Wardlaw are the managing members of FS Capital Partners VI, LLC, and Messrs. Brutocao, Freeman, Geiger, Halloran, John S. Hwang, Christian B. Johnson, Ralph, Roth, Simmons, Spogli and Wardlaw are the members of Freeman Spogli & Co., and as such may be deemed to be the beneficial owners of the shares of our common stock owned by the FS Funds. Messrs. Brutocao, Freeman, Geiger, Halloran, Hwang, Johnson, Ralph, Roth, Simmons, Spogli and Wardlaw each disclaims beneficial ownership in the shares except to the extent of his pecuniary interest in them. The business address of the FS Funds and FS Capital Partners VI, LLC is c/o Freeman Spogli & Co., 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, California 90025.

DESCRIPTION OF CAPITAL STOCK

General

As of the closing of this offering, our authorized capital stock will consist of _____ shares of common stock, par value \$0.001 per share, which is composed of _____ shares of our Class A common stock and _____ shares of our Class C common stock and _____ shares of undesignated preferred stock, par value \$0.001 per share. Our shares of Class A common stock and Class C common stock are convertible into each other under certain circumstances described in more detail below and otherwise generally have the same rights except that shares of Class C Common Stock are non-voting while shares of Class A Common Stock are entitled to one vote per share. The following description summarizes the most important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our certificate of incorporation and bylaws, which will be in place prior to the closing of this offering and included as exhibits to the registration statement of which this prospectus forms a part. The descriptions of our common stock and preferred stock below reflect changes to our capital structure that will be in effect prior to the closing of this offering.

Common Stock

As of _____, 2017, after giving effect to the _____-for-one stock split of our common stock to be effected prior to the consummation of this offering, there were _____ shares of our common stock outstanding, held by stockholders of record. Immediately after the closing of this offering, there will be _____ shares of our common stock outstanding, or _____ shares if the underwriters' option to purchase additional shares is exercised in full. All of such shares will be Class A shares of common stock except for _____ shares of Class C common stock owned by Freeman Spogli and its affiliates.

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine.

Voting Rights

Each holder of our Class A common stock is entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders. Holders of our Class C common stock are not entitled to vote, except as required under Delaware law. Our stockholders do not have cumulative voting rights.

Conversion Rights

Shares of our Class C common stock are automatically converted into shares of our Class A common stock on a one for one basis if the holder of such Class C common stock is not Freeman Spogli or any of its affiliates. In addition, Freeman Spogli or any of its affiliates may convert their shares of Class C common stock into shares of our Class A Common Stock, in whole or in part, at any time and from time to time at their option, on a one for one basis so long as at such time either Ares and its affiliates or Freeman Spogli and its affiliates do not own more than 24.9% of our Class A common stock after giving effect to any such conversion. In addition, shares of our Class A common stock held by Freeman Spogli or any of its affiliates are convertible into shares of our Class C common stock, in whole or in part, at any time and from time to time at the election of Freeman Spogli or any of its affiliates, on a one for one basis.

Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to redemption. The rights of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that our board of directors may designate and issue in the future.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding shares of preferred stock and payment of other claims of creditors.

Options

As of _____, 2017, after giving effect to the _____-for-one stock split of our common stock to be effected prior to the consummation of this offering and assuming that all shares of our Class B common stock are automatically converted on a one-to-one basis into shares of our Class A common stock upon the closing of this offering pursuant to our certificate of incorporation, we had outstanding stock options to purchase an aggregate of _____ shares of our common stock under the 2011 Plan. Upon the closing of this offering, no additional shares of our common stock will be reserved for issuance under the 2011 Plan, and _____ shares of our common stock will be reserved for issuance under the 2017 Plan. See "Executive and Director Compensation—Equity Plan Disclosure" and "Shares Eligible for Future Sale."

Preferred Stock

As of _____, 2017, there were no shares of preferred stock outstanding. Upon the closing of this offering, we will have no shares of preferred stock outstanding.

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue up to _____ shares of our preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the Class A common stock.

The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control and could adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

Registration Rights

Pursuant to the terms of the Registration Rights Agreement, the holders of _____ shares of our common stock (after giving effect to the _____-for-one stock split of our common stock to be effected prior to the consummation of this offering), or their transferees, are entitled to various rights with respect to the registration of their shares under the Securities Act.

For a more detailed description of the Registration Rights Agreement, see "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Investor Rights Agreement

Pursuant to the terms of the Investor Rights Agreement, Ares and Freeman Spogli will have certain rights and obligations with respect to voting for the nomination of certain directors and director nominees and with respect to board committee membership.

For a more detailed description of the Investor Rights Agreement, see "Certain Relationships and Related Party Transactions—Investor Rights Agreement."

Exclusive Venue

Our certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or the bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. Although we have included an exclusive venue provision in our certificate of incorporation, it is possible that a court could rule that such provision is inapplicable or unenforceable. In addition, this provision would not affect the ability of our stockholders to seek remedies under the federal securities laws.

Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws

We are governed by the Delaware General Corporation Law (the "DGCL"). Our certificate of incorporation and bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us. These provisions, which are summarized below, may discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of potentially discouraging a proposal to acquire us.

Undesignated Preferred Stock

As discussed above, our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of us.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting

Our certificate of incorporation provides that our stockholders may not act by written consent unless our Sponsors collectively own a majority of our outstanding Class A common stock, which may lengthen the amount of time required to take stockholder actions. As a result, except for our Sponsors, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. In addition, our certificate of incorporation provides that special meetings of the stockholders may be called only by the chairperson of our board or our board of directors. However, for so long as our Sponsors collectively own a majority of our outstanding Class A common stock, special meetings of our stockholders may be called by the affirmative vote of the holders of a majority of our outstanding Class A common stock. Stockholders may not call a special meeting, which may delay the ability of our

stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

Board Classification

Our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve for a three-year term. For more information on the classified board, see "Management—Board Composition." The classification of our board of directors and the limitations on the ability of our stockholders to remove directors could make it more difficult for a third -party to acquire, or discourage a third-party from seeking to acquire, control of us.

Removal of Directors; Vacancies

Pursuant to the terms of the Investor Rights Agreement, directors nominated by our Sponsors may be removed with or without cause by the affirmative vote of the Sponsor entitled to nominate such director. In all other cases and at any other time, directors may only be removed for cause by the affirmative vote of at least a majority of the voting power of our common stock. Our board of directors, or our Sponsors in the case of one of their respective board nominees, has the sole power to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise.

No Cumulative Voting

Our certificate of incorporation and bylaws do not permit cumulative voting in the election of directors. Cumulative voting allows a stockholder to vote a portion or all of the stockholder's shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover or otherwise.

Amendment of Charter and Bylaw Provisions

In the event our Sponsors cease to collectively own a majority of our outstanding Class A common stock, the amendment of certain of the above provisions of our certificate of incorporation will require approval by holders of at least two-thirds of our outstanding Class A common stock. In addition, under the DGCL, an amendment to our certificate of incorporation that would alter or change the powers, preferences or special rights of our Class C common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class. Our certificate of incorporation provides that our board of directors may from time to time adopt, amend, alter or repeal our bylaws by a vote of a majority of our board of directors without stockholder approval and that our stockholders may

adopt, amend, alter or repeal our bylaws by the affirmative vote of the holders of at least two-thirds of our outstanding Class A common stock.

Delaware Anti-Takeover Statute

Our certificate of incorporation provides that we are not governed by Section 203 of the DGCL, which, in the absence of such provision, would have imposed additional requirements regarding mergers and other business combinations.

The provisions of our certificate of incorporation and bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Corporate Opportunity

Our certificate of incorporation provides that no officer or director of ours who is also an officer, director, employee, managing director or other affiliate of our Sponsors will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to our Sponsors instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director or other affiliate has directed to our Sponsors.

Limitations of Liability, Indemnification and Advancement

Our certificate of incorporation and bylaws provide that we will indemnify and advance expenses to our directors and officers, and may indemnify and advance expenses to our employees and other agents, to the fullest extent permitted by Delaware law, which prohibits our certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our certificate of incorporation will not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our certificate of incorporation and bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification and advancement of expenses required in our certificate of incorporation and bylaws, we intend to enter into indemnification agreements with each of our current directors and executive officers. These agreements will provide for the indemnification of, and the advancement of expenses to, such persons for all reasonable expenses and liabilities, including attorneys' fees, judgments, fines and settlement amounts, incurred in connection with any action or

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proceeding brought against them by reason of the fact that they are or were serving in such capacity. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability, indemnification and advancement provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification or advancement by any director or officer.

Listing

We intend to apply to list our Class A common stock on the New York Stock Exchange under the symbol "FND".

Transfer Agent and Registrar

Upon the closing of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our capital stock. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Upon the closing of this offering, shares of common stock will be outstanding, in each case assuming no exercise of the underwriters' option to purchase additional shares and assuming no exercise of outstanding options prior to the closing of this offering. In addition, as of the closing of this offering, there will be outstanding options to acquire shares of common stock under the Incentive Plans. Of the outstanding shares, all of the shares of common stock sold in this offering will be freely tradable, except that any shares held by our affiliates, as that term is defined in Rule 144, may only be sold in compliance with the limitations described below.

The remaining shares of our common stock outstanding after this offering are restricted securities, as such term is defined in Rule 144, or are subject to lock-up agreements with the underwriters of this offering, as described below. Following the expiration of the lock-up period pursuant to any such lock-up agreements, restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 promulgated under the Securities Act ("Rule 701"), described in greater detail below.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock outstanding at the time of such sale, which will equal shares as of the closing of this offering (assuming no exercise of the underwriters' option to purchase additional shares); or
- the average weekly trading volume of our common stock on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information, and notice provisions of Rule 144.

Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted shares will have entered into lock-up agreements, as described below and under "Underwriting," and their restricted shares will become eligible for sale only following expiration of the restrictions set forth in those agreements.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers, directors, or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under "Underwriting," and will become eligible for sale only following expiration of those agreements.

Lock-Up Agreements

We, our executive officers, directors and the holders of substantially all of our existing shares of Class A common stock have agreed not to, subject to certain limited exceptions, sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. See "Underwriting—No Sales of Similar Securities."

Registration Rights

Pursuant to the terms of the Registration Rights Agreement, the holders of shares of our common stock, after giving effect to the -for-one stock split of our common stock to be effected prior to the consummation of this offering, or their transferees, are entitled to various rights with respect to the registration of their shares under the Securities Act.

For a more detailed description of the Registration Rights Agreement, see "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Incentive Plans

As soon as practicable after the closing of this offering, we intend to file a Form S-8 registration statement under the Securities Act to register shares of our common stock issued or reserved for issuance under the Incentive Plans. The Form S-8 registration statement will become effective immediately upon filing, and shares covered by that registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and under "Underwriting," and Rule 144 limitations applicable to affiliates. For a more complete discussion of our equity compensation plans, see "Executive and Director Compensation—Equity Plan Disclosure."

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) with respect to the purchase, ownership and disposition of our common stock to be sold in this offering. This does not purport to be a complete analysis of all potential tax effects to non-U.S. holders of our common stock. 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 included in this discussion, and non-U.S. holders should consult their own tax advisors as to these matters. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service ("IRS") in effect as of the date of this prospectus. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, this discussion does not address consequences relevant to non-U.S. holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock 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 or other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" or corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, 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.

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Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN 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 OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "non-U.S. holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor a partnership for U.S. federal income tax purposes. A U.S. person is any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) 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 (i) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code), or (ii) has made a valid election under applicable Treasury Regulations to continue to be treated as a U.S. person.

Distributions

As described in the section captioned "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future.

If we do, however, pay distributions on our common stock, such distributions of cash or property on our common stock (other than certain pro rata distributions of our stock) generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will constitute a return of capital and first be applied against and reduce a non-U.S. holder's adjusted tax basis in its common stock, but not below zero. Any remaining excess will be treated as capital gain and will be treated as described under the heading "—Sale or Other Taxable Disposition" below.

Subject to the discussion below on backup withholding and payments made to certain foreign accounts, dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will generally be subject to withholding of U.S. federal income tax at a rate of 30% of the gross amount of the dividends (or such lower rate as may be specified by an applicable income tax treaty). Non-U.S. holders may be entitled to a reduction in (under (a)) or an exemption from (under (a) or (b)) withholding on dividends as a result of either (a) qualifying for the benefits of an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable

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withholding agent with a properly executed (i) IRS Form W-8BEN or W-8BEN-E (or applicable successor form) claiming an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty, (ii) IRS Form W-8ECI (or applicable successor form) stating that the dividends are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate or exemption under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Subject to the discussion below on backup withholding and payments made to certain foreign accounts, if dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from withholding of U.S. federal income tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is or is treated as a corporation for U.S. federal income tax purposes may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition

Subject to the discussion below on backup withholding and payments made to certain foreign accounts, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI") within the meaning of the Foreign Investment in Real Property Tax Act by reason of our status as a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on a portion of its effectively connected earnings and profits for the taxable year that are attributable to such gain, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on any gain derived from the sale or other taxable disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of

the United States), provided the non-U.S. holder timely files U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owned, actually or constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other disposition or the non-U.S. holder's holding period for such stock.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Backup Withholding and Information Reporting

Subject to the discussion below regarding payments made to certain foreign accounts, a non-U.S. holder generally will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a U.S. person and the holder certifies its non-U.S. status by providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable certification (or applicable successor form), or otherwise establishes an exemption. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale or other taxable disposition of our common stock within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale or other taxable disposition of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. person on IRS Form W-8BEN, W-8BEN-E, W-8ECI or other applicable form or successor form (and the payer does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or otherwise establishes an exemption.

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 the provisions of the law generally known 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. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial U.S. owners" (as defined in the Code) or furnishes identifying information regarding each substantial U.S. owner, or (iii) 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 (i) 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 U.S. persons" or "U.S.-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required.

Under the applicable Treasury Regulations and recent guidance from the IRS, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, and to certain "pass-thru" payments made on or after the later of January 1, 2019 and the date final Treasury Regulations are issued defining such pass-thru payments. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. We will not pay additional amounts to holders of our common stock in respect of any amounts withheld.

Prospective investors should consult their own tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
UBS Securities LLC	
Goldman, Sachs & Co.	
Jefferies LLC	
Piper Jaffray & Co.	
Wells Fargo Securities, LLC	
Houlihan Lokey Capital, Inc.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

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The expenses of the offering, not including the underwriting discount, are estimated at \$_____ and are payable by us. We have agreed to reimburse the underwriters for all expenses in connection with the FINRA review of this offering in an amount up to \$_____. Such reimbursement is deemed to be underwriting compensation by FINRA.

The underwriters have agreed to reimburse the Company for certain expenses.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

The underwriters have reserved up to _____ shares of Class A common stock being offered by this prospectus for sale, at the initial public offering price, to our directors, officers, employees and other parties related to us. The sales will be made by Merrill Lynch, Pierce, Fenner & Smith Incorporated through a reserved share program. We do not know if these persons will elect to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available for sale to the general public. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares of our Class A common stock.

No Sales of Similar Securities

We, our executive officers, directors and the holders of substantially all of our existing shares of Class A common stock have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. Specifically, we and these other persons have agreed, with certain limited exceptions, including bona fide gifts, transfers by will or intestacy to a family member, charitable donations, transfers to a family trust, distributions to limited partners and transfers to affiliates, which in each case would be subject to the recipient signing a similar lock-up agreement, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing

the agreement later acquires the power of disposition. We do not currently expect any release of shares subject to lock-up agreements.

Listing

We expect the shares to be approved for listing on the New York Stock Exchange under the symbol "FND".

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

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The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters 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 our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees, commissions and expenses. Specifically, Merrill Lynch, Pierce, Fenner & Smith Incorporated and an affiliate of Wells Fargo Securities, LLC served as joint lead arrangers and joint bookrunners and are lenders under the ABL Facility. An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated served as the syndication agent and an affiliate of Wells Fargo Securities, LLC served as administrative agent and collateral agent under the ABL Facility. In addition, affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and UBS Securities LLC served as joint lead arrangers and joint bookrunners under the Term Loan Facility. An affiliate of Jefferies LLC holds a portion of the Term Loan Facility.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
 - B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
 - C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus 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 prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

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Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The securities have not been 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 or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities 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 securities 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 under that Ordinance.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore

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(the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) 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
- (b) 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The shares 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 shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (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 underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Proskauer Rose LLP. The underwriters are being represented by Latham & Watkins LLP in connection with the offering.

EXPERTS

The consolidated financial statements and financial schedule of Floor & Decor Holdings, Inc. and its subsidiaries as of December 31, 2015 and December 29, 2016 and for each of the fiscal years ended on December 25, 2014, December 31, 2015 and December 29, 2016 included in this registration statement and prospectus have been audited by Ernst & Young LLP, an independent registered public accounting firm, and are included in reliance on their report given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our Class A common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement filed therewith, certain portions of which are omitted as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and the financial statements and notes filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room of the SEC, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements, and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and website referred to above. We also maintain a website at www.FloorandDecor.com. After the closing of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
FDO Holdings, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of FDO Holdings, Inc. and Subsidiaries (the Company) as of December 29, 2016 and December 31, 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 29, 2016. Our audits also included the financial statement schedule listed in the Index at F-1. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FDO Holdings, Inc. and Subsidiaries at December 29, 2016 and December 31, 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 29, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Atlanta, GA
March 20, 2017

FDO Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	As of December 31, 2015	As of December 29, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 318	\$ 451
Income taxes receivable	2,484	—
Receivables, net	23,740	34,533
Inventories, net	272,569	293,702
Prepaid expenses and other current assets	6,079	7,529
Total current assets	305,190	336,215
Fixed assets, net	102,983	150,471
Intangible assets, net	109,426	109,394
Goodwill	227,447	227,447
Other assets	3,842	7,639
Total long-term assets	443,698	494,951
Total assets	<u>\$ 748,888</u>	<u>\$ 831,166</u>
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of term loans	\$ 1,267	\$ 3,500
Trade accounts payable	147,321	158,466
Accrued expenses	35,841	61,505
Income taxes payable	—	5,787
Deferred revenue	12,145	14,456
Total current liabilities	196,574	243,714
Term loans	83,423	337,243
Revolving line of credit	92,900	50,000
Deferred rent	13,074	16,750
Deferred income tax liabilities, net	33,724	28,265
Tenant improvement allowances	16,346	20,319
Other liabilities	482	592
Total long-term liabilities	239,949	453,169
Total liabilities	436,523	696,883
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.001 par value; 100,000 shares authorized; 0 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Common stock Class A, \$0.001 par value; 500,000 shares authorized; 238,789 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Common stock Class B, \$0.001 par value; 100,000 shares authorized; 1,230 shares issued and outstanding at December 29, 2016; 779 shares issued and outstanding at December 31, 2015	—	—
Common stock Class C, \$0.001 par value; 500,000 shares authorized; 19,500 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Additional paid-in capital	264,371	117,353
Accumulated other comprehensive income (loss), net	(100)	176
Retained earnings	48,094	16,754
Total stockholders' equity	312,365	134,283
Total liabilities and stockholders' equity	<u>\$ 748,888</u>	<u>\$ 831,166</u>

See accompanying notes to consolidated financial statements.

FDO Holdings, Inc. and Subsidiaries
Consolidated Statements of Income
(In Thousands, Except Per Share Data)

	Year Ended December 25, 2014	Year Ended December 31, 2015(1)	Year Ended December 29, 2016
Net sales	\$ 584,588	\$ 784,012	\$ 1,050,759
Cost of sales	355,051	471,390	621,497
Gross profit	229,537	312,622	429,262
Operating expenses:			
Selling and store operating	146,485	202,637	271,876
General and administrative	38,984	49,917	64,025
Pre-opening	7,412	7,380	13,732
Litigation settlement	—	—	10,500
Executive severance	2,975	296	—
Total operating expenses	195,856	260,230	360,133
Operating income	33,681	52,392	69,129
Interest expense	8,949	9,386	12,803
Loss on early extinguishment of debt	—	—	1,813
Income before income taxes	24,732	43,006	54,513
Provision for income taxes	9,634	16,199	11,474
Net income	\$ 15,098	\$ 26,807	\$ 43,039
Basic earnings per share	\$ 58.38	\$ 103.48	\$ 166.01
Diluted earnings per share	\$ 56.73	\$ 99.99	\$ 156.63
Basic earnings per share pro forma for dividend			\$
Diluted earnings per share pro forma for dividend			\$

(1) Years ended December 29, 2016 and December 25, 2014 include 52 weeks. Year Ended December 31, 2015 includes 53 weeks.

See accompanying notes to consolidated financial statements.

FDO Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(In Thousands)

	Year Ended December 25, 2014	Year Ended December 31, 2015(1)	Year Ended December 29, 2016
Net income	\$ 15,098	\$ 26,807	\$ 43,039
Other comprehensive gain—change in fair value of hedge instruments, net of tax	14	43	276
Total comprehensive income	<u>\$ 15,112</u>	<u>\$ 26,850</u>	<u>\$ 43,315</u>

(1) Years ended December 29, 2016 and December 25, 2014 include 52 weeks. Year Ended December 31, 2015 includes 53 weeks.

See accompanying notes to consolidated financial statements.

FDO Holdings, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(In Thousands, Except Share Data)

	Preferred stock		Common stock class A		Common stock class B		Common stock class C		Additional paid-in capital	Accumulated other comprehensive income (loss), net	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 26, 2013	—	\$ —	238,789	\$ —	31	\$ —	19,500	\$ —	\$ 258,100	\$ (157)	\$ 6,189	\$ 264,132
Stock based compensation expense	—	—	—	—	—	—	—	—	2,323	—	—	2,323
Exercise of stock options	—	—	—	—	625	—	—	—	658	—	—	658
Excess tax benefit from employee stock options	—	—	—	—	—	—	—	—	11	—	—	11
Other comprehensive gain, net of tax	—	—	—	—	—	—	—	—	—	14	—	14
Net income	—	—	—	—	—	—	—	—	—	—	15,098	15,098
Balance, December 25, 2014	—	—	238,789	—	656	—	19,500	—	261,092	(143)	21,287	282,236
Stock based compensation expense	—	—	—	—	107	—	—	—	3,258	—	—	3,258
Exercise of stock options	—	—	—	—	16	—	—	—	40	—	—	40
Tax deficiency from employee stock options	—	—	—	—	—	—	—	—	(19)	—	—	(19)
Other comprehensive gain, net of tax	—	—	—	—	—	—	—	—	—	43	—	43
Net income	—	—	—	—	—	—	—	—	—	—	26,807	26,807
Balance, December 31, 2015	—	—	238,789	—	779	—	19,500	—	264,371	(100)	48,094	312,365
Stock based compensation expense	—	—	—	—	—	—	—	—	3,182	—	47	3,229
Exercise of stock options	—	—	—	—	451	—	—	—	284	—	—	284
Other comprehensive gain, net of tax	—	—	—	—	—	—	—	—	—	276	—	276
Dividend declared	—	—	—	—	—	—	—	—	(150,722)	—	(74,278)	(225,000)
Cumulative effect from adoption of ASU No. 2016-09	—	—	—	—	—	—	—	—	238	—	(148)	90
Net income	—	—	—	—	—	—	—	—	—	—	43,039	43,039
Balance, December 29, 2016	—	\$ —	238,789	\$ —	1,230	\$ —	19,500	\$ —	\$ 117,353	\$ 176	\$ 16,754	\$ 134,283

See accompanying notes to consolidated financial statements.

FDO Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended December 25, 2014	Year Ended December 31, 2015(1)	Year Ended December 29, 2016
Operating activities			
Net income	\$ 15,098	\$ 26,807	\$ 43,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,704	19,684	28,604
Loss on early extinguishment of debt	—	—	1,813
Loss on asset disposals	148	144	451
Amortization of tenant improvement allowances	(1,896)	(2,197)	(2,561)
Deferred income taxes	(1,426)	464	(5,536)
Stock based compensation expense	2,323	3,258	3,229
Changes in operating assets and liabilities:			
Receivables, net	(7,761)	(7,997)	(10,793)
Inventories, net	(45,985)	(70,988)	(21,133)
Other assets	(2,069)	(2,520)	(4,817)
Trade accounts payable	47,780	40,454	11,145
Accrued expenses	7,488	4,908	27,244
Income taxes	6,223	(4,805)	8,271
Deferred revenue	2,023	4,997	2,311
Deferred rent	2,507	3,327	3,870
Tenant improvement allowances	5,660	4,816	4,244
Other	(223)	28	75
Net cash provided by operating activities	43,594	20,380	89,456
Investing activities			
Purchases of fixed assets	(39,069)	(45,037)	(74,648)
Other	—	16	—
Net cash used in investing activities	(39,069)	(45,021)	(74,648)
Financing activities			
Borrowings on revolving line of credit	119,700	204,300	171,850
Payments on revolving line of credit	(123,400)	(177,900)	(214,750)
Proceeds from term loans	—	—	362,000
Payments on term loans	(1,467)	(1,667)	(98,334)
Prepayment penalty on term loan extinguishment	—	—	(179)
Debt issuance costs	(208)	(93)	(10,546)
Cash dividends	—	—	(225,000)
Proceeds from exercise of stock options	658	40	284
Excess tax benefit from exercise of stock options	296	—	—
Net cash (used in) provided by financing activities	(4,421)	24,680	(14,675)
Net increase in cash and cash equivalents	104	39	133
Cash and cash equivalents, beginning of the year	175	279	318
Cash and cash equivalents, end of the year	\$ 279	\$ 318	\$ 451
Supplemental disclosures of cash flow information			
Cash paid for interest	\$ 7,903	\$ 8,898	\$ 6,922
Cash paid for income taxes	\$ 4,778	\$ 20,182	\$ 8,929
Fixed assets accrued at the end of the year	\$ 3,343	\$ 7,002	\$ 5,387
Fixed assets acquired as part of lease—paid for by lessor	\$ —	\$ —	\$ 2,290

(1) Years ended December 29, 2016 and December 25, 2014 include 52 weeks. Year Ended December 31, 2015 includes 53 weeks.

See accompanying notes to consolidated financial statements.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 29, 2016

1. Summary of Significant Accounting Policies

Nature of Business

FDO Holdings, Inc., together with its subsidiaries (the "Company," "we," "our," or "us"), is a highly differentiated, rapidly growing specialty retailer of hard surface flooring and related accessories. We offer a broad in-stock assortment of tile, wood, laminate, and natural stone flooring along with decorative and installation accessories at everyday low prices. Our stores appeal to a variety of customers, including professional installers and commercial businesses, Do it Yourself customers and customers who buy the products for professional installation. We operate within one reportable segment.

As of December 29, 2016, the Company, through its wholly owned subsidiary, operates 69 warehouse-format stores, which average 72,000 square feet, and one small-format standalone design center in 17 states including Arizona, California, Colorado, Florida, Georgia, Illinois, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Virginia, and Utah, four distribution centers and an e-commerce site, *FloorandDecor.com*.

Fiscal Year

The Company's fiscal year is the 52- or 53-week period ending on the Thursday on or preceding December 31st. Fiscal years ended December 29, 2016 ("fiscal 2016") and December 25, 2014 ("fiscal 2014") include 52 weeks. Fiscal year ended December 31, 2015 ("fiscal 2015") includes 53 weeks.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Certain prior-year amounts have been reclassified in the consolidated financial statements to conform to the current year presentation.

The Company has evaluated subsequent events through March 20, 2017, which represents the date on which the financial statements were available for distribution.

Cash and Cash Equivalents

Cash consists of currency and demand deposits with banks.

Receivables

Receivables consist primarily of amounts due from credit card companies, receivables from vendors and tenant improvement allowances owed by landlords. The Company typically collects its credit card receivables within three to five business days of the underlying sale to the customer. The Company has agreements with a majority of its large merchandise vendors that allow for specified rebates based on purchasing volume. Generally, these agreements are on an annual basis, and the Company collects the rebates subsequent to its fiscal year end. Additionally, the Company has agreements with substantially all vendors that allow for the return of certain merchandise throughout

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

the normal course of business. When inventory is identified to return to a vendor, it is removed from inventory and recorded as a receivable on the Consolidated Balance Sheet, and any variance between capitalized inventory cost associated with the return and the expected vendor reimbursement is expensed in Cost of sales in the Consolidated Statement of Income when the inventory is identified to be returned to the vendor. The Company reserves for estimated uncollected receivables based on historical trends, which historically have been immaterial. The allowance for doubtful accounts as of December 29, 2016 and December 31, 2015, was \$188 thousand and \$133 thousand, respectively.

Credit Program

Credit is offered to the Company's customers through a proprietary credit card underwritten by third-party financial institutions and at no recourse to the Company.

Inventory Valuation and Shrinkage

Inventories consist of merchandise held for sale and are stated at the lower of cost and net realizable value. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recorded in cost of sales in the consolidated statement of income as a loss in the period in which it occurs. The Company determines inventory costs using the weighted average cost method. The Company capitalizes transportation, duties and other costs to get product to its retail locations. The Company records reserves for estimated losses related to shrinkage and other amounts that are otherwise not expected to be fully recoverable. These reserves are calculated based on historical shrinkage, selling price, margin and current business trends. The estimates have calculations that require management to make assumptions based on the current rate of sales, age, salability and profitability of inventory, historical percentages that can be affected by changes in the Company's merchandising mix, customer preferences, and changes in actual shrinkage trends. These reserves totaled \$2,449 thousand and \$2,476 thousand as of December 29, 2016 and December 31, 2015, respectively.

Physical inventory counts and cycle counts are performed on a regular basis in each store and distribution center to ensure that amounts reflected in the accompanying Consolidated Balance Sheet are properly stated. During the period between physical inventory counts in our stores, the Company accrues for estimated losses related to shrinkage on a store-by-store basis. Shrinkage is the difference between the recorded amount of inventory and the physical inventory. Shrinkage may occur due to theft, loss, or inaccurate records for the receipt of inventory, among other things.

Fixed Assets

Fixed assets consist primarily of furniture, fixtures and equipment, leasehold improvements (including those that are reimbursed by landlords as a tenant improvement allowances) and computer software and hardware. Fixed assets are stated at cost less accumulated depreciation utilizing the straight-line method over the assets' estimated useful lives.

Leasehold improvements are amortized using the straight-line method over the shorter of (i) the original term of the lease, (ii) renewal term of the lease if the renewal is reasonably expected or

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

(iii) the useful life of the improvement. The Company's fixed assets are depreciated using the following estimated useful lives:

	Life
Furniture, fixtures and equipment	2 - 7 years
Leasehold improvements	10 - 25 years
Computer software and hardware	3 - 7 years

The cost and related accumulated depreciation of assets sold or otherwise disposed are removed from the accounts, and the related gain or loss is reported in the Consolidated Statements of Income.

Capitalized Software Costs

The Company capitalizes certain costs related to the acquisition and development of software and amortizes these costs using the straight-line method over the estimated useful life of the software. Certain development costs not meeting the criteria for capitalization are expensed as incurred.

Goodwill and Other Indefinite-Lived Intangible Assets

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC 350"), *Intangibles—Goodwill and Other*, goodwill and other intangible assets with indefinite lives resulting from business combinations are not amortized but instead are tested for impairment at least annually (more frequently if certain indicators are present) while identifiable intangible assets with finite lives are amortized over their estimated useful lives. The Company obtains independent third-party valuation studies to assist it with determining the fair value of goodwill and indefinite-lived intangible assets. The Company's goodwill and other indefinite-lived intangible assets subject to impairment testing arose primarily as a result of its acquisition of Floor and Decor Outlets of America, Inc. in November 2010.

The Company performs a two-step quantitative impairment test on goodwill. In the first step, the Company compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired, and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

The Company estimates the fair value of our reporting unit using a weighted combination of the income approach and the market approach. The income approach utilizes a discounted cash flow model incorporating management's expectations for future revenue, operating expenses, earnings before interest, taxes, depreciation and amortization, working capital and capital expenditures. The Company discounts the related cash flow forecasts using its estimated weighted-average cost of capital at the date of valuation. The market approach utilizes comparative market multiples derived by relating the value of guideline companies in the Company's industry and/or with similar growth prospects, based on either

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

the market price of publicly traded shares or the prices of companies being acquired in the marketplace, to various measures of their earnings. Such multiples are then applied to the Company's historical and projected earnings to derive a valuation estimate.

Based on the goodwill impairment analysis performed quantitatively on October 25, 2016, the Company determined that the fair value of its reporting unit is in excess of the carrying value. No events or changes in circumstances have occurred since the date of the Company's most recent annual impairment test that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

The Company annually (or more frequently if there are indicators of impairment) evaluates whether indefinite-lived assets continue to have an indefinite life or have impaired carrying values due to changes in the asset(s) or their related risks. The impairment review is performed by comparing the carrying value of the indefinite lived intangible asset to its estimated fair value, determined using a discounted cash flow methodology. If the recorded carrying value of the indefinite-lived asset exceeds its estimated fair value, an impairment charge is recorded to write the asset down to its estimated fair value.

The estimated lives of the Company's intangible assets are as follows:

	<u>Useful Life</u>
Trade names	Indefinite
Vendor relationships	10 years

The Company's goodwill and other indefinite-lived intangible assets impairment loss calculations contain uncertainties because they require management to make significant judgments in estimating the fair value of the Company's reporting unit and indefinite-lived intangible assets, including the projection of future cash flows, assumptions about which market participants are the most comparable, the selection of discount rates and the weighting of the income and market approaches. These calculations contain uncertainties because they require management to make assumptions such as estimating economic factors and the profitability of future business operations and, if necessary, the fair value of the reporting unit's assets and liabilities among others. Further, the Company's ability to realize the future cash flows used in its fair value calculations is affected by factors such as changes in economic conditions, changes in the Company's operating performance and changes in the Company's business strategies. Significant changes in any of the assumptions involved in calculating these estimates could affect the estimated fair value of one or more of the Company's reporting unit and indefinite-lived intangible assets and could result in impairment charges in a future period.

Long-Lived Assets

Long-lived assets, such as fixed assets and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of an asset, a product recall or an adverse action by a regulator. If the sum of the estimated undiscounted future cash flows related to the asset is less than the asset's carrying value, the Company recognizes a

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

loss equal to the difference between the carrying value and the fair value, usually determined by the estimated discounted cash flow analysis of the asset.

Since there is typically no active market for the Company's definite-lived intangible assets, the Company estimates fair values based on expected future cash flows at the time they are identified. The Company estimates future cash flows based on store-level historical results, current trends and operating and cash flow projections. The Company amortizes these assets with finite lives over their estimated useful lives on a straight-line basis. This amortization methodology best matches the pattern of economic benefit that is expected from the definite-lived intangible assets. The Company evaluates the useful lives of its intangible assets on an annual basis.

Tenant Improvement Allowances and Deferred Rent

The Company accounts for tenant improvement allowances and deferred rent as liabilities or assets on the balance sheet. Tenant improvement allowances are amounts received from a lessor for improvements to leased properties and are amortized against rent expense over the life of the respective leases. Fixed rents are recognized ratably over the initial non-cancellable lease term. Deferred rent represents differences between the actual cash paid for rent and the amount of straight-line rent over the initial non-cancellable term.

Self-Insurance Reserves

The Company is partially self-insured for workers' compensation and general liability claims less than certain dollar amounts and maintains insurance coverage with individual and aggregate limits. The Company also has a basket aggregate limit to protect against losses exceeding \$5.0 million (subject to adjustment and certain exclusions) for workers' compensation claims and general liability claims. The Company's liabilities represent estimates of the ultimate cost for claims incurred, including loss adjusting expenses, as of the balance sheet date. The estimated liabilities are not discounted and are established based upon analysis of historical data, actuarial estimates, regulatory requirements, an estimate of claims incurred but not yet reported and other relevant factors. Management utilizes independent third-party actuarial studies to help assess the liability on a regular basis. As of December 29, 2016, per occurrence deductibles for individual workers' compensation and individual general liability claims were \$250 thousand and \$150 thousand, respectively.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Asset Retirement Obligations

An asset retirement obligation ("ARO") represents a legal obligation associated with the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development or normal operation of that long-lived asset. The Company's AROs are primarily associated with leasehold improvements that, at the end of a lease, the Company is contractually

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

obligated to remove in order to comply with certain lease agreements. The ARO is recorded in Other long-term liabilities on the Consolidated Balance Sheets and will be subsequently adjusted for changes in fair value. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

Changes in i) inflation rates and ii) the estimated costs, timing and extent of future store closure activities each result in 1) a current adjustment to the recorded liability and related asset and 2) a change in the liability and asset amounts to be recorded prospectively. Any changes related to the assets are then recognized in accordance with our depreciation policy, which would generally result in depreciation expense being recognized prospectively over the shorter of the remaining lease term or estimated useful life.

Fair Value Measurements—Debt

The Company estimates fair values in accordance with ASC 820, *Fair Value Measurement*. ASC 820 provides a framework for measuring fair value and expands disclosures required about fair value measurements. ASC 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Additionally, ASC 820 defines levels within a hierarchy based upon observable and non-observable inputs.

- Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets for assets or liabilities that are either directly or indirectly observable
- Level 3: Inputs that are non-observable that reflect the reporting entity's own assumptions

The fair values of certain of the Company's debt instruments have been determined by the Company utilizing Level 3 inputs, such as available market information and appropriate valuation methodologies, including the rates for similar instruments and the discounted cash flows methodology.

Derivative Financial Instruments

The Company uses derivative financial instruments to maintain a portion of its long-term debt obligations at a targeted balance of fixed and variable interest rate debt to manage its risk associated with fluctuations in interest rates. In November 2016, the Company entered into two interest rate caps. In 2013, we entered into two interest rate swap contracts. The 2016 and 2013 instruments have been designated as cash flow hedges for accounting purposes, and the fair value is calculated utilizing Level 2 inputs. Unrealized changes in the fair value of these derivative instruments are recorded in Accumulated other comprehensive loss within the equity section of our Consolidated Balance Sheets.

The effective portion of the gain or loss on the derivatives is reported as a component of Comprehensive income within the Consolidated Statements of Comprehensive Income and reclassified into earnings in the same period in which the hedged transaction affects earnings. The effective portion of the derivative represents the change in fair value of the hedge that offsets the change in fair value of the hedged item. To the extent changes in fair values of the instruments are not highly effective, the ineffective portion of the hedge is immediately recognized in earnings.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

We perform an assessment of the effectiveness of our derivative contracts designated as hedges, including assessing the possibility of counterparty default. If we determine that a derivative is no longer expected to be highly effective, we discontinue hedge accounting prospectively and recognize subsequent changes in the fair value of the hedge in earnings. We believe our derivative contracts, which consist of interest rate cap and swap contracts, will continue to be highly effective in offsetting changes in cash flow attributable to floating interest rate risk. We did not have any ineffectiveness in 2016 or 2015 related to these instruments.

Use of Estimates

The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of fixed assets and intangibles, asset retirement obligations, allowances for accounts receivable and inventories, reserves for workers' compensation and general liability claims incurred but not reported and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Revenue Recognition

Retail sales at the Company's stores are recorded at the point of sale and are net of sales discounts and estimated returns. In some instances, the Company will allow customers to store their merchandise, generally up to 14 days. In this instance, the Company recognizes revenue and the related cost of sales when both collection or reasonable assurance of collection of payment and final delivery of the product have occurred. For orders placed through our website and shipped to our customers, we recognize revenue and the related cost of sales at the time we estimate the customer receives the merchandise, which is typically within a few days of shipment. The Company arranges and pays for freight to deliver products to customers, and bills the customer for the estimated freight cost, which is included in Net sales. Sales taxes collected are not recognized as revenue as these amounts are ultimately remitted to the appropriate taxing authorities.

Gift Cards and Merchandise Credits

We sell gift cards to our customers in our stores and through our website and issue merchandise credits in our stores. We account for the programs by recognizing a liability at the time the gift card is sold or the merchandise credit is issued. The liability is relieved and revenue is recognized when the cards are redeemed. We have an agreement with an unrelated third-party who is the issuer of the Company's gift cards and also assumes the liability for unredeemed gift cards. The Company is not subject to claims under unclaimed property statutes, as the agreement effectively transfers the ownership of such unredeemed gift cards and the related future escheatment liability, if any, to the third-party. Gift card breakage is recognized based upon historical redemption patterns and represents the balance of gift cards for which the Company believes the likelihood of redemption by the customer is remote. Accordingly, in fiscal 2016, fiscal 2015, and fiscal 2014 gift card breakage

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

income of \$627 thousand, \$511 thousand, and \$355 thousand was recognized in Net sales in the Consolidated Statements of Income, respectively, for such unredeemed gift cards.

Sales Returns and Allowances

The Company accrues for estimated sales returns based on historical sales return results. The allowance for sales returns at December 29, 2016 and December 31, 2015, was \$4,887 thousand and \$3,720 thousand, respectively.

Merchandise exchanges of similar product and price are not considered merchandise returns and, therefore, are excluded when calculating the sales returns reserve.

Cost of Sales

Cost of sales consists of merchandise costs as well as capitalized freight to transport inventory to our distribution centers and stores, and duty and other costs that are incurred to distribute the merchandise to our stores. Cost of sales also includes shrinkage, damaged product disposals, distribution, warehousing, sourcing and compliance cost and arranging and paying for freight to deliver products to customers. The Company receives cash consideration from certain vendors related to vendor allowances and volume rebates, which is recorded as a reduction of costs of sales when the inventory is sold or as a reduction of the carrying value of inventory if the inventory is still on hand.

Vendor Rebates and Allowances

Vendor allowances consist primarily of volume rebates that are earned as a result of attaining certain inventory purchase levels and advertising allowances or incentives for the promotion of vendors' products. These vendor allowances are accrued, based on annual projections, as earned.

Vendor allowances earned are initially recorded as a reduction to the carrying value of inventory and a subsequent reduction in cost of sales when the related product is sold. Certain incentive allowances that are reimbursements of specific, incremental and identifiable costs incurred to promote vendors' products are recorded as an offset against these promotional expenses.

Total Operating Expenses

Total operating expenses consist primarily of store and administrative personnel wages and benefits, infrastructure expenses, supplies, fixed asset depreciation, store and corporate facility expenses, pre-opening costs, training and advertising costs. Credit card fees, insurance, personal property taxes, legal expenses, and other miscellaneous operating costs are also included.

Advertising

The Company expenses advertising costs as the advertising takes place. Advertising costs incurred during the years ended December 29, 2016 and December 31, 2015, and December 25, 2014, were \$33,497 thousand, \$24,478 thousand and \$17,359 thousand, respectively, and are included in Selling and store operating expenses and Pre-opening expenses in the Consolidated Statements of Income.

FDO Holdings, Inc. and Subsidiaries**Notes to Consolidated Financial Statements (Continued)****December 29, 2016****1. Summary of Significant Accounting Policies (Continued)*****Pre-Opening Expenses***

The Company accounts for non-capital operating expenditures incurred prior to opening a new store as "pre-opening" expenses in its Consolidated Statements of Income. The Company's pre-opening expenses begin on average three to six months in advance of a store opening or relocating due to, among other things, the amount of time it takes to prepare a store for its grand opening. Pre-opening expenses primarily include: advertising, rent, staff training, staff recruiting, utilities, personnel and equipment rental. A store is considered to be relocated if it is closed temporarily and re-opened within the same primary trade area. Pre-opening expenses for the years ended December 29, 2016, December 31, 2015, and December 25, 2014, totaled \$13,732 thousand, \$7,380 thousand, and \$7,412 thousand, respectively.

Loss on Early Extinguishment of Debt

On September 30, 2016, the Company amended its prior asset-based revolving credit facility (the "Prior ABL Facility") and terminated its prior term loan facility (the "Prior Term Loan Facility"), each with Wells Fargo Bank, N.A, dated as of May 1, 2013, as amended. The Company also terminated its prior senior secured term loan facility with GCI Capital Markets LLC, (the "GCI Facility"). For the year ended December 29, 2016, loss on early extinguishment of debt is comprised of a (1) \$179 thousand prepayment penalty paid in connection with the extinguishment of the Prior Term Loan Facility of \$19,833 thousand, (2) write-off of approximately \$1,319 thousand of unamortized debt issuance cost and original issue discount associated with the extinguishment of the Prior Term Loan Facility and the GCI Facility, (3) write-off of approximately \$162 thousand associated with the amendment of the Prior ABL Facility and (4) \$153 thousand unamortized deferred debt issuance cost related to the April 15, 2016 amendment to the Prior Term Loan Facility.

Stock-Based Compensation

The Company accounts for employee stock options in accordance with relevant authoritative literature. The Company obtains independent third-party valuation studies to assist it with determining the grant date fair value of our stock price at least twice a year. Stock options are granted with exercise prices equal to or greater than the estimated fair market value on the date of grant as authorized by the board of directors or compensation committee. Options granted have vesting provisions ranging from three to five years. Stock option grants are generally subject to forfeiture if employment terminates prior to vesting. The Company has selected the Black-Scholes option pricing model for estimating the grant date fair value of stock option awards granted. The Company bases the risk-free interest rate on the yield of a zero coupon U.S. Treasury security with a maturity equal to the expected life of the option from the date of the grant. The Company estimates the volatility of the share price of its common stock by considering the historical volatility of the stock of similar public entities. The Company considers a number of factors in determining the appropriateness of the public entities included in the volatility assumption, including the entity's life cycle stage, growth profile, size, financial leverage and products offered. Stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the requisite service period based on the number of years for which the requisite service is expected to be rendered. The Company elected to early adopt ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting" in 2016.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

and now recognize forfeitures in earnings as they occur; prior to the adoption, the Company had considered the retirement and forfeiture provisions of the options and utilized its historical experience to estimate the expected life of the options.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the period that includes the enactment date of such a change.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the associated temporary differences became deductible. On a quarterly basis, the Company evaluates whether it is more likely than not that its deferred tax assets will be realized in the future and conclude whether a valuation allowance must be established.

The Company includes any estimated interest and penalties on tax-related matters in income taxes payable and income tax expense. The Company accounts for uncertain tax positions in accordance with ASC 740, *Income Taxes*. ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements using a two-step process for evaluating tax positions taken, or expected to be taken, on a tax return. The Company may only recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law, which may be subject to change or varying interpretation. The Company does not believe it has any material risks related to uncertain tax positions.

Segment Information

The Company operates as a specialty retailer of hard surface flooring and related accessories through retail stores located in the United States and through its website. The Company's chief operating decision maker is its Chief Executive Officer who reviews the Company's consolidated financial information for purposes of allocating resources and evaluating the Company's financial performance. Accordingly, the Company concluded it has one reportable segment.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

The following table presents the Net sales of each major product category for each of the last three fiscal years (in thousands):

Product Category	Fiscal Year Ended					
	December 25, 2014		December 31, 2015		December 29, 2016	
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	Net Sales	% of Net Sales
Tile	\$ 174,271	30%	\$ 244,902	31%	\$ 325,433	31%
Decorative Accessories	98,991	16	138,442	18	188,371	18
Accessories (Installation Materials and Tools)	91,122	16	124,162	16	165,330	16
Wood	90,752	16	116,999	15	142,751	14
Laminate / Luxury Vinyl Plank	61,817	11	77,586	10	131,447	12
Natural Stone	65,008	11	78,294	10	90,866	9
Delivery and Other	2,627	—	3,627	—	6,561	—
Total	<u>\$ 584,588</u>	<u>100%</u>	<u>\$ 784,012</u>	<u>100%</u>	<u>\$ 1,050,759</u>	<u>100%</u>

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." This standard simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted after January 1, 2017. The amendments in this update should be applied using a prospective approach. The adoption of ASU No. 2017-04 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." This standard update requires an entity to recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. ASU No. 2016-16 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The amendments in this update should be applied using a modified retrospective approach. The adoption of ASU No. 2016-16 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." The standard update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The amendments in this update should be applied using a retrospective approach. The adoption of ASU No. 2016-15 is not expected to have a material impact on the Company's cash flows.

FDO Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employees Share-Based Payment Accounting." The update is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The amendments in this update are effective for fiscal years beginning after December 15, 2016, and interim periods within those years, with early adoption permitted. Depending on the amendment, methods used to apply the requirements of the update include modified retrospective, retrospective, and prospective. We elected to early adopt this standard during the second quarter of 2016. The net cumulative effect of this change was recognized as a \$148 thousand reduction to retained earnings and the recognition of \$238 thousand of additional paid-in capital. The adoption of this standard resulted in a modified retrospective adjustment on our consolidated balance sheet as of January 1, 2016, the beginning of the annual period that includes the interim period of adoption.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires that lessees recognize lease assets and a lease liabilities for all leases with greater than 12 month terms on the balance sheet. The guidance also requires disclosures about the amount, timing and uncertainty of cash flows arising from leases. This new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years, with early adoption permitted. The standard must be applied using a modified retrospective approach. The Company is currently evaluating the impact that ASU No. 2016-02 will have on our Consolidated Financial Statements. The Company is currently evaluating the impact that ASU No. 2016-02 will have on our Consolidated Financial Statements. When implemented, the Company believes the new standard will have a material impact on its consolidated balance sheet. The Company is currently evaluating the effect that implementation of this standard will have on the Company's consolidated statements of income, cash flows, financial position and related disclosures.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." ASU No. 2015-11 provides new guidance for entities using first-in, first-out or average cost to simplify the subsequent measurement of inventory, which proposes that inventory should be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance eliminates the option to subsequently measure inventory at replacement cost or net realizable value less an approximately normal profit margin. This new guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within those years, with early adoption permitted. The amendments in this update should be applied prospectively. The adoption of ASU No. 2015-11 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 provides new guidance related to the core principle that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services provided. In July 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," to defer the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date, and permitted

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

1. Summary of Significant Accounting Policies (Continued)

early adoption of the standard, but not before the original effective date of December 15, 2016. In March 2016, the FASB issued ASU No. 2016-08 "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," which clarifies the guidance in ASU No. 2014-09 and has the same effective date as the original standard. In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing." In May 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients. The 2016 updates to the revenue recognition guidance relate to principal versus agent assessments, identifying performance obligations, the accounting for licenses, and certain narrow scope improvements and practical expedients. This new standard could impact the timing and amounts of revenue recognized. As the Company evaluates the impact of this standard, the more significant change relates to the timing of revenue recognized for certain transactions for which the Company allows customers to store their merchandise at the retail store for final delivery at a later date. The Company is continuing to evaluate the impact this standard, and related amendments and interpretive guidance, will have on its consolidated financial statements. The Company plans to adopt the new standard on a modified retrospective basis beginning December 29, 2017.

2. Fixed Assets

Fixed assets as of December 29, 2016 and December 31, 2015, consisted of the following (in thousands):

	2015	2016
Furniture, fixtures and equipment	\$ 60,992	\$ 90,787
Leasehold improvements	60,564	89,226
Computer software and hardware	27,831	40,699
Fixed assets, at cost	149,387	220,712
Less: accumulated depreciation and amortization	46,404	70,241
Fixed assets, net	<u>\$ 102,983</u>	<u>\$ 150,471</u>

Depreciation and amortization on fixed assets for the years ended December 29, 2016, December 31, 2015, and December 25, 2014, was \$27,459 thousand, \$18,531 thousand, and \$12,512 thousand, respectively.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

3. Intangible Assets

The following summarizes the balances of intangible assets as of December 29, 2016 and December 31, 2015 (in thousands):

		2015		2016	
	Estimated Useful Lives	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:					
Vendor relationships	10 years	319	(162)	319	(194)
Indefinite-lived intangible assets:					
Trade names		109,269	—	109,269	—
		<u>\$ 109,588</u>	<u>\$ (162)</u>	<u>\$ 109,588</u>	<u>\$ (194)</u>

Amortization expense related to amortizable intangible assets for the years ended December 29, 2016, December 31, 2015 and December 25, 2014, was \$32 thousand, \$327 thousand and \$356 thousand, respectively.

Estimated intangible asset amortization for the next four years is as follows (in thousands):

2017	\$ 32
2018	32
2019	32
2020	29

4. Income Taxes

The components of the provision for income taxes are as follows (in thousands):

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Current expense:			
Federal	\$ 9,081	\$ 13,183	\$ 14,588
State	1,979	2,552	2,422
Total current expense	11,060	15,735	17,010
Deferred (benefit)/expense:			
Federal	(680)	553	(4,765)
State	(746)	(89)	(771)
Total deferred (benefit)/expense	(1,426)	464	(5,536)
	<u>\$ 9,634</u>	<u>\$ 16,199</u>	<u>\$ 11,474</u>

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

4. Income Taxes (Continued)

The following is a summary of the differences between the total provision for income taxes as shown on the financial statements and the provision for income taxes that would result from applying the federal statutory tax rate of 35% to income before income taxes (in thousands).

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Computed "expected" provision at statutory rate	\$ 8,656	\$ 15,052	\$ 19,080
State income taxes, net of federal income tax benefit	801	1,594	1,073
Permanent differences:			
Non-qualified option holder dividend equivalent	—	—	(7,877)
Other	96	113	(4)
Total permanent differences	96	113	(7,881)
Other, net	81	(560)	(798)
Provision for income taxes	<u>\$ 9,634</u>	<u>\$ 16,199</u>	<u>\$ 11,474</u>

The permanent differences of \$7,877 thousand in fiscal 2016 is the federal benefit related to a dividend equivalent payment to certain option holders. The state benefit related to this payment of \$597 thousand is included in state income taxes, net of federal income tax benefit in the table above.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and (liabilities) are presented below (in thousands):

	Year Ended December 31, 2015	Year Ended December 29, 2016
Deferred tax assets:		
Accruals not currently deductible for tax purposes	\$ 10,314	\$ 14,342
Tenant improvement allowances	6,162	7,690
Inventories	3,459	4,050
Stock based compensation	2,997	4,179
Other intangibles	761	693
Gift card liability	820	858
Litigation accrual	—	5,299
Other	89	47
Total deferred tax assets	24,602	37,158
Deferred tax liabilities:		
Intangible assets	(41,095)	(41,269)
Fixed assets	(16,907)	(23,650)
Other	(324)	(504)
Total deferred tax liabilities	(58,326)	(65,423)
Net deferred tax liabilities	<u>\$ (33,724)</u>	<u>\$ (28,265)</u>

FDO Holdings, Inc. and Subsidiaries**Notes to Consolidated Financial Statements (Continued)****December 29, 2016****4. Income Taxes (Continued)**

In assessing the realization of deferred tax assets, including net operating losses, management considered 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, projected future taxable income and tax planning strategies in making this assessment, and accordingly, has concluded that no valuation allowance is necessary as of December 29, 2016 and December 31, 2015.

The Company files income tax returns with the U.S. Federal government and various state jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The Internal Revenue Service has completed audits of the Company's federal income tax returns for the years through 2011. As of December 29, 2016, December 31, 2015, and December 25, 2014 the Company had unrecognized tax benefits of \$0, \$0, and \$189 thousand, respectively. The amounts of unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate were \$0, \$0, and \$136 thousand as of December 29, 2016, December 31, 2015, and December 25, 2014, respectively. During 2014, the Company recorded an immaterial amount of interest expense related to uncertain tax positions. The Company's policy is to classify interest and penalties related to unrecognized tax benefits in income tax expense.

5. Derivatives and Risk Management

Changes in interest rates impact our results of operations. In an effort to manage our exposure to this risk, we enter into derivative contracts and may adjust our derivative portfolio as market conditions change.

Interest Rate Risk

Our exposure to market risk from adverse changes in interest rates is primarily associated with our long-term debt obligations, which carry variable interest rates. Market risk associated with our variable interest rate long-term debt relates to the potential reduction in fair value and negative impact to future earnings, respectively, from an increase in interest rates.

In an effort to manage our exposure to the risk associated with our variable interest rate long-term debt, we periodically enter into interest rate contracts. We designate interest rate contracts used to convert the interest rate exposure on a portion of our debt portfolio from a floating rate to a fixed rate or capped rate as cash flow hedges.

Hedge Position as of December 29, 2016:

<u>(in thousands)</u>	<u>Notional Balance</u>	<u>Final Maturity Date</u>	<u>Other Assets</u>	<u>Other Accrued Liabilities</u>	<u>AOCL, Net of Tax</u>
	U.S.				
Interest rate caps (cash flow hedges)	\$ 205,000 dollars	December 2021	\$ 2,473	\$ —	\$ 176
	U.S.				
Interest rate swaps (cash flow hedges)	\$ 17,500 dollars	January 2017	\$ —	\$ —	\$ —

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

5. Derivatives and Risk Management (Continued)

Hedge Position as of December 31, 2015:

(in thousands)	Notional Balance	Final Maturity Date	Other Assets	Other Accrued Liabilities	AOCL, Net of Tax
Interest rate swaps (cash flow hedges)	\$ 35,000 U.S. dollars	January 2017	\$ —	\$ (160)	\$ (100)

Designated Hedge Losses

Gains (losses) related to our designated hedge contracts are as follows (in thousands):

(in thousands)	Effective Portion Reclassified From AOCL to Earnings			Effective Portion Recognized in Other Comprehensive Income		
	Fiscal Year Ended					
	2014	2015	2016	2014	2015	2016
Interest rate caps (cash flow hedges)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 176
Interest rate swaps (cash flow hedges)	\$ —	\$ —	\$ —	\$ 14	\$ 43	\$ 100

Credit Risk

To manage credit risk associated with our interest rate hedging program, we select counterparties based on their credit ratings and limit our exposure to any one counterparty.

The counterparties to our derivative contracts are financial institutions with investment grade credit ratings. To manage our credit risk related to our derivative financial instruments, we periodically monitor the credit risk of our counterparties, limit our exposure in the aggregate and to any single counterparty, and adjust our hedging position, as appropriate. The impact of credit risk, as well as the ability of each party to fulfill its obligations under our derivative financial instruments, is considered in determining the fair value of the contracts. Credit risk has not had a significant effect on the fair value of our derivative contracts. We do not have any credit risk-related contingent features or collateral requirements with our derivative financial instruments.

6. Commitments and Contingencies

Lease Commitments

The Company leases its corporate office, retail locations, and distribution centers under long-term operating lease agreements that expire in various years through 2032. Additionally, certain equipment is leased under short-term operating leases.

Certain lease agreements include escalating rents over the lease terms. The Company expenses rent on a straight-line basis over the life of the lease, which commences on the date the Company has the right to control the property. The cumulative expense recognized on a straight-line basis in excess of the cumulative payments is included in deferred rent in the accompanying balance sheets. Future

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

6. Commitments and Contingencies (Continued)

minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 29, 2016, are (in thousands):

	<u>Amount</u>
2017	\$ 63,340
2018	71,913
2019	73,580
2020	71,598
2021	67,875
Thereafter	369,231
Total minimum lease payments	<u>\$ 717,537</u>

Lease expense for the years ended December 29, 2016, December 31, 2015, and December 25, 2014, was \$53,899 thousand, \$41,756 thousand, and \$29,774 thousand, respectively.

Litigation

The Company is subject to other various legal actions, claims and proceedings arising in the ordinary course of business, including claims related to breach of contracts, products liabilities, intellectual property matters and employment related matters resulting from its business activities. The Company establishes reserves for specific legal proceedings when it determines that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. These proceedings are not expected to have a material impact on the Company's consolidated financial position, cash flows or results of operations.

On December 11, 2015, six plaintiffs filed a putative nationwide class action against the Company's subsidiary, Floor and Decor Outlets of America, Inc., ("F&D") in the United States District Court for the Northern District of Georgia, alleging that certain Chinese-manufactured laminate flooring products sold by F&D were falsely labeled as compliant with formaldehyde emissions standards established by California Air Resources Board ("CARB"). In June 2016, management believed a settlement of the case was both probable and estimable and accrued \$14 million with respect to such case in the second quarter of fiscal 2016. During the third quarter of fiscal 2016, F&D reached an agreement with one of the manufacturers whose products were involved in the case to cover \$3.5 million of the Company's losses related to this lawsuit. The Company recorded the \$3.5 million receivable as an offset to litigation settlement expenses. In September 2016, F&D entered into a classwide settlement to resolve the lawsuit. The settlement class was defined as all end users of Chinese-manufactured laminate flooring sold by F&D nationwide between January 1, 2012 and August 1, 2015. As part of the settlement, all settlement class members who did not exclude themselves from the settlement granted F&D a release of all claims arising out of or relating to their purchase of Chinese-manufactured laminate flooring from F&D, with the exception of personal injury claims. Seven members of the settlement class excluded themselves from the settlement. The settlement was granted final approval by the court on January 10, 2017 and did not involve an admission of liability by F&D. As of March 20, 2017, which represents the date on which the financial statements were available for distribution, the Company does not believe that claims by the members excluded from the settlement

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

6. Commitments and Contingencies (Continued)

class or any personal injury claims are reasonably possible to result in a material loss to the Company in excess of the amounts already accrued.

7. Debt

The following table summarizes our long-term debt as of December 29, 2016 and December 31, 2015 (dollars in thousands):

	Maturity Date	Interest Rate Per Annum at December 29, 2016	December 31, 2015	December 29, 2016
Credit Facilities:				
Term Loan Facility	September 30, 2023	5.25% Variable	\$ —	\$ 350,000
ABL Facility	September 30, 2021	2.08% Variable	92,900	50,000
Prior Term Loan Facility	July 2, 2019	3.30% Variable	8,333	—
GCI Facility	May 1, 2019	7.75% Variable	78,000	—
Total secured debt			\$ 179,233	\$ 400,000
Less: current maturities			1,267	3,500
Long-term debt maturities			177,966	396,500
Less: unamortized discount and debt issuance costs			1,643	9,257
Total long-term debt			<u>\$ 176,323</u>	<u>\$ 387,243</u>

On September 30, 2016, the Board of Directors declared the Special Dividend and authorized the Option Payments. Payment of the Special Dividend and the Option Payments was made on September 30, 2016 to all shareholders and option holders of record at the close of business on September 30, 2016. In connection with the dividend, the Company refinanced its existing indebtedness by amending the Prior ABL Facility with an amended and restated \$200.0 million asset based revolving credit facility maturing on September 30, 2021 (the "ABL Facility"), entering into a \$350.0 million senior secured term loan facility maturing on September 30, 2023 (the "Term Loan Facility" and together with the ABL Facility, our "Credit Facilities") and repaying and terminating the Prior Term Loan Facility and the GCI Facility. As a result of the refinancing, the Company recorded \$162 thousand of loss on extinguishment of debt related to unamortized deferred debt issuance cost for the Prior ABL Facility, as well as recorded \$1,319 thousand of loss on extinguishment of debt related to unamortized original issue discount and unamortized deferred debt issuance cost for the Prior Term Loan Facility and GCI Facility. In addition, the Company recorded \$10,347 thousand of original issue discount and deferred debt issuance cost related to new third-party fees associated with the refinancing.

Term Loan Facility

As of December 29, 2016, the Term Loan Facility had an outstanding balance of \$350.0 million and requires quarterly repayments of \$875 thousand, which commenced on December 31, 2016, with the remainder due and payable at maturity.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

7. Debt (Continued)

As of December 29, 2016, the Term Loan Facility bore interest based on one of the following rates, at the Company's option:

- i) Adjusted LIBOR Rate plus a margin of 4.25%
- ii) Base Rate plus a margin of 3.25%. Base Rate defined as the greater of the following:
 - (a) the base rate in effect on such day,
 - (b) the federal funds rate plus 0.50%,
 - (c) the adjusted LIBOR rate for the interest period of one month plus a margin of 1.00%

The following table summarizes scheduled maturities of our debt, including current maturities, as of December 29, 2016 (in thousands):

	Amount
2017	\$ 3,500
2018	3,500
2019	3,500
2020	4,375
2021	52,625
Thereafter	332,500
Total minimum debt payments	<u>\$ 400,000</u>

ABL Facility

As of December 29, 2016, the ABL Facility had a maximum availability of \$200.0 million with actual available borrowings limited to the sum, at the time of calculation, of eligible credit card receivables, plus the cost of eligible inventory, net of inventory reserves, multiplied by the product of appraisal percentage multiplied by the appraised value of eligible inventory, plus 85% of eligible net trade receivables, plus all eligible cash on hand minus certain Availability Reserves as defined in the credit agreement governing the ABL Facility. The ABL Facility is available for issuance of letters of credit and contains \$30.0 million for standby letters of credit and commercial letters of credit. Available borrowings under the facility are reduced by the face amount of outstanding letters of credit. As of December 29, 2016, the borrowings bear interest at a floating rate, which is based on one of the following rates at the option of the Company:

- i) LIBO Rate plus a margin percentage ranging from 1.25% to 1.50% based on the level of borrowings or
- ii) Base Rate plus a margin (ranging from 0.25% to 0.50% based on the level of borrowings). The Base Rate is defined as the highest of the following:
 - (a) the federal funds rate plus 0.50%,
 - (b) Adjusted LIBO Rate plus 1.00%, or

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

7. Debt (Continued)

- (c) the lender's prime rate

As of December 29, 2016, the Company had net availability under the ABL Facility of \$121,719 thousand, including outstanding letters of credit of \$10,119 thousand.

Covenants

The credit agreements governing our Credit Facilities contain customary restrictive covenants that, among other things and with certain exceptions, limit the ability of the Company to (i) incur additional indebtedness and liens in connection therewith; (ii) pay dividends and make certain other restricted payments; (iii) effect mergers or consolidations; (iv) enter into transactions with affiliates; (v) sell or dispose of property or assets and (vi) engage in unrelated lines of business. In addition, these credit agreements subject us to certain reporting obligations and require that we satisfy certain financial covenants, including, among other things:

- a requirement that if borrowings under the ABL Facility exceed 90% of availability, we will maintain a certain fixed charge coverage ratio (defined as consolidated EBITDA less non-financed capital expenditures and income taxes paid to consolidated fixed charges, in each case as more fully defined in the credit agreement governing the ABL Facility).

The Term Loan Facility has no financial maintenance covenants. As of December 29, 2016, the Company was in compliance with its debt covenants.

Deferred Debt Issuance Cost and Original Issue Discount

Deferred debt issuance cost related to our ABL Facility and our Prior ABL Facility of \$1,274 thousand and \$930 thousand as of December 29, 2016 and December 31, 2015, respectively, are included in Other assets on our Consolidated Balance Sheets. Deferred debt issuance cost and original issue discount related to our Term Loan Facility of \$9,257 thousand as of December 29, 2016 and Prior Term Loan Facility and GCI Facility of \$1,644 thousand as of December 31, 2015 are included in Term loans on our Consolidated Balance Sheets. Amortization expense was \$954 thousand, \$692 thousand, and \$656 thousand for the years ended December 29, 2016, December 31, 2015, and December 25, 2014.

Fair Value of Debt

Market risk associated with our fixed and variable rate long-term debt relates to the potential change in fair value and negative impact to future earnings, respectively, from a change in interest rates. The aggregate fair value of debt was based primarily on discounted cash flows utilizing estimated interest rates, maturities, credit risk, and underlying collateral and is classified primarily as Level 3

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

7. Debt (Continued)

within the fair value hierarchy. At December 29, 2016 and December 31, 2015, the fair values of the Company's debt are as follows (in thousands):

	December 31, 2015	December 29, 2016
Total debt at par value	\$ 179,233	\$ 400,000
Less: unamortized discount and debt issuance costs	1,643	9,257
Net carry amount	\$ 177,590	\$ 390,743
Fair value	\$ 179,413	\$ 400,000

8. Stockholders' Equity***Common Stock***

The Company has three classes of common stock: Class A, Class B, and Class C. The holders of Class A common stock, Class B common stock and Class C common stock are entitled to share equally, on a per share basis, in dividends or other distributions. Class A common stockholders are entitled to one vote per share held. Class B and Class C common stockholders have no voting rights, except as otherwise provided by law. In the event of the voluntary liquidation or dissolution of the Company, each class of stock will share equally, on a per share basis, in all the assets of the Company that are available for distribution to stockholders. A shareholders agreement restricts the terms and conditions under which the shares held by the parties to the shareholders agreement may be sold or transferred.

Conversion Features

In the event of an initial public offering that yields gross proceeds of at least \$75.0 million and has a public offering price per share of at least \$1,000 per share, as adjusted by dividends or other distributions (which has been adjusted to \$916 as a result of the dividend paid in connection with the 2013 Refinancing), all of the shares of Class B common stock will convert to the same number of Class A common stock, without any action of the holder. The shares of Class C common stock held by individuals other than FS Equity Partners VI, L. P., FS Affiliates VI, L.P. or their affiliated persons shall convert automatically to shares of Class A common stock, without any action on their part. Shares of Class C common stock may be converted, upon the election of holders of such shares of Class C common stock, into the same number of shares of Class A common stock under certain circumstances as provided in the Company's certificate of incorporation.

Stock Options

The Company accounts for stock-based compensation pursuant to relevant authoritative guidance, which requires measurement of compensation cost for all stock awards at fair value on the date of grant and recognition of compensation, net of estimated forfeitures, over the requisite service period for awards expected to vest.

On January 13, 2011, the Company adopted the 2011 Stock Option Plan (as amended, restated, supplemented or otherwise modified from time to time, the "2011 Plan") to provide for the grant of

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

8. Stockholders' Equity (Continued)

stock options to employees (including officers), consultants and non-employee directors of the Company and its subsidiaries. Pursuant to the terms of the 2011 Plan, which was approved by the Company's Board of Directors, the Company was authorized to grant options for the purchase of up to 38,905 shares as of December 29, 2016 and 33,500 shares as of December 31, 2015. As of December 29, 2016 and December 31, 2015, there were 558 and 324 options available for grant under the 2011 Plan, respectively.

Stock options are granted with an exercise price estimated to be greater than or equal to the fair market value on the date of grant. Options granted have vesting provisions ranging from three to five years, and contractual terms of ten years. Stock option grants are generally subject to forfeiture if employment terminates prior to vesting. All options were granted at or above estimated fair market value as authorized by the Company's Board of Directors.

The fair value of stock option awards granted was estimated using the Black-Scholes pricing model with the following weighted-average assumptions:

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Risk-free interest rate	2.09%	1.93%	1.43%
Expected volatility	46%	49%	40%
Expected life (in years)	6.49	6.92	6.50
Dividend yield	0%	0%	0%

The Company estimates the volatility of the share price of its common stock by considering the historical volatility of the stock of similar public entities. In determining the appropriateness of the public entities included in the volatility assumption the Company considered a number of factors, including the entity's life cycle stage, growth profile, size, financial leverage and products offered.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

8. Stockholders' Equity (Continued)

The following summarizes the changes in the number of shares of common stock under option for the following periods:

	Options	Weighted Average Exercise Price	Options Exercisable at End of Year	Weighted Average Exercise Price of Exercisable Options	Weighted Average Fair Value/Share of Options Granted During the Year
Outstanding at December 26, 2013	33,294	\$ 1,316	10,786	\$ 1,171	—
Granted	2,326	\$ 2,472	—	—	\$ 1,194
Exercised	(625)	\$ 1,053	—	—	—
Forfeited or expired	(5,399)	\$ 1,306	—	—	—
Outstanding at December 25, 2014	29,596	\$ 1,415	14,320	\$ 1,238	—
Granted	4,283	\$ 2,597	—	—	\$ 1,325
Exercised	(16)	\$ 2,473	—	—	—
Forfeited or expired	(1,359)	\$ 2,304	—	—	—
Outstanding at December 31, 2015	32,504	\$ 1,533	20,684	\$ 1,285	—
Granted	6,294	\$ 3,197	—	—	\$ 1,328
Exercised	(451)	\$ 1,118	—	—	—
Forfeited or expired	(1,123)	\$ 2,140	—	—	—
Outstanding at December 29, 2016	<u>37,224</u>	<u>\$ 1,716</u>	<u>25,328</u>	<u>\$ 1,349</u>	<u>\$ —</u>

The intrinsic value for stock options is defined as the difference between the exercise price and the value of the Company's common stock (on a minority, non-marketable basis). The per share value of the Company's common stock as of December 29, 2016, was \$3,214. The intrinsic value of stock options exercised was \$942 thousand and \$11 thousand for the years ended December 29, 2016 and December 31, 2015, respectively. The aggregate intrinsic value of stock options outstanding as of December 29, 2016, was \$55,759 thousand with a weighted-average remaining contractual life of 6.2 years. The aggregate intrinsic value of stock options exercisable as of December 29, 2016, was \$47,218 thousand with a weighted-average remaining contractual life of 5.1 years. The Company's total unrecognized compensation cost related to stock-based compensation as of December 29, 2016, was \$12,577 thousand, which is expected to be recognized over a weighted average period of 3.9 years.

On September 30, 2016, in connection with the Special Dividend, the Company declared the Option Payments for certain option holders. A portion of the Option Payments were for unvested options, and option holders are required to repay any amounts related to options that do not vest prior to such option holder's termination of employment. In the event an option holder defaults on such repayment, we will record the amount as additional stock based compensation expense in that reporting period.

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

9. Earnings Per Share

Net Income per Common Share

We calculate basic earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares outstanding adjusted for the dilutive effect of stock options. The following table shows the computation of basic and diluted earnings per share:

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Net income (in thousands)	\$ 15,098	\$ 26,807	\$ 43,039
Basic weighted average shares outstanding	258,599	259,043	259,251
Dilutive effect of share based awards	7,549	9,060	15,533
Diluted weighted average shares outstanding	266,148	268,103	274,784
Basic earnings per share	\$ 58.38	\$ 103.48	\$ 166.01
Diluted earnings per share	\$ 56.73	\$ 99.99	\$ 156.63

The following have been excluded from the computation of dilutive effect of share based awards because the effect would be anti-dilutive:

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Stock Options	4,775	5,769	6,226

10. Unaudited Earnings Per Share Pro Forma for Dividend

On February 10, 2017 the Company filed a registration statement with the Securities and Exchange Commission ("SEC") in anticipation of the initial public offering of its common stock.

Under certain SEC interpretations, dividends declared in the year preceding an initial public offering are deemed to be in contemplation of the offering with the intention of repayment out of offering proceeds to the extent that the dividends exceeded earnings during such period. As such, the earnings per share pro forma for dividend for fiscal 2016 gives effect to the pro forma adjustment discussed, as well as the number of shares that would be required to generate proceeds necessary to pay the amount of the Special Dividend and Option Payments paid in September 2016 in excess of fiscal 2016 earnings, up to the amount of shares assumed to be issued in the offering. The following table sets forth the computation of pro forma basic and diluted earnings per share pro forma for

FDO Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
December 29, 2016

10. Unaudited Earnings Per Share Pro Forma for Dividend (Continued)

dividend for fiscal 2016 based on an offering price of \$ per share, the midpoint of the estimated range of the price set forth on the cover page of this prospectus:

	Year Ended December 29, 2016
Net income (in thousands)	\$
Amount of dividends	
Excess of dividends over net income	
Number of shares required to be issued at \$ per share to pay excess of dividends over net income	
Basic weighted average shares outstanding	
Pro forma basic weighted average shares outstanding	
Pro forma basic earnings per share	
Dilutive weighted average shares outstanding	
Pro forma dilutive weighted average shares outstanding	
Pro forma dilutive earnings per share	\$

11. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	Year Ended December 31, 2015	Year Ended December 29, 2016
Accrued incentive compensation	\$ 9,236	\$ 14,799
Accrued legal fees	183	13,642
Other	26,422	33,064
Accrued expenses	\$ 35,841	\$ 61,505

Schedule I—FDO Holdings, Inc.

(parent company only)

Condensed Balance Sheets

(In Thousands, Except Share and Per Share Data)

	As of December 31, 2015	As of December 29, 2016
Assets		
Current assets:		
Accounts receivable from subsidiaries	\$ —	\$ —
Total current assets	—	—
Long-term assets:		
Investment in subsidiaries	312,365	134,283
Total long-term assets	312,365	134,283
Total assets	\$ 312,365	\$ 134,283
Liabilities and stockholders' equity		
Current liabilities:		
Notes payable	\$ —	\$ —
Accrued interest payable	—	—
Total current liabilities	—	—
Total liabilities	—	—
Commitments and contingencies		
Stockholders' equity		
Capital stock:		
Preferred stock, \$0.001 par value; 100,000 shares authorized; 0 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Common stock Class A, \$0.001 par value; 500,000 shares authorized; 238,789 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Common stock Class B, \$0.001 par value; 100,000 shares authorized; 1,230 shares issued and outstanding at December 29, 2016; 779 shares issued and outstanding at December 31, 2015	—	—
Common stock Class C, \$0.001 par value; 500,000 shares authorized; 19,500 shares issued and outstanding at December 29, 2016 and December 31, 2015	—	—
Additional paid-in capital	264,371	117,353
Accumulated other comprehensive loss, net	(100)	176
Retained earnings	48,094	16,754
Total stockholders' equity	312,365	134,283
Total liabilities and stockholders' equity	\$ 312,365	\$ 134,283

See accompanying notes to condensed financial statements.

Schedule I—FDO Holdings, Inc.**(parent company only)****Condensed Statements of Income****(In Thousands)**

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Net income of subsidiaries	\$ 15,098	\$ 26,807	\$ 43,039
Income before income taxes	15,098	26,807	43,039
Benefit for income taxes	—	—	—
Net income	<u>\$ 15,098</u>	<u>\$ 26,807</u>	<u>\$ 43,039</u>

See accompanying notes to condensed financial statements.

Schedule I—FDO Holdings, Inc.**(parent company only)****Condensed Statements of Comprehensive Income****(In Thousands)**

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Net income	\$ 15,098	\$ 26,807	\$ 43,039
Unrealized gain on fair value hedge instruments of subsidiaries, net of tax	14	43	276
Total comprehensive income	<u>\$ 15,112</u>	<u>\$ 26,850</u>	<u>\$ 43,315</u>

See accompanying notes to condensed financial statements.

Schedule I—FDO Holdings, Inc.

(parent company only)

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended December 25, 2014	Year Ended December 31, 2015	Year Ended December 29, 2016
Operating activities			
Net income	\$ 15,098	\$ 26,807	\$ 43,039
Adjustments to reconcile net income to net cash used in operating activities:			
Net income of subsidiaries	(15,098)	(26,807)	(43,039)
Net cash used in operating activities	—	—	—
Investing activities			
Investment in subsidiary	(954)	(40)	(284)
Distribution from subsidiary	—	—	225,000
Net cash (used in) provided by investing activities	(954)	(40)	224,716
Financing activities			
Proceeds from exercise of stock options	954	40	284
Cash dividends	—	—	(225,000)
Net cash provided by (used in) financing activities	954	40	(244,716)
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents, beginning of the year	—	—	—
Cash and cash equivalents, end of the year	\$ —	\$ —	\$ —

See accompanying notes to consolidated financial statements.

Schedule I—FDO Holdings, Inc.

(parent company only)

Notes to Condensed Financial Statements

December 29, 2016

1. Basis of Presentation

In the parent-company-only financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries. The parent-company-only financial statements should be read in conjunction with the Company's consolidated financial statements.

2. Guarantees and Restrictions

As of December 29, 2016, Floor and Decor Outlets of America, Inc., a subsidiary of the Company, had \$350,000 thousand of debt outstanding under the Term Loan Facility. As of December 29, 2016, Floor and Decor Outlets of America, Inc. also had \$50,000 thousand outstanding under the ABL Facility, excluding outstanding letters of credit of \$10,119 thousand. Under the terms of the credit agreements governing our Credit Facilities, the Company's subsidiaries have guaranteed the payment of all principal and interest. In the event of a default under our Credit Facilities, certain of the Company's subsidiaries will be directly liable to the debt holders. As of December 29, 2016, the Term Loan Facility had a maturity date of September 30, 2023, and the ABL Facility had a maturity date of September 30, 2021. The credit agreements governing our Credit Facilities also include restrictions on the ability of the Company's subsidiaries to (i) incur additional indebtedness and liens in connection therewith; (ii) pay dividends and make certain other restricted payments; (iii) effect mergers or consolidations; (iv) enter into transactions with affiliates; (v) sell or dispose of property or assets; and (vi) engage in unrelated lines of business.



Through and including _____, 2017 (the 25th day after the date of this prospectus), all dealers effecting transactions in the Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Shares



Floor & Decor Holdings, Inc.

Class A Common Stock

PROSPECTUS

BofA Merrill Lynch

Barclays

Credit Suisse

UBS Investment Bank

Goldman, Sachs & Co.

Jefferies

Piper Jaffray

Wells Fargo Securities

Houlihan Lokey

, 2017

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale and distribution of the Class A common stock being registered. All amounts are estimates except for the SEC registration fee, the FINRA filing fee and the New York Stock Exchange listing fee.

SEC registration fee	\$ 17,385(1)
FINRA filing fee	23,000
New York Stock Exchange listing fee	
Legal fees and expenses	
Accounting fees and expenses	
Printing and engraving expenses	
Transfer agent and registrar fees and expenses	
Blue sky fees and expenses	
Miscellaneous fees and expenses	
Total	\$

(1) This amount has been offset against a registration fee associated with a previous registration statement.

Item 14. Indemnification of Directors and Officers

Section 145 of the DGCL authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act.

Our certificate of incorporation and bylaws provide for indemnification of our directors, officers, employees, and other agents to the maximum extent permitted by the DGCL.

In addition, we have entered into indemnification agreements with our directors and officers containing provisions that are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, pursuant to the underwriting agreement filed as Exhibit 1.1 hereto, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities

The following sets forth information regarding all unregistered securities sold during the three years preceding the date of this registration statement and does not give effect to the conversion of each share of Floor & Decor Holdings, Inc. into shares of the corresponding class of common stock of

Floor & Decor Holdings, Inc. upon the effectiveness of the -for-one stock split of our common stock to be effected prior to the consummation of this offering:

- On July 30, 2014, Ryan French exercised options to purchase 15.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$13,740; and
- On August 4, 2014, Ali Zahedi exercised options to purchase (i) 30.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$27,480 and (ii) 30.000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$41,730.
- On October 13, 2014, Larry Castellani exercised options to purchase (i) 150.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$137,400 and (ii) 150.000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$208,650;
- On January 28, 2015, Larry Castellani was issued 106.7 shares of Class A common stock pursuant to a stock issuance agreement for past services and a stock compensation expense of \$263,833.89;
- On December 15, 2015, Michael Stevens exercised options to purchase 16.000 shares of Class A common stock at an exercise price of \$2,472.67 per share for an aggregate purchase price of \$39,562.72;
- On March 14, 2016, Christopher Lesch exercised options to purchase 37.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$33,892;
- On July 7, 2016, Trevor S. Lang exercised options to purchase 180.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$164,880;
- On August 8, 2016, Mon Choi exercised options to purchase (i) 40.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$36,640 and (ii) 40.000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$55,640;
- On September 9, 2016, Christopher Lesch exercised options to purchase (i) 13.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$11,908 and (ii) 25.000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$34,775;
- On October 6, 2016 Greg Goforth was issued 81.000 shares of our Class A common stock pursuant to the cashless exercise of options to purchase (i) 95.000 shares of Class A common stock at an exercise price of \$916 per share for an aggregate purchase price of \$87,020 and (ii) 95.000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$132,145;
- On November 9, 2016, Edward Costa exercised options to purchase 10.000 shares of Class A common stock at an exercise price of \$2,775 per share for an aggregate purchase price of \$27,750;
- On November 22, 2016, David V. Christopherson exercised options to purchase 25.000 shares of Class A common stock at an exercise price of \$2,000 per share for an aggregate purchase price of \$50,000;

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- On January 27, 2017, Christopher Lesch exercised options to purchase (i) 25,000 shares of Class A common stock at an exercise price of \$1,391 per share for an aggregate purchase price of \$34,775, (ii) 8,000 shares of Class A common stock at an exercise price of \$2,000 per share for an aggregate purchase price of \$16,000 and (iii) 7,000 shares of Class A common stock at an exercise price of \$3,000 per share for an aggregate purchase price of \$21,000; and
- On February 10, 2017, Michael P. Duchaine exercised options to purchase 12,000 shares of Class A common stock at an exercise price of \$2,000 per share for an aggregate purchase price of \$24,000.

Unless otherwise stated and except for the -for-one stock split of our common stock to be effected prior to the consummation of this offering, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act (or Regulation D promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. We did not pay or give, directly or indirectly, any commission or other remuneration, including underwriting discounts or commissions, in connection with any of the issuances of securities listed above. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their employment or other relationship with us or through other access to information provided by us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1*	Form of Restated Certificate of Incorporation of Floor & Decor Holdings, Inc.
3.2*	Form of Second Amended and Restated Bylaws of Floor & Decor Holdings, Inc.
4.1*	Specimen Class A Common Stock Certificate
4.2	Form of Registration Rights Agreement, to be effective upon the closing of this offering
4.3	Form of Investor Rights Agreement, to be effective upon the closing of this offering
5.1*	Opinion of Proskauer Rose LLP
10.1	FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan
10.2	First Amendment to FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan
10.3	Second Amendment to FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan
10.4	Third Amendment to FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan
10.5	Form of Stock Option Agreement under the FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan
10.6	Form of Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan

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Exhibit No.	Description of Exhibit
10.7	Form of Stock Option Agreement under the Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan
10.8	Form of Restricted Stock Agreement under the Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan
10.9	Form of Indemnification Agreement by and between Floor & Decor Holdings, Inc. and its directors and officers
10.10	Amended and Restated Employment Agreement, dated July 29, 2015, between FDO Holdings, Inc., Floor and Decor Outlets of America, Inc. and Thomas V. Taylor
10.11	Consulting Agreement, dated December 3, 2012, by and between Floor and Decor Outlets of America, Inc., FDO Holdings, Inc. and George Vincent West
10.12	Amended and Restated Employment Agreement, dated July 29, 2015, between FDO Holdings, Inc., Floor and Decor Outlets of America, Inc. and Lisa G. Laube
10.13	Amended and Restated Employment Agreement, dated July 29, 2015, between FDO Holdings, Inc., Floor and Decor Outlets of America, Inc. and Trevor S. Lang
10.14	Amended and Restated Employment Agreement, dated July 29, 2015, between FDO Holdings, Inc., Floor and Decor Outlets of America, Inc. and David V. Christopherson
10.15	Amended and Restated Employment Agreement, dated July 29, 2015, between FDO Holdings, Inc., Floor and Decor Outlets of America, Inc. and Brian K. Robbins
10.16	Amended and Restated Credit Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and Swing Line Lender, Wells Fargo Bank, National Association, as Term Loan Agent, the lenders from time to time party thereto, Bank of America, N.A., as Syndication Agent, and Wells Fargo Bank, National Association and Merrill Lynch, Pierce and Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners
10.17	Amended and Restated Security Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., the other borrowers and guarantors party thereto from time to time, Wells Fargo Bank, National Association, as Collateral Agent, and Wells Fargo Bank, National Association, as Administrative Agent
10.18	Credit Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the lenders from time to time parties thereto, UBS AG, Stamford Branch, as Administrative Agent and Collateral Agent, and UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC, Goldman Sachs Bank USA and Wells Fargo Securities LLC, as Joint Lead Arrangers and Joint Bookrunners
10.19	Security Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the other loan parties from time to time party thereto and UBS AG, Stamford Branch, as Collateral Agent and Administrative Agent and the lenders party thereto
10.20	Guaranty Agreement, dated as of September 30, 2016, by FDO Acquisition Corp. in favor of UBS AG, Stamford Branch, as Collateral Agent, and UBS AG, Stamford Branch, as Administrative Agent and the lenders party thereto

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Exhibit No.	Description of Exhibit
10.21	Amendment No. 1 to Credit Agreement, dated as of March 31, 2017, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the other loan parties from time to time party thereto, the lenders from time to time party thereto, and UBS AG, Stamford Branch, as Administrative Agent and Collateral Agent
21.1	List of subsidiaries
23.1*	Consent of Proskauer Rose LLP (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm
24.1**	Power of Attorney
99.1	Consent of Michael Fung
99.2	Consent of Richard Sullivan
99.3	Consent of Felicia Thornton

* To be filed by amendment.

** Previously filed.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is included in the consolidated financial statements or related notes.

Item 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Smyrna, Georgia, on April 7, 2017.

FDO HOLDINGS, INC.

By: /s/ THOMAS V. TAYLOR

Thomas V. Taylor
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ THOMAS V. TAYLOR</u> Thomas V. Taylor	Chief Executive Officer (Principal Executive Officer) and Director	April 7, 2017
<u>/s/ TREVOR S. LANG</u> Trevor S. Lang	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	April 7, 2017
<u>*</u> Norman H. Axelrod	Chairman of the Board	April 7, 2017
<u>*</u> George Vincent West	Vice Chairman of the Board	April 7, 2017
<u>*</u> Brad J. Brutocao	Director	April 7, 2017
<u>*</u> David B. Kaplan	Director	April 7, 2017
<u>*</u> Rachel H. Lee	Director	April 7, 2017

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* John M. Roth	Director	April 7, 2017
* Peter M. Starrett	Director	April 7, 2017
*By: /s/ DAVID V. CHRISTOPHERSON David V. Christopherson <i>Attorney-in-fact</i>		

EXHIBIT INDEX

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Exhibit No.	Description of Exhibit
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10.17	Amended and Restated Security Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., the other borrowers and guarantors party thereto from time to time, Wells Fargo Bank, National Association, as Collateral Agent, and Wells Fargo Bank, National Association, as Administrative Agent
10.18	Credit Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the lenders from time to time parties thereto, UBS AG, Stamford Branch, as Administrative Agent and Collateral Agent, and UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC, Goldman Sachs Bank USA and Wells Fargo Securities LLC, as Joint Lead Arrangers and Joint Bookrunners
10.19	Security Agreement, dated as of September 30, 2016, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the other loan parties from time to time party thereto and UBS AG, Stamford Branch, as Collateral Agent and Administrative Agent and the lenders party thereto
10.20	Guaranty Agreement, dated as of September 30, 2016, by FDO Acquisition Corp. in favor of UBS AG, Stamford Branch, as Collateral Agent, and UBS AG, Stamford Branch, as Administrative Agent and the lenders party thereto
10.21	Amendment No. 1 to Credit Agreement, dated as of March 31, 2017, by and among Floor and Decor Outlets of America, Inc., FDO Acquisition Corp., the other loan parties from time to time party thereto, the lenders from time to time party thereto, and UBS AG, Stamford Branch, as Administrative Agent and Collateral Agent
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24.1**	Power of Attorney
99.1	Consent of Michael Fung
99.2	Consent of Richard Sullivan
99.3	Consent of Felicia Thornton

* To be filed by amendment.

** Previously filed.

FORM OF
REGISTRATION RIGHTS AGREEMENT
BY AND AMONG
FLOOR & DECOR HOLDINGS, INC.
ARES CORPORATE OPPORTUNITIES FUND III, L.P.,
FS EQUITY PARTNERS VI, L.P.
AND
THE OTHER STOCKHOLDERS PARTY THERETO

Dated as of , 2017

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EXHIBIT INDEX

Exhibit A Form of Joinder Agreement

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of _____, 2017, by and among Floor & Decor Holdings, Inc., a Delaware corporation (the “Company”), Ares Corporate Opportunities Fund III, L.P., a Delaware limited partnership (“Ares”), FS Equity Partners VI, L.P., a Delaware limited partnership (“FS”), and the stockholders listed on Schedule A hereto (such parties and each Person that executes a Joinder Agreement, individually, a “Party” and, collectively, the “Parties”) for so long as they own Shares (as defined below).

WHEREAS, the Company, Ares, FS and the other Parties listed on Schedule A hereto are parties to the Shareholders Agreement, dated as of November 24, 2010, as amended (the “Shareholders Agreement”);

WHEREAS, pursuant to Section 6.03 of the Shareholders Agreement, the Shareholders Agreement may be amended and restated by a written instrument executed by Ares and FS (who each beneficially own at least 5% of the outstanding Shares as of the date hereof) and a majority (based on the number of Shares owned by each Minority Stockholder at the time of such amendment and restatement) of the Minority Stockholders so long as such amendment and restatement does not uniquely and adversely affect the rights of any particular Party or Parties;

WHEREAS, the stockholders listed on Schedule B hereto represent a majority (based on the number of Shares owned by each Minority Stockholder on the date hereof) of the Minority Stockholders; and

WHEREAS, the Company has executed an underwriting agreement to effect a Qualified IPO (as defined in the Shareholders Agreement) on the date hereof;

WHEREAS, in connection with the Qualified IPO, Ares, FS, and the stockholders listed on Schedule B hereto desire to amend and restate the Shareholders Agreement by entering into this Agreement to replace the Shareholders Agreement in its entirety.

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE I.

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. Definitions. The following terms, as used herein, have the following meanings:

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing. No Person shall be deemed to be an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the Company’s Capital Stock.

“**Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Ares**” has the meaning set forth in the recitals to this Agreement.

“**Board**” means the Board of Directors of the Company.

“**Business Day**” means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the City of New York are authorized or obligated by law or executive order to close.

“**Bylaws**” means the Bylaws of the Company, as amended or amended and restated from time to time.

“**Capital Stock**” means, with respect to any Person any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, and any rights, warrants or options exercisable or exchangeable for or convertible into such capital stock.

“**Commission**” means the Securities and Exchange Commission.

“**Common Stock**” means the Class A Common Stock and Class C Common Stock, each par value \$0.001 per share, of the Company.

“**Company**” has the meaning set forth in the recitals to this Agreement.

“**Delay Notice**” has the meaning set forth in Section 3.02(a).

“**Demand Holder**” has the meaning set forth in Section 3.02(a).

“**Demand Registration**” has the meaning set forth in Section 3.02(a).

“**Effectiveness Period**” has the meaning set forth in Section 3.02(a).

“**Encumbrance**” means any claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, conditional sales agreement, encumbrance or other right of third parties, voluntarily incurred or arising by operation of law, and includes any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

“**FS**” has the meaning set forth in the recitals to this Agreement.

“**FS Affiliates**” means FS Affiliates VI, L.P.

“**Joinder Agreement**” means a joinder agreement, a form of which is attached hereto as Exhibit A.

“**Lock-up Period**” has the meaning set forth in Section 3.06.

“**Major Stockholder**” means each of Ares and FS, in each case so long as it, together with its Permitted Transferees, at the date of determination, beneficially owns at least 15% of the then outstanding Shares.

“**Minority Stockholders**” means the Parties other than the Major Stockholders and FS Affiliates.

“**1933 Act**” means the Securities Act of 1933.

“**1934 Act**” means the Securities Exchange Act of 1934.

“**Party**” and “**Parties**” have the meanings set forth in the Recitals to this Agreement.

“**Permitted Transferee**” means:

(i) with respect to any Stockholder who is a natural person, (a) such Stockholder’s immediate family and (b) any trust which is for the primary benefit of such Stockholder or one or more members of such Stockholder’s immediate family (which shall include grandchildren) (a “**Trust**”), a charitable organization that is controlled by such Stockholder or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by such Stockholder;

(ii) with respect to any Stockholder that is not a natural person, (a) any Affiliate of such Stockholder, (b) with respect to any Major Stockholder, any institutional lender to which such Major Stockholder is required to pledge or grant a security interest in the Shares pursuant to the terms of such Major Stockholder’s senior secured revolving credit facility, and (c) with respect to the West Companies, (I) the immediate family of Vincent West, (II) any trust which is for the primary benefit of Vincent West or one or more members of his immediate family (which shall include grandchildren) or (III) a charitable organization that is controlled by Vincent West or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by either of the West Companies; and

(iii) to the extent such Stockholder is an investment fund, (a) any Related Person of such Stockholder, (b) any investor in such Stockholder that receives a pro rata distribution of Shares to all investors in such Stockholder, and (c) any Person acquiring all or substantially all of the investment portfolio of such Stockholder;

provided, that in any of such cases, such Permitted Transferee (i) is an accredited investor within the meaning of Regulation D under the 1933 Act and (ii) prior to the Transfer, executes a Joinder Agreement.

“**Person**” means an individual, a corporation, a general or limited partnership, a limited liability company, a joint stock company, an association, a trust or any other entity or organization, including a government, a political subdivision or an agency or instrumentality thereof.

“**Piggyback Holder**” has the meaning set forth in Section 3.01(a).

“**Piggyback Registration**” has the meaning set forth in Section 3.01(a).

“**Registrable Securities**” shall mean any of (i) the shares of Capital Stock of the Company owned by any Party at the time of determination and (ii) any other securities issued or issuable with respect to such shares of Capital Stock by way of a stock split, stock dividend, reclassification, subdivision or reorganization, recapitalization or similar event. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (a) a registration statement with respect to the offering of such securities by the holder thereof shall have been declared effective under the 1933 Act and such securities shall have been disposed of by such holder pursuant to such registration statement, (b) such securities have been sold to the public pursuant to Rule 144 (or any similar provision then in force) promulgated under the 1933 Act, (c) such securities are eligible for transfer to the public

pursuant to Rule 144 without restriction as to manner of sale or amount sold, (d) such securities are sold by a Person in a transaction in which rights under the provisions of this Agreement are not assigned in accordance with this Agreement, or (e) such securities shall have ceased to be outstanding.

“**Registration**” has the meaning set forth in Section 3.03.

“**Related Person**” means, with respect to any Person, (a) an Affiliate of such Person, (b) any investment manager, investment partnership, investment adviser or general partner of such Person, (c) any investment fund, investment partnership, investment account or other investment Person whose investment manager, investment adviser, managing member or general partner is such Person or a Related Person of such Person and (d) any equity investor, partner, officer, member or manager of such Person; provided, however, that no Person shall be deemed an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the Capital Stock of the Company.

“**Representatives**” means, with respect to any specified Person, such Person and such Person’s Affiliates, their successors and assigns and any of their respective agents, employees, stockholders, partners, members, representatives, officers, advisers and directors.

“**Request Notice**” has the meaning set forth in Section 3.02(a).

“**Shareholders Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Shares**” means, at any time, the shares of Common Stock and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any recapitalization, merger, consolidation, exchange or other similar reorganization.

“**Stockholder**” means a Party that holds Registrable Securities.

“**Valid Business Reason**” has the meaning set forth in Section 3.02(a).

“**West Companies**” means American West Investment Corporation and West Family Partners, LLLP.

SECTION 1.02. Rules of Construction.

(a) Whenever any provision of this Agreement calls for any calculation based on a number of shares of Capital Stock issued and outstanding or held by a Stockholder, the number of Shares deemed to be issued and outstanding or held by that Stockholder, unless specifically stated otherwise, as applicable, shall be the total number of shares of Common Stock then issued and outstanding or owned by the Stockholder; provided, that the investments and the beneficial ownership of Permitted Transferees of such Stockholder shall be aggregated with the investments and beneficial ownership of such Stockholder.

(b) Any provision of this Agreement that refers to the words “include,” “includes” or “including” shall be deemed to be followed by the words

“without limitation.” References to numbered or letter articles, sections and subsections refer to articles, sections and subsections, respectively, of this Agreement unless expressly stated otherwise. All references to this Agreement include, whether or not expressly referenced, the exhibits and schedules attached hereto. References to a Section, paragraph, Exhibit or Schedule, such reference shall be to a Section or paragraph of, or Exhibit or Schedule to, this Agreement unless otherwise indicated. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “or” when used in this Agreement is not exclusive.

The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument, law or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein unless otherwise indicated. References to a Person are also to its permitted successors and assigns. In the event that any claim is made by any Person relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Person or its counsel.

ARTICLE II.

REPRESENTATIONS AND WARRANTIES

Each of the parties hereby severally represents and warrants to each of the other parties as follows:

(a) Authority; Enforceability. Such party (i) has the legal capacity or organizational power and authority to execute, deliver and perform its obligations under this Agreement and (ii) (in the case of parties that are not natural persons) is duly organized and validly existing and in good standing under the laws of its jurisdiction of organization. This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and to the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity).

(b) Consent. No consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party, other than those that have been made or obtained on or prior to the date hereof, in connection with (i) the execution or delivery of this Agreement or (ii) the consummation of any of the transactions contemplated hereby. To the extent a Party is a natural person and is married and is a resident of a state governed by community property laws or similar laws relating to marital property, such Party has delivered a Spousal Consent executed by his or her spouse.

ARTICLE III.

REGISTRATION RIGHTS

SECTION 3.01. Company Registration.

(a) Right to Piggyback on Registration of Stock. Subject to Section 3.01(c), if at any time or from time to time after the Company’s initial public offering the Company proposes to register shares of Capital Stock of the Company under the 1933 Act in connection with a public offering of such Capital Stock on any form other than Form S-4 or Form S-8 or any similar successor forms or another form used for a purpose similar to the intended use for such forms (a “Piggyback Registration”), whether for its own account or for the account of one or more stockholders of the Company, the Company shall

give each Stockholder written notice of such determination (i) at least 30 days prior to the anticipated effective date of such Piggyback Registration and (ii) within ten Business Days after the Company’s receipt of any notice of an exercise of demand registration rights in accordance with Section 3.02. Upon the written request of any Stockholder (the “Piggyback Holder”) given within ten Business Days after receipt of any such notice by the Company, the Company shall use its reasonable best efforts to cause to be registered under the 1933 Act all of the Registrable Securities of the same class of Capital Stock (or convertible into the same class of Capital Stock prior to or concurrently with the consummation of such offering) held by such Stockholder that the Stockholder has requested to be registered; provided, that if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to each Piggyback Holder and (i) in the case of a determination not to register such securities, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from any obligation of the Company to pay the registration expenses in connection therewith); and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities for the same period as the delay in registering such other securities. No registration effected under this Section 3.01 shall relieve the Company of its obligation to effect any registration upon demand under Section 3.02.

(b) Selection of Underwriters. If any Piggyback Registration involves an underwritten primary offering of the Company’s securities, the Board shall have the right to select any underwriter or underwriters to manage such Piggyback Registration.

(c) Priority on Piggyback Registrations. In the event that the Piggyback Registration includes an underwritten offering, the Company shall so advise the Stockholders as part of the written notice given pursuant to Section 3.01(a) and the registration rights provided in Section 3.01(a) shall be subject to the condition that if the managing underwriter or underwriters of a Piggyback Registration advise the Company that in its or their opinion the number of Registrable Securities proposed to be sold in such Piggyback Registration exceeds the number that can be sold without adversely affecting the marketability, proposed offering price, timing, distribution method or probability of success of the offering, the Company and the Stockholders, as the case may be, will include in such registration only the number of Registrable Securities which, in the opinion of such underwriter or underwriters, can be sold in such offering without such adverse effect. The Registrable Securities so included in such Piggyback Registration shall be apportioned as follows: (a) first, to any shares of Common Stock that the Company proposes to sell and (b) second, *pro rata* among shares of the Registrable Securities included in such Piggyback Registration, in each case according to the total number of shares of the Registrable Securities requested for inclusion by the Piggyback Holders, or in such other proportions as shall mutually be agreed to among the Piggyback Holders. Notwithstanding anything to the contrary herein, if the underwriter reasonably determines that marketing factors require the exclusion of particular Stockholder(s) from participating in such offering (e.g., the exclusion of members of management) as to all or any portion of such Stockholder’s Common Stock, the Company shall so advise such Stockholder(s) and all or such portion of such Stockholder’s Common Stock shall be excluded from such registration to the extent determined by such underwriter.

SECTION 3.02. Demand Registration Rights.

(a) Right to Demand. Subject to Section 3.02(b) below, at any time or from time to time after the consummation of the Qualified IPO, each of Ares and FS, in each case so long as it, together with its Related Persons and other Permitted Transferees, at the date of determination, beneficially owns at least 5% of the then outstanding Shares (the “Demand Holder”), may make a written request, which request will specify the aggregate number of Registrable Securities to be registered and

will also specify the intended methods of disposition thereof (the “Request Notice”) to the Company for registration with the Commission under and in accordance with the provisions of the 1933 Act of all or part of the Registrable Securities then owned by the Demand Holder (a “Demand Registration”); provided, that (i) the Company may, if the Board so determines that due to a pending or contemplated material acquisition or disposition or public offering or other material event involving the Company or any of its subsidiaries (a “Valid Business Reason”) it would be inadvisable to effect such Demand Registration at such time (but in no event after such registration statement has become effective), the Company may, upon providing the Demand Holder written notice (the “Delay Notice”), defer such Demand Registration for a single period set forth in such Delay Notice with respect to such Demand Registration not to exceed 90 days; and (ii) the Company shall not postpone or delay a Demand Registration under this Section 3.02 more than once in any 12-month period. A registration pursuant to this Section 3.02 will be on such appropriate form of the Commission as shall be selected by the Demand Holder and be reasonably acceptable to the Company and as shall permit the intended method or methods of distribution specified by the Demand Holder, including a distribution to, and resale by, the partners of any Demand Holder.

The Company shall not be obligated to maintain a registration statement pursuant to a Demand Registration effective for more than (x) 360 days or (y) such shorter period when all of the Registrable Securities covered by such registration statement have been sold pursuant thereto (the “Effectiveness Period”). Notwithstanding the foregoing, the Company shall not be obligated to effect more than one Demand Registration in any 90-day period following an Effectiveness Period or such longer period not to exceed 180 days as requested by an underwriter pursuant to Section 3.06. Upon any such request for a Demand Registration, the Company will deliver any notices required by Section 3.01 and thereupon the Company will, subject to Section 3.01(c) and 3.02(f) hereof, use its reasonable best efforts to effect the prompt registration under the 1933 Act of:

- (i) the Registrable Securities which the Company has been so requested to register by the Demand Holder as contained in the Request Notice and
- (ii) all other Registrable Securities which the Company has been requested to register by the Piggyback Holders,

all to the extent required to permit the disposition of the Registrable Securities so to be registered in accordance with the intended method or methods of disposition of each seller of such Registrable Securities.

(b) Number of Demand Registrations. The Company will not be required to effect more than four registrations pursuant to this Section 3.02 upon the request of Ares and will not be required to effect more than four registrations pursuant to this Section 3.02 upon the request of FS; provided that, the Company shall only be required to effect up to two registrations pursuant to this Section 3.02 upon the request of Ares if Ares, at the time of such request, is not a Major Stockholder and up to two registrations pursuant to this Section 3.02 upon the request of FS if FS, at the time of such request, is not a Major Stockholder; provided further that, at any time in which the Company is eligible to register shares of Common Stock on Form S-3 (or any successor form), the Demand Holder shall have an unlimited number of demand registrations on Form S-3.

(c) Revocation. The Demand Holder may, at any time prior to the effective date of the registration statement relating to such Demand Registration, revoke such request by providing a written notice thereof to the Company and only if it complies with this Section 3.02(c). Subject to Section 3.02(d), the Demand Holder shall reimburse the Company for all its reasonable out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement. If pursuant

to the terms of this Section 3.02(c), the Demand Holder reimburses the Company for its reasonable out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement or if the Demand Holder is not required to pay such expenses pursuant to Section 3.02(d), the attempted registration shall not be deemed to be a Demand Registration.

(d) Effective Registration. A registration will not count as a Demand Registration and the Demand Holder shall not be required to reimburse the Company for its expenses incurred in the preparation, filing and processing of any registration statement pursuant to Section 3.02(c) if:

- (i) the Demand Holder determines in its good faith judgment to withdraw the proposed registration of any Registrable Securities requested to be registered by the Demand Holder due to a material adverse change in the Company (other than as a result of any action by the Demand Holder);
- (ii) such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason (other than as a result of any act by the Demand Holder) and the Company fails to have such stop order, injunction or other order or requirement removed, withdrawn or resolved to the Demand Holder’s satisfaction;
- (iii) the Demand Holder requests that the Company withdraw the registration at any time during the period specified in a Delay Notice or within 10 days thereafter; or
- (iv) the conditions to closing specified in the underwriting agreement or purchase agreement entered into in connection with the registration relating to any such demand are not satisfied (other than as a result of a default or breach thereunder by the Demand Holder).

(e) Selection of Underwriters. If any of the Registrable Securities covered by a Demand Registration are to be sold in an underwritten offering, the Demand Holder will have the right to select the managing underwriter(s) to administer the offering subject to the approval of the Company, which approval will not be unreasonably withheld, conditioned or delayed.

(f) Priority on Demand Registrations. If the managing underwriter or underwriters of a Demand Registration advise the Company in writing that in its or their opinion the number of Registrable Securities proposed to be sold in such Demand Registration exceeds the number which can be sold without adversely affecting the marketability, proposed offering price, timing, distribution method or probability of success of the offering, the Company will include in such registration only the number of Registrable Securities which, in the opinion of such underwriter or underwriters, can be sold in such offering without such material adverse effect. The Registrable Securities to be included in such Demand Registration shall be apportioned *pro rata* among the Demand Holder and the Piggyback Holders according to the total number of shares of the Registrable Securities requested for inclusion by the Demand Holder and the Piggyback Holders, or in such other proportions as shall mutually be agreed to among the Demand Holder and the Piggyback Holders.

(g) Notwithstanding anything to the contrary herein, if the underwriter reasonably determines that marketing factors require the exclusion of particular Stockholder(s) from participating in such offering (e.g., the exclusion of members of management) as to all or any portion of such Stockholder’s Common Stock, the Company shall so advise such Stockholder(s) and all or such portion of such Stockholder’s Common Stock shall be excluded from such registration to the extent determined by such underwriter.

SECTION 3.03. Registration Procedures. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Article III that the Stockholders requesting inclusion in any Piggyback Registration or Demand Registration (a “Registration”) shall furnish to the Company such information regarding them, the Registrable Securities held by them, the intended method of disposition of such Registrable Securities, and such agreements regarding indemnification, disposition of such securities and other matters referred to in and consistent with this Article III, as the Company shall reasonably request and as shall be required in connection with the action to be taken by the Company (such intended method of distribution may include a distribution to, and resale by, the partners of the holders of any Registrable Securities). With respect to any Registration which includes Registrable Securities held by a Stockholder, the Company will, subject to Sections 3.01 and 3.02:

(a) As promptly as possible (in the case of a Demand Registration, no more than 45 days after the Company’s receipt of a Request Notice that is not for a registration on Form S-3 or any successor or comparable form and no more than 30 days after the Company’s receipt of a Request Notice that is for a registration on Form S-3 or any successor or comparable form) prepare and file with the Commission a registration statement on the appropriate form prescribed by the Commission for such intended method of disposition, use its reasonable best efforts to cause such registration statement to become effective as soon as practicable thereafter; provided, that not less than 5 Business Days before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall furnish to counsel representing the Stockholders selling Registrable Securities under such Registration copies of all documents proposed to be filed, which documents shall be subject to the review and reasonable comments of such counsel; provided, further, that the Company shall not be obligated to maintain such registration effective for a period longer than the Effectiveness Period;

(b) Prepare and file with the Commission such amendments and post-effective amendments to such registration statement and any documents required to be incorporated by reference therein as may be necessary to keep the registration statement effective for a period of not less than the Effectiveness Period (but not prior to the expiration of the time period referred to in Section 4(3) of the 1933 Act and Rule 174 thereunder, if applicable); cause the prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act and comply with the 1933 Act in a timely manner; and comply with the provisions of the 1933 Act applicable to it with respect to the disposition of all Registrable Securities covered by such registration statement during the applicable period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such registration statement or supplement to the prospectus;

(c) Promptly incorporate in a prospectus supplement or post-effective amendment such information as the underwriter(s) or the Demand Holder reasonably request to be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such prospectus supplements or post-effective amendments as soon as practical after being notified of the matters to be incorporated in such supplement or amendment;

(d) Furnish to such Stockholder, without charge, such number of conformed copies of the registration statement and any post-effective amendment thereto, as such Stockholder may reasonably request, and such number of copies of the prospectus (including each preliminary prospectus) and any amendments or supplements thereto, and any documents incorporated by reference therein, as the Stockholder or underwriter or underwriters, if any, may request in order to facilitate the disposition of the securities being sold by the Stockholder (it being understood that the Company consents to the use of the prospectus and any amendment or supplement thereto by the Stockholder covered by the registration statement and the underwriter or underwriters, if any, in connection with the offering and sale of the securities covered by the prospectus or any amendments or supplements thereto);

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(e) Notify such Stockholder, at any time when a prospectus relating thereto is required to be delivered under the 1933 Act, when the Company becomes aware of the happening of any event as a result of which the prospectus included in such registration statement (as then in effect) contains any untrue statement of material fact or omits to state a material fact necessary to make the statements therein (in the case of the prospectus or any preliminary prospectus, in light of the circumstances under which they were made) not misleading and, as promptly as practicable thereafter, prepare and file with the Commission and furnish a supplement or amendment to such prospectus so that, as thereafter delivered to the investors of such securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) [Intentionally omitted;]

(g) Use its reasonable best efforts to cause all securities included in such registration statement to be listed, by the date of the first sale of securities pursuant to such registration statement, on any national securities exchange, quotation system or other market on which the Common Stock is then listed or proposed to be listed by the Company, if any, or, failing that, to arrange for at least two market makers to register as such with respect to such securities with the Financial Industry Regulatory Authority, Inc.;

(h) Make generally available to its security holders an earnings statement, which need not be audited, satisfying the provisions of Section 11(a) of the 1933 Act as soon as reasonably practicable after the end of the twelve (12)-month period beginning with the first month of the Company’s first fiscal quarter commencing after the effective date of the registration statement, which statement shall cover said twelve (12)-month period;

(i) After the filing of a registration statement, (i) notify each Stockholder holding Registrable Securities covered by such registration statement of any stop order issued or, to the Company’s knowledge, threatened by the Commission and of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction, (ii) take all reasonable actions to obtain the withdrawal of any order suspending the effectiveness of the registration statement or the qualification of any Registrable Securities at the earliest possible moment, and (iii) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant, or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate and business documents and properties of the Company as shall be necessary to enable them to exercise their due diligence responsibility, and cause the Company’s Representatives and independent accountants to supply all such information reasonably requested by any such seller, underwriter, attorney, accountant, or agent in connection with such registration statement;

(j) In connection with the preparation and filing of each Registration, the Company shall give each holder of Registrable Securities included in such Registration, the underwriter(s) and their respective counsel, accountants and other representatives and agents the opportunity to participate in the preparation of each registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto and comparable statements under the securities or blue sky laws of any jurisdiction and give each of the foregoing Persons access to the books and records, pertinent corporate and business documents and properties of the Company and its subsidiaries and such opportunities to discuss the business and affairs of the Company and its subsidiaries with the respective Representatives and the independent public accountants who have certified the Company’s consolidated financial statements, and supply all other information and respond to all other inquiries requested by such

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holders, underwriter(s), counsel, accountants and other representatives and agents as shall be necessary or appropriate, in the opinion of such holders or underwriter(s), to conduct a reasonable investigation within the meaning of the 1933 Act, and the Company shall not file any registration statement or amendment thereto or any prospectus or supplement thereto to which such holder or such underwriter(s) shall object;

(k) Cause its employees to participate in “road shows” and other presentations as reasonably requested by the underwriters in connection with such Registration;

(l) Deliver promptly to counsel representing the Stockholders selling Registrable Securities under such Registration and each underwriter, if any, participating in the offering of the Registrable Securities, copies of all correspondence between the Commission and the Company, its counsel or auditors, and all memoranda relating to discussions with the Commission or its staff with respect to such Registration; and

(m) On or prior to the date on which the registration statement is declared effective, use its reasonable best efforts to (i) register or qualify, and cooperate with such underwriter or underwriters, if any, and their counsel in connection with the registration or qualification of, the securities covered by the registration statement for offer and sale under the securities or blue sky laws of each state and other jurisdiction of the United States as the managing underwriter or underwriters, if any, requests in writing, to use its reasonable best efforts to keep each such registration or qualification effective, including through new filings, or amendments or renewals, during the Effectiveness Period and do any and all other acts or things necessary or advisable to enable the disposition in all such jurisdictions of the Registrable Securities covered by the applicable registration statement; provided, that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject, (ii) obtain a cold comfort letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters, which letter shall be addressed to the underwriters, and the Company shall use its reasonable best efforts to cause such cold comfort letter to also be addressed to the holders of such Registrable Securities, (iii) obtain an opinion from the Company's outside counsel in customary form and covering such matters of the type customarily covered by such opinions, which opinion shall be addressed to the underwriters and the holders of such Registrable Securities, and (iv) enter into and perform its obligations under such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the Registrable Securities included in the Request Notice, in the case of a Demand Registration, or the holders of a majority of the Registrable Securities being sold or the underwriters, if any, in the case of a Piggyback Registration, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including effecting a stock split, combination of shares, recapitalization, or reorganization).

The Stockholders, upon receipt of any notice from the Company of the happening of any event of the kind described in subsection (e) of this Section 3.03, will forthwith discontinue disposition of the Registrable Securities until the Stockholders' receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 3.03 or until it is advised in writing by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Company, each Stockholder will, or will request the managing underwriter or underwriters, if any, to, deliver, to the Company (at the Company's sole expense) all copies, other than permanent file copies then in such Stockholder's possession, of the prospectus covering such securities current at the time of receipt of such notice.

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No holder of Registrable Securities shall be required to make any representations or warranties to or agreements with the Company, other than representations and warranties regarding such holder, such holder's ownership of and title to the Registrable Securities to be sold in such offering, and its intended method of distribution and any liability of any such holder under such underwriting agreement shall be limited to liability arising from breach of its representations and warranties therein and shall be limited to an amount equal to the net amount received by such holder from the sale of Registrable Securities pursuant to such registration statement.

SECTION 3.04. Registration Expenses.

(a) Subject to Section 3.02(c), in the case of any Registration, the Company shall bear all expenses incident to the Company's performance of or compliance with Sections 3.01, 3.02 and 3.03 of this Agreement, including all Commission and stock exchange or the Financial Industry Regulatory Authority, Inc. registration and filing fees and expenses, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, messenger, telephone and delivery expenses, fees and disbursements of counsel for the Company and all independent certified public accountants and any fees and disbursements of underwriters customarily paid by issuers or sellers of securities (but not including any underwriting discounts or commissions, or transfer taxes, if any, attributable to the sale of Registrable Securities by a selling Stockholder or fees and expenses of more than one counsel representing the Stockholders selling Registrable Securities under such Registration as set forth in Section 3.04(b) below).

(b) In connection with each Registration initiated hereunder (whether a Demand Registration or a Piggyback Registration), the Company shall reimburse the holders covered by such registration for the reasonable fees and disbursements of one law firm chosen by a majority of the number of shares of Registrable Securities included in the Request Notice, in the event of a Demand Registration, and, in the case of a Piggyback Registration, the holders of a majority of the number of shares of Registrable Securities included in such Registration.

SECTION 3.05. Indemnification.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Stockholder, the underwriters selling such Stockholder's Registrable Securities and their respective officers, directors, Affiliates and agents and each Person who controls (within the meaning of the 1933 Act or the 1934 Act) any of them, including any general partner or manager of any thereof, against all losses, claims, damages, liabilities and expenses (including reasonable out-of-pocket counsel fees and disbursements) arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto, in which such Stockholder participates in an offering of Registrable Securities or in any document incorporated by reference therein or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the prospectus or any preliminary prospectus, in light of the circumstances under which they were made) not misleading, except insofar as the same are made in reliance on and in conformity with any information with respect to such Stockholder furnished in writing to the Company by such Stockholder expressly for use therein; provided, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Stockholder from whom the Person asserting such loss, claim, damage or liability purchased the securities if it is determined that such loss, claim, damage or liability was caused by such Stockholder's failure to deliver to such Stockholder's immediate purchaser a current copy of the prospectus (if the current copy of the prospectus was required

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by applicable law to be so delivered) after the Company has timely furnished such Stockholder with a sufficient number of copies of such prospectus.

(b) Indemnification by the Stockholders. In connection with any registration statement in which a Stockholder is participating, each such Stockholder will furnish to the Company in writing such information and affidavits with respect to such Stockholder as the Company reasonably requests for use in connection with any registration statement or prospectus covering the Registrable Securities of such Stockholder and to the extent permitted by law agrees to indemnify and hold harmless the Company, its directors, officers and agents and each Person who controls (within the meaning of the 1933 Act or the 1934 Act) the Company, against any losses, claims, damages, liabilities and expenses arising out of or based upon any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements in the registration statement, prospectus or preliminary prospectus (in the case of the prospectus or preliminary prospectus, in light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is made in reliance on and in conformity with the information or affidavit with respect to such Stockholder so furnished in writing by such Stockholder expressly for use in the registration statement or prospectus; provided, that the obligation to indemnify shall be several, not joint and several, among such Stockholders and the liability of each such Stockholder shall be in proportion to and limited to the net amount received by such Stockholder from the sale of Registrable Securities pursuant to such registration statement in accordance with the terms of this Agreement. The indemnity agreement contained in this Section 3.05(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability,

action or proceeding if such settlement is effected without the consent of such Stockholder. The Company and the holders of the Registrable Securities hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such holders, the only information furnished or to be furnished to the Company for use in any registration statement or prospectus relating to the Registrable Securities or in any amendment, supplement or preliminary materials associated therewith are statements specifically relating to (a) transactions or the relationship between such holder and its Affiliates, on one hand, and the Company, on the other hand, (b) the beneficial ownership of Shares by such holder and its Affiliates, (c) the name and address of such holder and (d) any additional information about such holder or the plan of distribution (other than for an underwritten offering) required by law or regulation to be disclosed in any such document.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest may exist between such indemnified and indemnifying parties with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. The failure to so notify the indemnifying party shall not relieve the indemnifying party from any liability hereunder with respect to the action, except to the extent that such indemnifying party is materially prejudiced by the failure to give such notice; provided, that any such failure shall not relieve the indemnifying party from any other liability which it may have to any other party or to such indemnified party other than pursuant to this Section 3.05. No indemnifying party in the defense of any such claim or litigation, shall, except with the consent of such indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party there may be one or more legal or equitable defenses available to such indemnified party which are in addition to or may conflict with those available to any other of such indemnified parties with respect to such claim, in which event the

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indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels; provided, that such number of additional counsel shall be reasonably acceptable to the indemnifying party.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) of this Section 3.05 is unavailable to an indemnified party as contemplated by the preceding paragraphs (a) and (b) of this Section 3.05 or is insufficient to hold such indemnified party harmless, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnified party and the indemnifying party, or (ii) if the allocation provided by the preceding clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in the preceding clause (i) but also the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the sellers of Registrable Securities and any other sellers participating in the registration statement on the other hand shall be determined by reference to, among other things, whether the untrue or alleged omission to state a material fact relates to information supplied by the Company or by the sellers of Registrable Securities or other sellers participating in the registration statement and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. In no event shall the liability of any such Stockholder be greater in amount than the amount of net proceeds received by such Stockholder upon such sale or the amount for which such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided in paragraph (b) of this Section 3.05 had been available.

SECTION 3.06. Lock-Up Agreements. Whenever the Company proposes to register any of its equity securities under the 1933 Act in an underwritten offering for its own account (other than on Form S-4 or S-8 or any similar successor form or another form used for a purpose similar to the intended use of such forms) or is required to use its reasonable efforts to effect the registration of any Registrable Securities under the 1933 Act pursuant to Section 3.01 or 3.02, each holder of Registrable Securities agrees by acquisition of such Registrable Securities not to effect any sale or distribution, including any sale pursuant to Rule 144 under the 1933 Act, or to request registration under Section 3.02 of any Registrable Securities for the time period reasonably requested by the managing underwriter for the underwritten offering; provided, that in no event shall such period exceed 180 days (the "Lock-up Period") after the effective date of the registration statement relating to such registration, except (i) as part of such registration or (ii) in the case of a private sale or distribution, unless the transferee agrees in writing to be subject to this Section 3.06. If requested by such managing underwriter or the Company, each holder of Registrable Securities agrees to execute a lock-up agreement, in customary form, consistent with the terms of this Section 3.06(a); provided, that the form of the lock-up shall be substantially identical as to each similarly situated Stockholder; provided, further, that if the Company or any underwriter releases any holder of Registrable Securities from the lock-up agreement set forth in this Section 3.06 (or any separate lock-up agreement with an underwriter), it shall similarly release all other holders of Registrable Securities on a pro rata basis. Notwithstanding the foregoing, no Stockholder shall be subject to a Lock-up Period in excess of 180 days in any calendar year due to the registration of any Registrable Securities pursuant to Section 3.02.

SECTION 3.07. Participation in Registrations. No Stockholder may participate in any Registration hereunder that is underwritten unless such Stockholder (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements (provided, that such underwriting arrangements shall not limit any of such Stockholder's rights under this Agreement), and (b) completes and executes all questionnaires, powers of

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attorney, underwriting agreements and other documents customarily required under the terms of such underwriting arrangements.

SECTION 3.08. Rule 144. The Company shall file any reports required to be filed by it under the 1933 Act and the 1934 Act and the rules and regulations adopted by the Commission thereunder, and it will take such further action as any holder may reasonably request to enable such holder to sell Registrable Securities without registration under the 1933 Act as permitted by (i) Rules 144 and 144A and Regulation S under the 1933 Act, as such Rules may be amended from time to time, or (ii) any similar rules or regulation hereafter adopted by the Commission. Upon the request of a holder of Registrable Securities, the Company, at its own expense, will deliver to such holder: (x) a written statement as to whether it has complied with the requirements that would make the exemption provided by such Rule or Rules available to such holder (and such holder shall be entitled to rely on the accuracy of such written statement); (y) a copy of the most recent annual or quarterly report of the Company; and (z) such other reports and documents as such holder may reasonably request in order to avail itself of any rule or regulation of the Commission allowing it to sell Registrable Securities without registration.

ARTICLE IV.

MISCELLANEOUS

SECTION 4.01. Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made at the address or facsimile number set forth on the signature pages hereof (or in the relevant Joinder Agreement), or at such other address or facsimile number as such party shall have furnished to the Company and the Stockholders in writing; provided, that:

(a) unless otherwise specified by Ares in a notice delivered by Ares in accordance with this Section 4.01, any notice required to be delivered to Ares shall be properly delivered if delivered to:

Ares Corporate Opportunities Fund III, L.P.

c/o Ares Management II, L.P.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Rachel Lee
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

with a copy to

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica J. Shilling, Esq.
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

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(b) unless otherwise specified by FS in a notice delivered by FS in accordance with this Section 4.01, any notice required to be delivered to FS shall be properly delivered if delivered to:

FS Equity Partners VI, L.P.
c/o Freeman Spogli & Co.
11100 Santa Monica Boulevard, Suite 1900
Los Angeles, CA 90025
Attention: Brad Brutocao
Telephone: (310) 444-1822
Facsimile: (310) 444-1870

with a copy to

Morgan Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178-0060
Attention: Christina Edling Melendi, Esq.
Telephone: (212) 309-6949
Facsimile: (212) 309-6001

(c) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 4.01, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Floor & Decor Holdings, Inc.
Store Support Center

2233 Lake Park Drive

Smyrna, GA 30080
Attention: David Christopherson, Esq.
Telephone: (770) 421-3723
Facsimile: (404) 393-3540

with a copy to

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica J. Shilling, Esq.
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

Notice shall be delivered (i) by nationally recognized overnight courier delivery for next Business Day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission if confirmation of transmission is received by the sender. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party. Each such notice or other communication shall for all purposes of this Agreement be treated as effective, or as having been given, only upon receipt thereof at the address specified hereunder.

SECTION 4.02. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

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Except as set forth in Section 3.05, nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or permitted assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

SECTION 4.03. Amendment. This Agreement may not be amended, restated, modified or supplemented in any respect and the observance of any term of this Agreement may not be waived except by a written instrument executed by each of Ares and FS, in each case so long as it, together with its Related Persons and other Permitted Transferees, at the date of determination, beneficially owns at least 5% of the then outstanding Shares and (i) to the extent (and only to the extent) any particular Party's or Parties' rights hereunder are uniquely and adversely affected (provided that the amendment, modification or elimination of any Party's rights in an adverse manner under Section 3.01 shall be deemed to uniquely and adversely affect each Party) by such amendment, modification, supplement or waiver (other than any amendment, modification, supplement or waiver that affects the interests of the Minority Stockholders as a group, in which case clause (ii) shall apply), by such Party's or Parties', as applicable, or (ii) to the extent (and only to the extent) the interests of the Minority Stockholders as a group are adversely affected (provided that the amendment,

modification or elimination of any Party's rights in an adverse manner under Section 3.01 shall be deemed to uniquely and adversely affect each Party) by such amendment, modification, supplement or waiver, by a majority (based on the number of Shares owned by each Minority Stockholder at the time of such amendment, modification, supplement or waiver) of the Minority Stockholders. No consent of any Minority Stockholder shall be required to the joinder of those Persons who become parties hereto by executing a Joinder Agreement in accordance to the terms of this Agreement.

SECTION 4.04. Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either the Company or any Party except as otherwise expressly stated hereunder or with the prior written consent of the Major Stockholders. A Permitted Transferee who executes a Joinder Agreement in accordance with the provisions hereof may be assigned any rights available hereunder.

SECTION 4.05. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws. The parties hereto irrevocably submit, in any legal action or proceeding relating to this Agreement, to the jurisdiction of the courts of the United States located in the State of New York or in any New York state court located in New York county and consent that any such action or proceeding may be brought in such courts and waive any objection that they may now or hereafter have to the venue of such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum.

SECTION 4.06. Waiver of Jury Trial. Each party to this Agreement, for itself and its Related Persons, hereby irrevocably and unconditionally waives to the fullest extent permitted by applicable law all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the actions of the parties hereto or their respective Related Persons pursuant to this Agreement or in the negotiation, administration, performance or enforcement of this Agreement.

SECTION 4.07. Enforcement. The parties expressly agree that the provisions of this Agreement may be specifically enforced against each of the parties hereto in any court of competent jurisdiction.

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SECTION 4.08. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If any of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 4.09. Additional Securities Subject to Agreement. Except as otherwise determined by the Major Stockholders, all Shares of the Company that any Stockholder hereafter acquires by means of a stock split, stock dividend, distribution, exercise of options or warrants or otherwise (other than pursuant to a public offering) whether by merger, consolidation or otherwise (including shares of a surviving corporation into which the Shares of the Company are exchanged in such transaction) will be subject to the provisions of this Agreement to the same extent as if held on the date hereof.

SECTION 4.10. Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 4.11. Counterparts. This Agreement may be executed, including by way of electronic signature (pdf and facsimile formats included), in any number of counterparts, each of which may be executed by less than all of the parties hereto, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

SECTION 4.12. Further Assurances. Each party agrees that he, she or it shall, from time to time after the date of this Agreement, execute and deliver such other documents and instruments and take such other actions as may be reasonably requested by any other party to carry out the transactions contemplated by this Agreement.

SECTION 4.13. Specific Performance. Without limiting or waiving in any respect any rights or remedies of the parties hereto under this Agreement now or hereinafter existing at law or in equity or by statute, each of the parties hereto will be entitled to seek specific performance of the obligations to be performed by the other in accordance with the provisions of this Agreement.

SECTION 4.14. Complete Agreement. This Agreement constitutes the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations and understandings (including the Shareholders Agreement).

[signature page follows]

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IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

FLOOR & DECOR HOLDINGS, INC.

Name:
Title:

SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

ARES CORPORATE OPPORTUNITIES FUND III, L.P.

Name:
Title:

SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

FS EQUITY PARTNERS VI, L.P.

Name:
Title:

[STOCKHOLDER ON SCHEDULE B]

SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT

INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this “Agreement”), dated as of _____, 2017 (the “Effective Date”), is among Floor & Decor Holdings, Inc., a Delaware corporation (the “Company”), Ares Corporate Opportunities Fund III, L.P., a Delaware limited partnership (“Ares”), FS Equity Partners VI, L.P., a Delaware limited partnership (“FS Equity”), and FS Affiliates VI, L.P., a Delaware limited partnership (“FS Affiliates” and together with FS Equity, “FS”).

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. Definitions. The following terms, as used herein, have the following meanings:

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing. No Person shall be deemed to be an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the Company’s Capital Stock.

“**Agreement**” has the meaning set forth in the preamble.

“**Ares**” has the meaning set forth in the preamble.

“**Board**” means the Board of Directors of the Company.

“**Capital Stock**” means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, and any rights, warrants or options exercisable or exchangeable for or convertible into such capital stock.

“**CEO Director**” has the meaning set forth in Section 3.01(b).

“**Common Stock**” means the Class A Common Stock and Class C Common Stock, each par value \$0.001 per share, of the Company.

“**Company**” has the meaning set forth in the preamble.

“**Effective Date**” has the meaning set forth in the preamble.

“**FS**” has the meaning set forth in the preamble.

“**FS Affiliates**” has the meaning set forth in the preamble.

“**FS Equity**” has the meaning set forth in the preamble.

“**Permitted Transferee**” means:

(i) with respect to any stockholder of the Company who is a natural person, (a) such stockholder’s immediate family and (b) any trust which is for the primary benefit of such stockholder or one or more members of such stockholder’s immediate family (which shall include

grandchildren), a charitable organization that is controlled by such stockholder or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by such stockholder;

(ii) with respect to any stockholder of the Company that is not a natural person, any Affiliate of such stockholder;

(iii) to the extent such stockholder is an investment fund, (a) any Related Person of such stockholder, (b) any investor in such stockholder that receives a pro rata distribution of shares of Common Stock to all investors in such stockholder, and (c) any Person acquiring all or substantially all of the investment portfolio of such stockholder;

provided, that in any of such cases, such Permitted Transferee (i) is an accredited investor within the meaning of Regulation D under the 1933 Act and (ii) executes a Joinder Agreement in the form attached hereto as Exhibit A.

“**Person**” means an individual, a corporation, a general or limited partnership, a limited liability company, a joint stock company, an association, a trust or any other entity or organization, including a government, a political subdivision or an agency or instrumentality thereof.

“**Related Person**” means, with respect to any Person, (i) an Affiliate of such Person, (ii) any investment manager, investment partnership, investment adviser or general partner of such Person, (iii) any investment fund, investment partnership, investment account or other investment Person whose investment manager, investment adviser, managing member or general partner is such Person or a Related Person of such Person and (iv) any equity investor, partner, officer, member or manager of such Person; provided, however, that no Person shall be deemed an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the Capital Stock of the Company.

“**Representatives**” means, with respect to any specified Person, such Person and such Person’s Affiliates, their successors and assigns and any of their respective agents, employees, stockholders, partners, members, representatives, officers, advisers and directors.

“**Securities Act**” means the Securities Act of 1933.

“**Sponsor**” means each of Ares and FS.

“**Sponsor Designees**” has the meaning set forth in Section 3.02(a).

SECTION 1.02. Rules of Construction.

(a) Whenever any provision of this Agreement calls for any calculation based on a number of shares of Common Stock issued and outstanding or held

by a Stockholder, the number of shares of Common Stock deemed to be issued and outstanding or held by that Stockholder, unless specifically stated otherwise, as applicable, shall be the total number of shares of Common Stock then issued and outstanding or owned by the Stockholder and its Permitted Transferees.

(b) Any provision of this Agreement that refers to the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation.” References to numbered or letter articles, sections and subsections refer to articles, sections and subsections, respectively, of this Agreement unless expressly stated otherwise. All references to this Agreement include, whether or not expressly referenced, the Exhibits and Schedules attached hereto. References to a Section, paragraph,

Exhibit or Schedule shall be to a Section or paragraph of, or Exhibit or Schedule to, this Agreement unless otherwise indicated. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “or” when used in this Agreement is not exclusive. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument, law or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein unless otherwise indicated. References to a Person are also to its permitted successors and assigns. In the event that any claim is made by any Person relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Person or its counsel.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Each of the parties hereby severally represents and warrants to each of the other parties as follows:

SECTION 2.01. Authority; Enforceability. Such party (a) has the legal capacity or organizational power and authority to execute, deliver and perform its obligations under this Agreement and (b) (in the case of parties that are not natural persons) is duly organized and validly existing and in good standing under the laws of its jurisdiction of organization. This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and to the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity).

SECTION 2.02. Consent. No consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party, other than those that have been made or obtained on or prior to the date hereof, in connection with (a) the execution or delivery of this Agreement or (b) the consummation of any of the transactions contemplated hereby.

ARTICLE III BOARD OF DIRECTORS

SECTION 3.01. Size and Composition. From and after the Effective Date, unless otherwise agreed in writing by each Sponsor that holds more than 5% of the then outstanding shares of Common Stock, (1) each of Ares and FS and their respective Permitted Transferees, so long as Ares or FS, as applicable, holds more than 5% of the then outstanding shares of Common Stock, shall (i) vote or otherwise give its consent in respect of all shares of Common Stock (whether now owned or hereafter acquired) owned by such Person, and (ii) take all other appropriate action, and (2) the Company shall take all necessary and desirable actions (subject to any applicable securities exchange or equivalent listing requirements), including soliciting proxies in favor of, at each annual or special meeting of the stockholders of the Company called for the election of directors, and whenever the stockholders of the Company act by written consent with respect to the election of directors, to cause:

(a) the authorized number of directors on the Board to be no more than twelve;

(b) the election to the Board of (i) the then Chief Executive Officer of the Company (the “CEO Director”) (subject to his or her election by the stockholders of the Company), and (ii) any Sponsor Designees designated by the Sponsors in accordance with Section 3.02; and

(c) the removal from the Board of any director elected in accordance with clause (b) above, with or without cause, (i) in the case of the CEO Director, upon the resignation or termination for any reason of such CEO Director as the Chief Executive Officer of the Company, and (ii) in the case of any Sponsor Designee, upon the written request of the Sponsor that designated such director.

SECTION 3.02. Sponsor Designees.

(a) Each Sponsor shall have the right, but not the obligation, to nominate to the Board (such nominees, the “Sponsor Designees”) (subject to their election by the stockholders of the Company) that number of individuals that, if elected, will result in such Sponsor having the number of directors serving on the Board that is shown below:

- (i) five directors, so long as such Sponsor and its Permitted Transferees hold 40% or more of the then outstanding shares of Common Stock,
- (ii) three directors, so long as such Sponsor and its Permitted Transferees hold 30% or more of the then outstanding shares of Common Stock,
- (iii) two directors, so long as such Sponsor and its Permitted Transferees hold 15% or more of the then outstanding shares of Common Stock, and
- (iv) one director, so long as such Sponsor and its Permitted Transferees hold 5% or more of the then outstanding shares of Common Stock.

(b) If any Sponsor has nominated fewer than the total number of Sponsor Designees such Sponsor is entitled to nominate pursuant to this Section 3.02, such Sponsor shall have the right, at any time, to nominate such additional number of Sponsor Designees to which it is entitled, in which case the other parties to this Agreement and the directors of the Company shall take all necessary action, as requested by such Sponsor, to (x) increase the size of the Board as required to enable such Sponsor to so nominate such additional Sponsor Designees and (y) designate such additional Sponsor Designees nominated by such Sponsor to fill such newly created vacancy or vacancies, as applicable.

SECTION 3.03. Committee Membership. Each Sponsor, so long as it holds 5% or more of the then outstanding shares of Common Stock, and the Company shall take all necessary and desirable actions to cause each of the Compensation Committee of the Board and the Nominating and Corporate Governance Committee of the Board to include in its membership (a) at least one of the Sponsor Nominees designated by Ares so long as Ares holds 15% or more of the then outstanding shares of Common Stock and (b) at least one of the Sponsor Nominees designated by FS so long as FS holds 15% or more of the then outstanding shares of Common Stock,

except to the extent such membership would violate applicable securities laws or stock exchange or stock market rules.

SECTION 3.04. Chairman; Subsidiaries. For so long as Ares holds 30% or more of the then outstanding shares of Common Stock, the Chairman of the Board shall be a member of the Board selected by the Sponsor Nominees designated by Ares. Except as otherwise agreed to among the Sponsors, the Company shall take all necessary action to cause the membership and chairman of the board of directors (or similar governing body) of each of the subsidiaries of the Company to be the same as that of the Board.

ARTICLE IV MISCELLANEOUS

SECTION 4.01. Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made at the address or facsimile number set forth on the signature pages hereof or such other address or facsimile number as such party may hereafter specify in writing in accordance with this Section 4.01; provided, that:

(a) unless otherwise specified by Ares in a notice delivered by Ares in accordance with this Section 4.01, any notice required to be delivered to Ares shall be properly delivered if delivered to:

Ares Corporate Opportunities Fund III, L.P.
c/o Ares Management II, L.P.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Rachel Lee
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

with a copy (which shall not constitute notice) to:

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica J. Shilling, Esq.
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

(b) unless otherwise specified by FS Equity or FS Affiliates in a notice delivered by FS Equity or FS Affiliates in accordance with this Section 4.01, any notice required to be delivered to FS shall be properly delivered if delivered to:

FS Equity Partners VI, L.P.
c/o Freeman Spogli & Co.
11100 Santa Monica Boulevard, Suite 1900
Los Angeles, CA 90025
Attention: Brad Brutocao
Telephone: (310) 444-1822
Facsimile: (310) 444-1870

with copies (which shall not constitute notice) to:

Morgan Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178-0060
Attention: Christina Edling Melendi, Esq.
Telephone: (212) 309-6949
Facsimile: (212) 309-6001

and

(c) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 4.01, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Floor & Decor Holdings, Inc.
2233 Lake Park Drive
Smyrna, GA 30080
Attention: David Christopherson, Esq.
Telephone: (770) 421-3723
Facsimile: (404) 393-3540

with a copy (which shall not constitute notice) to:

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica J. Shilling, Esq.
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

Notice shall be delivered (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail

transmission if confirmation of transmission is received by the sender or no failure message is generated. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party. Each such notice or other communication shall for all purposes of this Agreement be treated as effective, or as having been given, only upon receipt thereof at the address specified hereunder.

SECTION 4.02. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or permitted assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

SECTION 4.03. Amendment. This Agreement may not be amended, restated, modified or supplemented in any respect and the observance of any term of this Agreement may not be waived except by a written instrument executed by each Sponsor that owns more than 5% of the then outstanding shares of Common Stock; provided, that no amendment, restatement, modification, supplement or waiver of this Agreement that adversely affects the Company shall be effective without the written consent of the Company (it being understood that requirements regarding Board and committee membership shall not be deemed to adversely affect the Company).

SECTION 4.04. Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party hereto except as otherwise expressly stated hereunder or with the prior written consent of each Sponsor that holds more than 5% of the then outstanding shares of Common Stock.

SECTION 4.05. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws. The parties hereto irrevocably submit, in any legal action or proceeding relating to this Agreement, to the jurisdiction of the courts of the United States

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located in the State of New York or in any New York state court located in New York county and consent that any such action or proceeding may be brought in such courts and waive any objection that they may now or hereafter have to the venue of such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum.

SECTION 4.06. Waiver of Jury Trial. **Each party to this Agreement, for itself and its Related Persons, hereby irrevocably and unconditionally waives to the fullest extent permitted by applicable law all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the actions of the parties hereto or their respective Related Persons pursuant to this Agreement or in the negotiation, administration, performance or enforcement of this Agreement.**

SECTION 4.07. Enforcement. The parties expressly agree that the provisions of this Agreement may be specifically enforced against each of the parties hereto in any court of competent jurisdiction.

SECTION 4.08. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If any of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 4.09. Additional Securities Subject to Agreement. All shares of Common Stock that any party hereto hereafter acquires by means of a stock split, stock dividend, distribution, exercise of options or warrants or otherwise (other than pursuant to a public offering) whether by merger, consolidation or otherwise (including shares of a surviving corporation into which the shares of Common Stock are exchanged in such transaction) will be subject to the provisions of this Agreement to the same extent as if held on the date hereof.

SECTION 4.10. Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 4.11. Counterparts. This Agreement may be executed, including by way of electronic signature (pdf and facsimile formats included), in any number of counterparts, each of which may be executed by less than all of the parties hereto, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

SECTION 4.12. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Company.

SECTION 4.13. Further Assurances. Each party agrees that he, she or it shall, from time to time after the date of this Agreement, execute and deliver such other documents and instruments and take such other actions as may be reasonably requested by any other party to carry out the transactions contemplated by this Agreement.

SECTION 4.14. Specific Performance. Without limiting or waiving in any respect any rights or remedies of the parties hereto under this Agreement now or hereinafter existing at law or in equity or by statute, each of the parties hereto will be entitled to seek specific performance of the obligations to be performed by the other in accordance with the provisions of this Agreement.

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SECTION 4.15. Complete Agreement. This Agreement constitutes the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations and understandings.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the Company and each Sponsor have executed this Agreement as of the day and year first above written.

FLOOR & DECOR HOLDINGS, INC.

By: _____
Name:
Title:

ARES CORPORATE OPPORTUNITIES FUND III, L.P.

By: ACOF Operating Manager III, LLC, its manager

By: _____
Name:
Title:

FS EQUITY PARTNERS VI, L.P.

By: FS Capital Partners VI, LLC, its general partner

By: _____
Name:
Title:

FS AFFILIATES VI, L.P.

By: FS Capital Partners VI, LLC, its general partner

By: _____
Name:
Title:

Signature Page to Investor Rights Agreement

FDO HOLDINGS, INC.

AMENDED AND RESTATED
2011 STOCK INCENTIVE PLAN

Adopted as of January 13, 2011
Amended and Restated on October 10, 2012

FDO HOLDINGS, INC.

AMENDED AND RESTATED
2011 STOCK INCENTIVE PLAN

ARTICLE I

PURPOSE

This 2011 Stock Incentive Plan is being offered in connection with the merger of Floor and Decor Outlets of America, Inc. a Georgia corporation, with FDO Merger Sub, Inc., a Georgia corporation, to become a subsidiary of FDO Holdings, Inc., a Delaware corporation. This 2011 Stock Incentive Plan was amended and restated on October 10, 2012, such amendment and restatement to be effective as of the Effective Date. The purpose of this 2011 Stock Incentive Plan is to enhance the profitability and value of the Company for the benefit of its shareholders by enabling the Company to offer Eligible Employees, Consultants and Non-Employee Directors stock-based incentives in the Company to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's shareholders.

ARTICLE II

DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 **"Acquisition Event"** means a merger or consolidation in which the Company is not the surviving entity, any transaction that results in the acquisition of all or substantially all of the Company's outstanding common stock by a Person or group of Persons acting in concert, or the sale or Transfer of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole. The occurrence of an Acquisition Event shall be determined by the Committee in its sole discretion.

2.2 **"Affiliate"** of any specified Person means any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person; provided, however, that if the Common Stock subject to any Award does not constitute "service recipient stock" for purposes of Section 409A of the Code, the Company intends that such Award shall be designed to comply with Section 409A of the Code. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise;

and the terms "controlling" and "controlled" have meanings correlative to the foregoing. No Person shall be deemed to be an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the capital stock of the Company.

2.3 **"Ares"** means Ares Corporate Opportunities Fund III, L.P.

2.4 **"Ares Co-Investors"** means Norman Axelrod, as AS SKIP LLC and their Permissible Transferees.

2.5 **"Award"** means any award under the Plan of any Stock Option or Restricted Stock. All Awards shall be subject to the terms of a written or electronic agreement executed by the Company and the Participant. Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

2.6 **"Board"** means the Board of Directors of the Company.

2.7 **"Bylaws"** means the Bylaws of the Company, as amended or amended and restated from time to time.

2.8 **"Business"** means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

2.9 **"Certificate of Incorporation"** means the Company's Restated Certificate of Incorporation, as amended or amended and restated from time to time.

2.10 **"Cause"** means with respect to a Participant's Termination of Employment or Termination of Consultancy, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate of the Company and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import or where it only applies upon the occurrence of a change in control and one has not yet taken place)), termination due to: (i) a Participant's conviction of, or plea of guilty or nolo contendere to, (x) a felony under U.S. or applicable state law, or (y) a misdemeanor where imprisonment is imposed other than for a traffic-related offense; (ii) perpetration by a Participant of an illegal act, dishonesty, or fraud that could cause economic injury to the Company or any act of moral turpitude by the Participant; (iii) a Participant's insubordination, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or unsatisfactory performance of his or her duties for the Company; (iv) continuing willful and deliberate failure by the Participant to perform the Participant's duties, provided that the Participant is given notice and an opportunity to effectuate a cure as

determined by the Committee; (v) a Participant's willful misconduct or gross negligence with regard to the Company; (vi) the Participant's unlawful appropriation of a material corporate opportunity; or (vii) the Participant's breach of any agreement with the Company or any of its Affiliates, including any confidentiality or restrictive covenant agreement entered into between the Participant and the Company or any of its Affiliates; or (b) in the case where there is an employment agreement, consulting agreement, change in control

agreement or similar agreement in effect between the Company or an Affiliate of the Company and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "cause" only applies upon an occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. With respect to a Participant's Termination of Directorship, "cause" means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

2.11 "**Change in Control**" means, unless otherwise determined by the Committee in the applicable Award agreement, the occurrence of any of the following:

(a) the acquisition (including any acquisition through purchase, reorganization, merger, consolidation or similar transaction), directly or indirectly, in one or more transactions by any Person (including any employee benefit plan or any trust for an employee benefit plan) or group (within the meaning of Section 13(d) (3) or 14(d)(2) of the Exchange Act), other than any acquisition by any Permitted Holder or any of its Related Parties or a Permitted Group, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of shares or other securities (as defined in Section 3(a)(10) of the Exchange Act) representing 50% or more of either (i) the voting common stock of the Company or (ii) the combined voting power of the securities of the Company entitled to vote generally in the election of directors of the Board (collectively, the "**Company Voting Securities**"), in each case calculated on a fully diluted basis after giving effect to such acquisition; provided, however, that none of the following acquisitions shall constitute a Change in Control as defined in this clause (a): (A) any acquisition by any Person or group of Persons consisting solely of shareholders of the Company on the Effective Date, (B) any acquisition that does not result in any Person (other than any shareholder or shareholders of the Company on the Effective Date), beneficially owning shares or securities representing 50% or more of either the Common Stock or Company Voting Securities, and (C) any acquisition, after which the Permitted Holders, their Related Parties or a Permitted Group have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board;

(b) any election has occurred of Persons to the Board that causes two-thirds of the Board to consist of Persons other than (i) Persons who were members of the Board on the Effective Date, (ii) Persons who were nominated for election as members of the Board at a time when two-thirds of the Board consisted of Persons who were members of the Board on the Effective Date and (iii) Persons who were designated for election as members of the Board pursuant to Section 4.06(a)(ii) of the Shareholders Agreement; provided, however, that any Person nominated for election by a Board at least two-thirds of whom constituted Persons described in clauses (i), (ii) or (iii) or by Persons who were themselves nominated

by such Board shall, for this purpose, be deemed to have been nominated by a Board composed of Persons described in clause (i); or

(c) approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition (other than a merger or consolidation) of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder or a Permitted Group or a Related Party of a Permitted Holder.

2.12 "**Chief Executive Officer**" means the chief executive officer of the Company.

2.13 "**Code**" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

2.14 "**Committee**" means (a) prior to a Registration Date, a committee or subcommittee of the Board appointed from time to time by the Board and (b) following a Registration Date, a committee or subcommittee of the Board appointed from time to time by the Board that, in the discretion of the Board, may consist solely of two or more "non-employee directors" as defined in Rule 16b-3 and, to the extent required by applicable stock exchange rules, who are "independent" as defined under applicable stock exchange rules; provided that if for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance shall not affect the validity of grants, interpretations or other actions of the Committee. With respect to the application of the Plan to Non-Employee Directors, the Committee shall mean the Board. Notwithstanding the foregoing, if and to the extent that no Committee exists that has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed references to the Board.

2.15 "**Common Stock**" means the Class B non-voting Common Stock, par value \$0.001 per share, of the Company.

2.16 "**Company**" means FDO Holdings, Inc., a Delaware corporation, and its successors by operation of law.

2.17 "**Competitor**" means any Person (other than the Company and its Affiliates) engaged in the Business.

2.18 "**Consultant**" means any natural person who (i) provides bona fide consulting or advisory services to the Company or its Affiliates pursuant to a written agreement, which services are not in connection with the offer and sale of securities in a capital-raising transaction, and (ii) who does not, directly or indirectly, promote or maintain a market for the Company's or its Affiliates' securities.

2.19 "**Customer**" means any Person who is a customer or client of the Company or any of its Affiliates that is a professional contractor and with whom the Participant had material business-related contact (whether in person, by telephone or by paper or electronic correspondence) on behalf of the Company or any of its Affiliates.

2.20 "**Detrimental Activity**" means:

(a) disclosing, divulging, furnishing or making available to anyone at any time, except as necessary in the furtherance of Participant's responsibilities to the Company or any of its Affiliates, either during or subsequent to Participant's service relationship with the Company or its Affiliates, any knowledge or information with respect to confidential or proprietary information, methods, processes, plans or materials of the Company or any of its Affiliates, or with respect to any other confidential or proprietary aspects of the business of the Company or any of its Affiliate, acquired by the Participant at any time prior to the Participant's Termination;

(b) any activity while employed by, or performing services for, the Company or any of its Affiliates that results, or if known could reasonably be

expected to result, in the Participant's Termination that is classified by the Company as a termination for Cause;

(c) (i) directly or indirectly soliciting, enticing or inducing any employee of the Company or of any of its Affiliates to be employed by any Person that is, directly or indirectly, in competition with the business or activities of the Company or any of its Affiliates; (ii) directly or indirectly approaching any such employee for these purposes; (iii) authorizing or knowingly approving the taking of such actions by other persons on behalf of any such person, firm or corporation, or assisting any such person, firm or corporation in taking such action; (iv) directly or indirectly soliciting Customers to purchase products on behalf of a Competitor; or (v) directly or indirectly soliciting Suppliers to provide products or services to support a Competitor; or

(d) a material breach of any agreement between the Participant and the Company or an Affiliate of the Company. Unless otherwise determined by the Committee at grant or unless a longer post-Termination recoupment period is provided in the applicable agreement, Detrimental Activity shall not be deemed to occur after the end of the one-year period following the Participant's Termination.

For purposes of subsections (a), (c) and (d) above, the Committee has the authority to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

2.21 "**Disability**" means with respect to a Participant's Termination, a permanent and total disability as defined in Section 22(c)(3) of the Code. A Disability

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shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

2.22 "**Effective Date**" means the effective date of the Plan as defined in Article XIV.

2.23 "**Eligible Employee**" means each employee of the Company or one of its Affiliates.

2.24 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.25 "**Exercisable Stock Options**" has the meaning set forth in Section 4.2(d).

2.26 "**Fair Market Value**" means, unless otherwise required by any applicable provision of the Code, as of any date and except as provided below, (a) the last sales price reported for the Common Stock on the applicable date as reported on the principal established securities market on which it is then traded or if the Common Stock has not been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; or (b) if the Company's Common Stock is not traded on any established securities market, the price as determined by the Committee in whatever manner it considers appropriate, taking into account the requirements of Section 409A of the Code. For purposes of the grant of any Award, the applicable date shall be the trading day on which the Award is granted, or if such grant date is not a trading day, the trading day immediately prior to the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Company or, if not a day on which the applicable market is open, the next day that it is open.

2.27 "**Family Member**" means "family member" as defined in Rule 701 under the Securities Act or, following the filing of a Form S-8 pursuant to the Securities Act with respect to the Plan, as defined in Section A.1.(5) of the general instructions of Form S-8, as may be amended from time to time.

2.28 "**FS**" means FS Equity Partners VI, L.P.

2.29 "**FS Co-Investors**" means Starrett Family Trust, dated 4-11-99, Castellani Associates III, LLC, the Lawrence P. Castellani Family Foundation, FS Affiliates VI, L.P. and their Permissible Transferees.

2.30 "**FS Principals**" means Bradford M. Freeman, Ronald P. Spogli or any four of Brad J. Brutocao, Benjamin D. Geiger, Todd W. Halloran, Jon D. Ralph, John M. Roth, J. Frederick Simmons and William M. Wardlaw.

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2.31 "**Good Reason**" with respect to a Participant's voluntary Termination of Employment shall have the meaning ascribed to such term under an employment or similar agreement in effect between the Company and the Participant; a Participant may not have "Good Reason" in the absence of such an agreement defining such term.

2.32 "**Incentive Stock Option**" means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries and its Parent (if any) under the Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.33 "**Joinder Agreement**" means a Joinder Agreement contemplated by the Shareholders Agreement, dated November 24, 2010, by and among the Company and the shareholders party thereto, as amended from time to time in accordance with the terms thereof, or any similar joinder agreement to a shareholders agreement (or similar agreement) entered into by the Company after the Effective Date.

2.34 "**Non-Employee Director**" means a non-employee director of the Company as defined in Rule 16b-3.

2.35 "**Non-Qualified Stock Option**" means any Stock Option awarded under the Plan that is not an Incentive Stock Option.

2.36 "**Parent**" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.37 "**Participant**" means an Eligible Employee, Consultant or Non-Employee Director to whom an Award has been granted pursuant to the Plan.

2.38 "**Permissible Transferee**" means:

(i) with respect to any shareholder of the Company who is a natural person, (a) any Family Member and (b) any trust which is for the primary benefit of such shareholder or one or more Family Members of such shareholder (which shall include grandchildren), a charitable organization that is controlled by such shareholder or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by such shareholder;

(ii) with respect to any shareholder that is not a natural person, (a) any Affiliate of such shareholder, (b) with respect to any Major Shareholder (as defined in the Shareholders Agreement), any institutional lender to which such Major Shareholder is required to pledge or grant a security interest in the shares of Common Stock pursuant to the terms of such Major Shareholder's senior secured revolving credit facility, (c) with respect to AS SKIP LLC, (I) any

community foundation which permits donor participation in directing charitable donations from charitable gifts given by AS SKIP LLC, (d) with respect to Starrett Family Trust, dated 4-11-99, (I) any Family Member of Peter Starrett, (II) any trust which is for the primary benefit of Peter Starrett or one or more of his Family Members (which shall include grandchildren) or (III) a charitable organization that is controlled by Peter Starrett or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by Starrett Family Trust, dated 4-11-99, (e) with respect to Castellani Associates III, LLC and Lawrence P. Castellani Family Foundation, (I) any Family Member of Lawrence P. Castellani, Jr., (II) any trust which is for the primary benefit of Lawrence P. Castellani, Jr. or one or more of his Family Members (which shall include grandchildren) or (III) a charitable organization that is controlled by Lawrence P. Castellani, Jr. or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by either Castellani Associates III, LLC or Lawrence P. Castellani Family Foundation and (f) with respect to the West Companies, (I) any Family Member of Vincent West, (II) any trust which is for the primary benefit of Vincent West or one or more of his Family Members (which shall include grandchildren) or (III) a charitable organization that is controlled by Vincent West or a community foundation which permits donor participation in directing charitable donations from charitable gifts given by either of the West Companies; and

(iii) to the extent such shareholder is an investment fund, (a) any Related Party of such shareholder, (b) any investor in such shareholder that receives a pro rata distribution of shares of Common Stock to all investors in such shareholder, and (c) any Person acquiring all or substantially all of the investment portfolio of such shareholder;

provided, that in any of such cases, such Permissible Transferee (i) is an accredited investor within the meaning of Regulation D under the 1933 Act and (ii) prior to the Transfer, executes a Joinder Agreement.

2.39 “**Permitted Group**” means any group of investors that includes a Permitted Holder and is deemed to be a “person” (as that term is used in Section 13(d) (3) or 14(d)(2) of the Exchange Act) at any time prior to the Company’s initial public offering of Common Stock by virtue of the Shareholders Agreement.

2.40 “**Permitted Holder**” means, individually or in combination, Ares, ACOF Operating Manager III, LLC, FS and FS Capital Partners VI, LLC.

2.41 “**Person**” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, incorporated organization, governmental or regulatory or other entity.

2.42 “**Plan**” means this FDO Holdings, Inc. Amended and Restated 2011 Stock Incentive Plan, as further amended from time to time.

2.43 “**Registration Date**” means the first date after the Effective Date (a) on which the Company sells its Common Stock in a bona fide initial public offering pursuant to a registration statement under the Securities Act or (b) any class of common equity securities of the Company is required to be registered under Section 12 of the Exchange Act.

2.44 “**Related Party**” means, with respect to any Person that is an investment fund, (a) an Affiliate of such Person, (b) any investment manager, investment partnership, investment adviser or general partner of such Person, (c) any investment fund, investment partnership, investment account or other investment Person whose investment manager, investment adviser, managing member or general partner is such Person or a Related Party of such Person, (d) any equity investor, partner, officer, member or manager of such Person and (e) with respect to FS, any investment fund or partnership that is controlled by any of the FS Principals; provided, however, that (x) Ares and the Ares Co-Investors shall be Related Parties, (y) FS and the FS Co-Investors shall be Related Parties and (z) no Person shall be deemed to be an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the capital stock of the Company.

2.45 “**Rule 16b-3**” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.46 “**Section 4.2 Event**” has the meaning set forth in Section 4.2(b).

2.47 “**Section 409A of the Code**” means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable Treasury Regulation or other official guidance promulgated thereunder.

2.48 “**Securities Act**” means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.49 “**Stock Option**” or “**Option**” means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants pursuant to Article VI.

2.50 “**Shareholders Agreement**” means that Shareholders Agreement, dated November 24, 2010, among the Company and the investors party thereto, as amended from time to time in accordance with the terms thereof.

2.51 “**Subsidiary**” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.52 “**Supplier**” means any Person who supplies products or services to the Company in support of the Company’s Business and with whom a Participant had

material business-related contact (whether in person, by telephone or by paper or electronic correspondence) on behalf of the Company or any of its Affiliates.

2.53 “**Ten Percent Shareholder**” means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.54 “**Termination**” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.55 “**Termination of Consultancy**” means: (a) that the Consultant is no longer acting as a consultant to the Company or one of its Affiliates; or (b) when an entity that is retaining a Participant as a Consultant ceases to be an Affiliate of the Company unless the Participant otherwise is, or thereupon becomes, a Consultant to the

Company or another of its Affiliates at the time the entity ceases to be an Affiliate of the Company. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his or her consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.

2.56 “**Termination of Directorship**” means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his or her directorship, his or her ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.57 “**Termination of Employment**” means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity that is employing a Participant ceases to be an Affiliate of the Company, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate of the Company at the time the entity ceases to be an Affiliate of the Company. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.58 “**Transfer**” means: (a) when used as a noun, any direct or indirect transfer, offer, sale, assignment, pledge, lease, donation, grant, gift, bequest, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, offer, sell, assign, pledge, lease, donate, grant, gift, bequest, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in a Person) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferable” and “Transferred” shall have a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 The Committee. The Plan shall be administered and interpreted by the Committee.

3.2 Grants of Awards. The Committee shall have full authority to grant Awards pursuant to the terms of the Plan, to Eligible Employees, Consultants and Non-Employee Directors. In particular, the Committee shall have the authority:

- (a) to select the Eligible Employees, Consultants and Non-Employee Directors to whom Awards may from time to time be granted hereunder;
- (b) to determine whether and to what extent Awards are to be granted hereunder to one or more Eligible Employees, Consultants or Non-Employee Directors;
- (c) to determine, in accordance with the terms of the Plan, the number of shares of Common Stock to be covered by each Award granted hereunder;
- (d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);
- (e) to determine whether and under what circumstances a Stock Option may be settled in cash or Common Stock and/or Restricted Stock under Section 6.3(d);
- (f) to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Participants in order to exercise Awards or to

purchase or pay for shares of Common Stock issuable pursuant to Awards under the Plan; provided that on and after the Registration Date executive officers and directors are not eligible to receive such loans, and provided further, that all outstanding loans shall be repaid before the Registration Date;

- (g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
- (h) to determine whether to require an Eligible Employee, Non-Employee Director or Consultant, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of a Stock Option for a period of time as determined by the Committee, in its sole discretion, following the date of acquisition of such Stock Option;
- (i) to modify, extend or renew an Award, subject to Article X and Section 6.3(f), provided, however, that such action shall be implemented in a manner intended to comply with Section 409A of the Code; and
- (j) generally, to exercise such powers and to perform such acts as the Committee deems necessary or expedient to promote the best interests of the Company that are not in conflict with the provisions of the Plan.

The Committee may, in its sole discretion, designate employees of the Company and its Affiliates and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers or employees of the Company and its Affiliates to grant Awards and/or execute agreements or other documents on behalf of the Committee. Without limiting the foregoing, the Board or the Committee may (to the extent permitted by applicable law and applicable exchange rules) delegate to the Chief Executive Officer, to a committee of officers or employees of the Company and/or its Subsidiaries established by the Board or the Committee, or to a committee of one or more members of the Board, the authority to (a) grant Awards pursuant to the terms of the Plan covering up to one thousand (1,000) shares of Common Stock per individual, per year, to officers and employees of the Company and its Subsidiaries and Affiliates who are not (i) subject to Section 16 of the Exchange Act, nor (ii) “covered employees” within the meaning of Code Section 162(m)(3) and (b) grant Awards pursuant to the terms of the Plan covering up to one thousand (1,000) shares of Common Stock per individual, as an inducement to an individual to accept an offer of employment, including Awards to individuals who may become, upon accepting an offer of employment, (i) officers of the Company and its Subsidiaries and Affiliates who are subject to Section 16 of the Exchange Act, or (ii) “covered employees” within the meaning of Code Section 162(m)(3). Any such delegation so made shall be consistent with recommendations made by the Committee to the Board regarding non-Chief Executive Officer compensation, incentive-compensation plans and equity-based plans. When such delegation is so

Committee, the Chief Executive Officer or such committee shall have the authority of the Committee described in Sections 3.2(a), 3.2(b), 3.2(c), and 3.2(d) of the Plan with respect to the granting of such Awards; *provided, however*, that the Committee may limit or qualify such authority in any manner it deems appropriate.

3.3 Guidelines. Subject to Article X, the Committee shall, in its sole discretion, have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award granted under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may, in its sole discretion, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may, in its sole discretion, adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3 and shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the Bylaws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the Bylaws of the Company, shall be as fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 Designation of Consultants/Liability. (a) The Committee may, in its sole discretion and to the extent permitted by applicable law and applicable exchange rules, designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and may grant authority to officers to grant Awards and/or execute agreements or other documents on behalf of the Committee.

(b) The Committee may, in its sole discretion, employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to this Section 3.6 shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and Bylaws of the Company and to the extent not covered by insurance directly insuring such person, each officer or employee of the Company or any of its Affiliates and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's, employee's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or Bylaws of the Company or any of its Affiliates. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under the Plan.

3.8 Shareholders Agreement. Notwithstanding anything herein to the contrary, the Plan and the operation and administration of the Plan (including any action taken by the Committee) shall be subject to the terms and conditions set forth in the Shareholders Agreement to the greatest extent permissible under applicable law.

ARTICLE IV

SHARE LIMITATIONS

4.1 General Limitations. The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the Plan or with respect to which Awards may be granted under the Plan, including with respect to Incentive Stock Options, shall not exceed 26,000 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. If any Award granted under the Plan expires, terminates or, is canceled or is forfeited for any reason (in the case of any Stock Option, without having been exercised in full), the number of shares of Common Stock underlying such Award (in the case of any Stock

Option, to the extent unexercised) shall again be available for issuance under the Plan. To the extent that a distribution pursuant to a Stock Option is made in cash, the share reserve shall be reduced by the number of shares of Common Stock bearing a value equal to the amount of the cash distribution as of the time that such amount was determined.

4.2 Changes.

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any of its Affiliates, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any of its Affiliates, (v) any sale or transfer of all or part of the assets or business of the Company or any of its Affiliates, (vi) any Section 4.2 Event or (vii) any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in capital structure of the Company, or an extraordinary cash dividend (a "Section 4.2 Event") then (i) the aggregate number and kind of shares that thereafter may be issued under the Plan, (ii) the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option granted under the Plan and (iii) the purchase or exercise price thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and assigns. In connection with any Section 4.2 Event, the Committee may provide, in its sole discretion, for the cancellation of any outstanding Awards and payment in cash or other property in exchange therefor. Except as provided in this Section 4.2 or in the applicable Award agreement, a Participant shall have no rights by reason of any issuance by the Company of any class of securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or (b) shall be eliminated at the time of such adjustment by rounding-down for any fractional shares. No fractional shares of Common Stock shall be issued under the Plan. Notice of any adjustment shall be

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given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

(d) In the event of an Acquisition Event, the Committee may, in its sole discretion, terminate all outstanding and unexercised Stock Options that provides for a Participant elected exercise ("**Exercisable Stock Options**"), effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 10 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise his or her Exercisable Stock Options that are then outstanding to the extent vested as of the date on which such notice of termination is delivered (or, at the discretion of the Committee, without regard to any limitations on exercisability otherwise contained in the Stock Option award agreements), but any such exercise shall be contingent upon and subject to the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void. If the Acquisition Event does take place after giving such notice, any Exercisable Stock Option not exercised prior to the date of the consummation of such Acquisition Event shall be forfeited simultaneous with the consummation of the Acquisition Event. For the avoidance of doubt, in the event of an Acquisition Event, the Committee may, in its sole discretion, terminate any Exercisable Stock Option for which the exercise price is equal to or exceeds the Fair Market Value without payment of consideration therefor.

If an Acquisition Event occurs but the Committee does not terminate the outstanding Exercisable Stock Options pursuant to this Section 4.2(d), then the applicable provisions of Section 4.2(b) and Article IX shall apply.

4.3 Minimum Purchase Price. Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY AND GENERAL REQUIREMENTS FOR STOCK OPTIONS

5.1 General Eligibility. All current Eligible Employees, Non-Employee Directors and Consultants and prospective Eligible Employees, Consultants and Non-Employee Directors are eligible to be granted Non-Qualified Stock Options and Restricted Stock. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

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5.2 Incentive Stock Options. Notwithstanding anything herein to the contrary, only Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.3 General Requirement. The granting, vesting and exercise of Awards granted to a prospective Eligible Employee, Consultant or Non-Employee Director are conditioned upon such individual actually becoming an Eligible Employee, Consultant or Non-Employee Director, provided that no Award may be granted to a prospective Eligible Employee, Consultant or Non-Employee Director unless the Company determines that the Award will comply with applicable laws, including the securities laws of all relevant jurisdictions.

ARTICLE VI

STOCK OPTIONS

6.1 Stock Options. Each Stock Option granted under the Plan shall be one of two types: (a) an Incentive Stock Option; or (b) a Non-Qualified Stock Option.

6.2 Grants. The Committee shall, in its sole discretion, have the authority to grant to any Eligible Employee (subject to Section 5.2) Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof that does not qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall, in its sole discretion, have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options.

6.3 Terms of Stock Options. Stock Options granted under the Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee, in its sole discretion, shall deem desirable:

(a) Exercise Price. The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, provided that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, 110%) of the Fair Market Value of the Common Stock at the time of grant.

(b) Stock Option Term. The term of each Stock Option shall be fixed by the Committee; provided, that (i) no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and (ii) the term of an Incentive Stock Option granted to a Ten Percent Shareholder shall not exceed five years.

(c) *Exercisability.* Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods or upon the attainment of certain financial results or other criteria), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Unless otherwise determined by the Committee at grant, the Option agreement shall provide that (i) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (ii) as a condition of the exercise of a Stock Option, the Participant shall be required to certify (or shall be deemed to have certified) at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, and (iii) in the event the Participant engages in Detrimental Activity during the one-year period commencing on the later of the date the Stock Option is exercised or the date of the Participant's Termination, the Company shall be entitled to recover from the Participant at any time within one year after such date, and the Participant shall pay over to the Company, an amount equal to any gain realized as a result of the exercise (whether at the time of exercise or thereafter). In the event that a written employment agreement between the Company and a Participant provides for a vesting schedule that is more favorable than the vesting schedule provided in the form of Stock Option award agreement, the vesting schedule in such employment agreement shall govern, provided that such agreement is in effect on the date of grant and applicable to the specific Stock Option.

(d) *Method of Exercise.* Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, to the extent vested, a Stock Option may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Company specifying the number of shares of Common Stock to be acquired. Such notice shall be accompanied by (x) at the Company's request, a Joinder Agreement executed by the holder thereof and (y) payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Common Stock is traded on a national securities exchange or quoted on a national quotation system sponsored by the National Association of Securities Dealers, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price, to the extent authorized by the Committee; or (iii) on such other terms and conditions as may be acceptable to the

Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee, in its sole discretion. No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) *Incentive Stock Option Limitations.* To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may, in its sole discretion, amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Company.

(f) *Form, Modification, Extension and Renewal of Stock Options.* Subject to the terms and conditions and within the limitations of the Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may, in its sole discretion, (i) modify, extend or renew outstanding Stock Options granted under the Plan (provided that (x) the rights of a Participant are not reduced or adversely affected without his or her consent and (y) such action does not subject the Stock Options to Section 409A of the Code), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the shareholders of the Company.

(g) *Early Exercise.* The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant's Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option and such shares shall be subject to certain restrictions as determined by the Committee and be treated as restricted stock. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in

favor of the Company or to any other restriction the Committee determines to be appropriate.

(h) *Other Terms and Conditions.* Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall, in its sole discretion, deem appropriate.

ARTICLE VII

RESTRICTED STOCK

7.1 *Awards of Restricted Stock.* (a) Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Committee shall, in its sole discretion, determine the Eligible Employees, Consultants and Non-Employee Directors to whom, and the time or times within which, grants of Restricted Stock will be made, the number of shares to be awarded, the purchase price (if any) to be paid by the Participant (subject to Section 7.2), the time or times at which such Awards may be subject to forfeiture (if any), the vesting schedule (if any) and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance targets or such other factors as the Committee may determine, in its sole discretion.

Unless otherwise determined by the Committee at grant, each Award of Restricted Stock shall provide that in the event the Participant engages in Detrimental Activity prior to, or during the one-year period after, any vesting of Restricted Stock, the Committee may direct that all unvested Restricted Stock shall be immediately forfeited to the Company and that the Participant shall pay over to the Company an amount equal to the Fair Market Value at the time of vesting of any Restricted Stock that had vested in the period referred to above.

(b) *Restriction Period.* The Participant shall not be permitted to Transfer shares of Restricted Stock awarded under the Plan during a period set by the Committee (if any) (the "**Restriction Period**") commencing with the date of such Award, as set forth in the applicable Award agreement and such agreement shall set forth a vesting schedule and any events that would accelerate vesting of the shares of Restricted Stock. Within these limits, based on service and/or such other factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Stock Award.

7.2 *Awards and Certificates.* An Eligible Employee, Consultant and Non-Employee Director selected to receive Restricted Stock shall not have any rights with respect to such Award, unless and until such Participant has delivered a fully executed copy of the Award agreement evidencing the Award to the Company and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

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(a) *Purchase Price.* The purchase price (if any) of Restricted Stock shall be determined by the Committee, but shall not be less than as permitted under applicable law.

(b) *Acceptance.* Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the grant date, by executing an Award agreement and by paying whatever price (if any) the Committee has designated thereunder and all applicable withholding taxes due upon the granting and acceptance of the Award (if any) in accordance with the provisions of Section 13.4.

(c) *Legend.* Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

"The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the FDO Holdings Inc. (the "Company") 2011 Stock Incentive Plan (as amended from time to time), and an Award agreement entered into between the registered owner and the Company dated . Copies of such Plan and Award agreement are on file at the principal office of the Company."

(d) *Custody.* The Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(e) *Rights as Stockholder.* Except as provided in this subsection and subsection (d) above and as otherwise determined by the Committee, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company including, without limitation, the right to receive any dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares. Notwithstanding the foregoing, the payment of dividends shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period, unless the Committee, in its sole discretion, specifies otherwise at the time of the Award.

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(f) *Lapse of Restrictions.* If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant except as otherwise required by applicable law or the Shareholders Agreement. Notwithstanding the foregoing, actual certificates shall not be issued to the extent that book entry recordkeeping is used.

ARTICLE VIII

NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT/CONSULTANCY/DIRECTORSHIP

8.1 Non-Transferability

(a) Except as otherwise specifically provided herein, no Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Shares of Restricted Stock may not be Transferred prior to the date on which shares are issued, or if later, the date on which any applicable restriction or deferral period lapses. Any attempt to Transfer any such Stock Option or share of Common Stock not in accordance with the provisions of Section 12.2 shall be void and immediately cancelled, and no Award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Award, nor shall it be subject to attachment or legal process for or against such person.

(b) Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section 8.1 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of the Plan and the Stock Option agreement. Any shares of Common Stock acquired upon the exercise of a Stock Option by a Permissible Transferee of a Stock Option or a Permissible Transferee pursuant to a Transfer after the exercise of the Stock Option shall be subject to the terms of the Plan and the Stock Option agreement, including, without limitation, the provisions of Article XII.

8.2 Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, the following shall apply in the event of a Termination of a Participant:

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(a) *Rules Applicable to Stock Options.*

(i) *Termination by Reason of Death or Disability.* If a Participant's Termination is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of

death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(ii) *Involuntary Termination Without Cause or for Good Reason.* If a Participant's Termination is by involuntary termination without Cause or by the Participant for Good Reason, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of 90 days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(iii) *Termination for Cause; Voluntary Termination without Good Reason.* If a Participant's Termination: (1) is for Cause, (2) is a voluntary Termination by the Participant after the occurrence of an event that would be grounds for a Termination for Cause, (3) voluntary by the Participant without Good Reason, all Stock Options, whether vested or not vested, that are held by such Participant shall thereupon terminate and expire as of the date of such Termination.

(iv) *Unvested Stock Options.* Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire as of the date of such Termination

(b) *Rules Applicable to Restricted Stock.* Unless otherwise determined by the Committee at grant or thereafter, during the relevant Restriction Period, upon a Participant's Termination for any reason, all Restricted Stock still subject to restriction shall be forfeited.

ARTICLE IX

CHANGE IN CONTROL PROVISIONS

9.1 Except as otherwise provided by the Committee in an Award agreement, in the event of a Change in Control of the Company after the Effective Date, the Committee may, but shall not be obligated to:

(a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of an Award; or

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(b) cancel Awards for fair value (as determined in good faith by the Committee) which, in the case of Options may equal the excess, if any, of the value of the consideration to be paid in the Change in Control transaction to holders of the same number of shares of Common Stock subject to such Options (or, if no consideration is paid in any such transaction, the Fair Market Value of the shares of Common Stock subject to such Options) over the aggregate exercise price of such Options; or

(c) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Stock Options previously granted hereunder as determined by the Committee in its sole discretion.

9.2 **Initial Public Offering not a Change in Control.** Notwithstanding the foregoing, for purposes of the Plan, the completion of an initial public offering of the Common Stock or any change in the composition of the Board within one year following such initial public offering shall not be considered a Change in Control.

ARTICLE X

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XIII or Section 409A of the Code as described below), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that if the Committee, in its sole discretion, determines that the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may be adversely impaired, the consent of such Participant shall be required; and provided further, without the approval of the shareholders of the Company entitled to vote in accordance with applicable law, no amendment may be made that would:

- (a) increase the aggregate number of shares of Common Stock that may be issued under the Plan (other than due to an adjustment under Section 4.2);
- (b) change the classification of individuals eligible to receive Awards under the Plan;
- (c) decrease the minimum exercise price of any Stock Option;
- (d) extend the maximum Stock Option period under Section 6.3;
- (e) award any Stock Option in replacement of a canceled Stock Option with a higher exercise price, except in accordance with Section 6.3(f); or

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(f) require shareholder approval in order for the Plan to continue to comply with Section 422 of the Code to the extent applicable to Incentive Stock Options or the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV or as otherwise specifically provided herein, no such amendment or other action by the Committee shall adversely impair the rights of any holder without the holder's consent. Notwithstanding anything herein to the contrary, the Board or the Committee may amend the Plan or any Award granted hereunder at any time without a Participant's consent to comply with Section 409A of the Code or any other applicable law. Nothing in the Plan is intended to provide a guarantee of particular tax treatment to any Participant.

ARTICLE XI

UNFUNDED PLAN

The Plan is intended to constitute an "unfunded" plan. With respect to any payments as to which a Participant has a fixed and vested interest but that are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

TRANSFER LIMIT; COMPANY'S RIGHT OF REPURCHASE; RIGHTS OF FIRST REFUSAL

12.1 Repurchase Rights and Rights of First Refusal. The Committee may provide in the applicable Award agreement repurchase rights and/or rights of first refusal at the time of grant (or, thereafter, if no rights of the Participant are reduced) as it may decide in its sole discretion. Notwithstanding anything herein to the contrary, if a Participant or a Permissible Transferee is a party to the Shareholders Agreement or executes a Joinder Agreement (or is a party to or executes a joinder agreement to another shareholders agreement (or similar agreement) that provides repurchase rights, call rights and/or rights of first refusal or rights of first offer), such provisions with respect to repurchase rights, call rights and/or rights of first refusal or rights of first offer in the Shareholders Agreement or such other shareholders agreement (or similar agreement), including any amendments thereto, shall control to the extent they are inconsistent with any similar provisions in the applicable Award agreement.

12.2 Transfer Limit. (a) *Restrictions on Transfer.* No Participant shall, directly or indirectly, prior to the Registration Date or such other date determined by the Committee, Transfer any shares of Common Stock acquired through the exercise of an Award under the Plan prior to the Participant's Termination and the expiration of any

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applicable time period set forth in the applicable Award agreement and the Shareholders Agreement for the exercise of repurchase rights, call rights and/or rights of first refusal or rights of first offer provided therein. Notwithstanding the foregoing, the Participant shall have the right to Transfer such shares of Common Stock to a Permissible Transferee who takes the shares subject to the terms of the Plan and applicable Award agreement, provided that such Transfer shall not be effective unless and until the Company shall have been furnished with information reasonably satisfactory to it demonstrating that such Transfer is exempt from or not subject to the provisions of Section 5 of the Securities Act and any other applicable securities laws.

12.3 Effect of Registration. Notwithstanding the foregoing, unless otherwise determined by the Committee, the Company shall cease to have rights pursuant to this Article XII on and after the Registration Date.

12.4 Effect of Public Offering. Notwithstanding the foregoing, in the event of the completion of an initial public offering of the Common Stock, contingent on the completion of such initial public offering, the Company shall have any repurchase rights immediately in effect prior to the completion of such public offering with respect to an Award or shares of Common Stock previously acquired by the Participant pursuant to the exercise of a vested Stock Option or vesting or Restricted Stock, whether such repurchase rights were included in the applicable Award agreement or otherwise.

ARTICLE XIII

GENERAL PROVISIONS

13.1 Legend. The Committee may require each person receiving shares of Common Stock pursuant to an Award granted under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by the Plan, the certificates and/or book entry accounts for such shares may include any legend that the Committee, in its sole discretion, deems appropriate to reflect any restrictions on Transfer.

All certificates and/or book entry accounts for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may, in its sole discretion, deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national automated quotation system on which the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

13.2 Other Plans. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

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13.3 No Right to Employment/Consultancy/Directorship. Neither the Plan nor the grant of any Award hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any of its Affiliates, nor shall there a limitation in any way on the right of the Company or any of its Affiliates by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate his or her employment, consultancy or directorship at any time.

13.4 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock, or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the advanced consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

13.5 Listing and Other Conditions.

(a) Unless otherwise determined by the Committee, if at any time the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issuance of any shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Award with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Awards, and the right to exercise any Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful and will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 13.5, an Award affected by such suspension that shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and

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as to shares that would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

13.6 Shareholders Agreement and Other Requirements. Notwithstanding anything herein to the contrary, as a condition to the receipt of shares of Common Stock pursuant to an Award granted under the Plan, the Participant shall execute and deliver a Joinder Agreement or such other documentation as required by the Committee which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase, a right of first refusal of the Company with respect to shares, and such other terms or restrictions as the Board or Committee shall from time to time establish, including without exception any drag along rights, tag along rights, transfer restrictions and registration rights. The Shareholders Agreement or other documentation shall apply to the Common Stock acquired under the Plan and covered by the Shareholders Agreement or other documentation. The Company may require, as a condition of exercise, the Participant or any Permissible Transferee to become a party to the Shareholders Agreement or any other existing shareholders agreement or other agreement.

13.7 Governing Law. The Plan and the actions taken in connection herewith shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws, and the State of Delaware shall be the exclusive venue of any actions or causes of action arising hereunder.

13.8 Construction. Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

13.9 Other Benefits. No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

13.10 Costs. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Common Stock pursuant to any Stock Option granted hereunder.

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13.11 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and Awards granted to individual Participants need not be the same.

13.12 Death/Disability. The Committee may in its sole discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of a Stock Option. The Committee may, in its sole discretion, also require the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

13.13 Section 16(b) of the Exchange Act. On and after the Registration Date, all elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may, in its sole discretion, establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

13.14 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included; provided however, that if the Company's call rights and rights of first refusal set forth in the Shareholders Agreement or other agreement shall be held invalid or unenforceable, the Awards granted under the Plan shall be cancelled and terminated.

13.15 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

13.16 Securities Act Compliance. Except as the Company or Committee shall otherwise determine, the Plan is intended to comply with Section 4(2) or Rule 701 of the Securities Act, and any provisions inconsistent with such Section or Rule of the Securities Act shall be inoperative and shall not affect the validity of the Plan.

13.17 Successors and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

13.18 Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

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13.19 Agreement. As a condition to the grant of a Award, if requested by the Company or the lead underwriter of any public offering of the Common Stock (the "Lead Underwriter"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during such other time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "Lock-up Period"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter or the Company to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to a Stock Option until the end of such Lock-up Period.

13.20 No Rights as Shareholder. Subject to the provisions of the Award agreement, no Participant or Permissible Transferee shall have any rights as a shareholder of the Company with respect to any Award until such individual becomes the holder of record of the shares of Common Stock underlying the Award.

13.21 Section 409A of the Code. To the extent applicable, the Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal

Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void.

13.22 Consideration. Awards may be awarded in consideration for past services actually rendered to the Company or an Affiliate of the Company for its benefit; ~~provided, however,~~ that in the case of an Award to be made to a new Eligible Employee, Non-Employee Director, or Consultant who has not performed prior services for the Company, the Company will require payment of the par value of the Common Stock by cash or check in order to ensure proper issuance of the shares in compliance with the Delaware General Corporation Law.

ARTICLE XIV

EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board (the "**Effective Date**"), subject to the approval of the Plan by the shareholders of the Company within 12 months before or after adoption of the Plan by the Board in compliance with the Delaware General Corporation Law.

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ARTICLE XV

TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but Awards granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Awards shall, extend beyond that date.

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**FIRST AMENDMENT TO
FDO HOLDINGS, INC. AMENDED & RESTATED
2011 STOCK INCENTIVE PLAN**

WHEREAS, FDO Holdings, Inc. (the “**Company**”) maintains the FDO Holdings, Inc. Amended & Restated 2011 Stock Incentive Plan (as amended, the “**Plan**”);

WHEREAS, pursuant to Article X of the Plan, the Board of Directors of the Company (the “**Board**”), may at any time amend the Plan to increase the aggregate number of shares of common stock of the Company that may be issued under the Plan, provided such increase is approved by the shareholders of the Company; and

WHEREAS, the Board desires to amend the Plan as set forth herein to increase the number of shares of common stock of the Company that may be issued under the Plan.

NOW, THEREFORE, pursuant to Article X of the Plan, effective as of the date so approved by the shareholders of the Company, the first sentence of Section 4.1 of the Plan is hereby replaced in its entirety with the following sentences:

“The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the Plan or with respect to which Awards may be granted under the Plan, including with respect to Incentive Stock Options, shall not exceed 33,500 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both.”

IN WITNESS WHEREOF, the Board and a majority of the stockholders of the Company have approved the amendment to the Plan as set forth herein, the Board has authorized the undersigned officer of the Company to execute this amendment, and the undersigned has caused this amendment to be executed this 13th day of December, 2012.

FDO HOLDINGS, INC.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer

**SECOND AMENDMENT TO
FDO HOLDINGS, INC. AMENDED & RESTATED
2011 STOCK INCENTIVE PLAN**

WHEREAS, FDO Holdings, Inc. (the “**Company**”) maintains the FDO Holdings, Inc. Amended & Restated 2011 Stock Incentive Plan (as amended, the “**Plan**”);

WHEREAS, pursuant to Article X of the Plan, the Board of Directors of the Company (the “**Board**”) or the Compensation Committee of the Board (the “**Committee**”) may at any time amend the Plan to increase the aggregate number of shares of common stock of the Company that may be issued under the Plan, provided such increase is approved by the shareholders of the Company; and

WHEREAS, the Committee desires to amend the Plan as set forth herein to increase the number of shares of common stock of the Company that may be issued under the Plan.

NOW, THEREFORE, pursuant to Article X of the Plan, effective as of the date so approved by the shareholders of the Company, the first sentence of Section 4.1 of the Plan is hereby replaced in its entirety with the following sentences:

“The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the Plan or with respect to which Awards may be granted under the Plan, including with respect to Incentive Stock Options, shall not exceed 35,500 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both.”

IN WITNESS WHEREOF, the Committee and a majority of the stockholders of the Company have approved the amendment to the Plan as set forth herein, the Committee has authorized the undersigned officer of the Company to execute this amendment, and the undersigned has caused this amendment to be executed this 24th day of February, 2016.

FDO HOLDINGS, INC.

By: /s/ David V. Christopherson
Name: David V. Christopherson
Title: SVP & General Counsel

**THIRD AMENDMENT TO
FDO HOLDINGS, INC. AMENDED & RESTATED
2011 STOCK INCENTIVE PLAN**

WHEREAS, FDO Holdings, Inc. (the “**Company**”) maintains the FDO Holdings, Inc. Amended & Restated 2011 Stock Incentive Plan, as amended (the “**Plan**”);

WHEREAS, pursuant to Article X of the Plan, the Board of Directors of the Company (the “**Board**”) or the Compensation Committee of the Board (the “**Committee**”) may at any time amend the Plan to increase the aggregate number of shares of common stock of the Company that may be issued under the Plan, provided such increase is approved by the shareholders of the Company; and

WHEREAS, the Committee desires to amend the Plan as set forth herein to increase the number of shares of common stock of the Company that may be issued under the Plan.

NOW, THEREFORE, pursuant to Article X of the Plan, effective as of the date so approved by the shareholders of the Company, the first sentence of Section 4.1 of the Plan is hereby replaced in its entirety with the following sentences:

“The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the Plan or with respect to which Awards may be granted under the Plan, including with respect to Incentive Stock Options, shall not exceed 38,905 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both.”

IN WITNESS WHEREOF, the Committee and a majority of the stockholders of the Company have approved the amendment to the Plan as set forth herein, the Committee has authorized the undersigned officer of the Company to execute this amendment, and the undersigned has caused this amendment to be executed this 30th day of September, 2016.

FDO HOLDINGS, INC.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and
Executive Vice President

Award Number:

FDO HOLDINGS, INC.
NON-QUALIFIED STOCK OPTION AGREEMENT
PURSUANT TO THE
FDO HOLDINGS, INC.
2011 STOCK OPTION PLAN

AGREEMENT ("Agreement"), dated as of [·], 20 [·] between FDO Holdings, Inc., a Delaware corporation (the "Company"), and [·] (the "Participant").

Preliminary Statement

The Committee authorized this grant of a non-qualified stock option (the "Option") on [·], 20 [·] (the "Grant Date") (1) to purchase the number of shares of Class B non-voting Common Stock, par value \$0.001 per share, of the Company (the "Common Stock"), set forth below to the Participant, as an Eligible Employee of the Company or one of its Affiliates (collectively, the Company and all of its Affiliates shall be referred to as the "Employer"). Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the FDO Holdings, Inc. 2011 Stock Option Plan, as it may be amended from time to time (the "Plan"). A copy of the Plan has been delivered to the Participant. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Tax Matters.** No part of the Option granted hereby is intended to qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

2. **Grant of Option.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted an Option to purchase from the Company [·] shares of Common Stock, at a price per share of \$[·] (the "Option Price").

3. **Exercise.**

(a) The Option shall vest and become exercisable as provided below, which shall be cumulative. To the extent that the Option has become exercisable with respect to a number of shares of Common Stock as provided below, the Option may thereafter be exercised by the Participant, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein and in accordance with Section 6.3(b) of the Plan, including, without limitation, the filing of such written form of exercise notice, if any, as may be required by the Committee and payment in full of the Option Price multiplied by the number of shares of Common Stock underlying the portion of the Option exercised. Upon expiration of the

(1) Insert date that the Option was approved by the Committee.

Option, the Option shall be canceled and no longer exercisable. The following table indicates each date upon which the Option shall be vested and Participant shall be entitled to exercise the Option with respect to the percentage indicated beside that date provided that the Participant has not suffered a Termination prior to the applicable vesting date:

<u>Vesting Date</u>	<u>Percent Vested</u>
First Anniversary of Grant Date	[·] %
Second Anniversary of Grant Date	[·] %
Third Anniversary of Grant Date	[·] %
Fourth Anniversary of Grant Date	[·] %
Fifth Anniversary of the Grant Date	[·] %

There shall be no proportionate or partial vesting in the periods prior to each vesting date and all vesting shall occur only on the appropriate vesting date.

(b) Notwithstanding the foregoing, the Participant may not exercise the Option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act, or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of the Option must also comply with other applicable laws and regulations governing the Option, and the Participant may not exercise the Option if the Company determines that such exercise would not be in material compliance with such laws and regulations. In addition, the Participant may not exercise the Option if the terms of the Plan do not permit the exercise of Options at such time.

(c) The provisions in the Plan regarding Detrimental Activity shall apply to the Option. In the event that the Participant engages in Detrimental Activity prior to the exercise of the Option, the Option shall terminate and expire as of the date the Participant engaged in such Detrimental Activity. As a condition of the exercise of the Option, the Participant shall be required to certify (or be deemed to have certified) at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity. In the event the Participant engages in Detrimental Activity during the one year period commencing on the date the Option is exercised, the Company shall be entitled to recover from the Participant at any time within one year after such exercise, and the Participant shall pay over to the Company, an amount equal to any gain realized as a result of the exercise of the Option (whether at the time of exercise or thereafter).

4. **Option Term.** The term of the Option shall be until the tenth anniversary of the Grant Date, after which time it shall terminate, subject to earlier termination in the event of the Participant's Termination as specified in Section 5 below.

5. **Termination.**

(a) Subject to the terms of the Plan and this Agreement, the Option, to the extent vested at the time of the Participant's Termination, shall remain vested and exercisable as provided in Section 7.2(a)-(c) of the Plan.

(b) Any portion of the Option that is not vested as of the date of the Participant's Termination for any reason shall terminate and expire as of the date of such Termination.

(c) In the event that the Participant's employment agreement provides more favorable rights with respect to the vesting and post-Termination exercise of the Option and such rights were approved by the Committee in connection with the grant of the Option, such rights shall apply.

6. **Restriction on Transfer of Option.** No part of the Option shall be Transferable other than by will or by the laws of descent and distribution and during the lifetime of the Participant, may be exercised only by the Participant or the Participant's guardian or legal representative. In addition, the Option shall not be assigned, negotiated, pledged or hypothecated in any way (except as provided by law or herein), and the Option shall not be subject to execution, attachment or similar process. Upon any attempt to Transfer the Option or in the event of any levy upon the Option by reason of any execution, attachment or similar process contrary to the provisions hereof, the Option shall immediately become null and void.

7. **Company's Right to Repurchase; Restrictions on Transfer.**

(a) The Option, and any shares of Common Stock that the Participant acquires upon exercise of the Option, shall be subject to the restrictions on transfer set forth in Article XI of the Plan and in this Section 7.

(b) **Company's Right of Repurchase.**

(i) In the event of a Participant's Termination for Cause or a Participant's voluntary Termination without Good Reason or the discovery that a Participant engaged in a Detrimental Activity, the Company shall have the right (the "**Repurchase Right**"), but not the obligation, to repurchase (or may cause its designee to repurchase) from the Participant (or his or her transferee) any or all of the shares of Common Stock previously acquired by the Participant pursuant to the exercise of the vested Stock Option (the "**Option Shares**") held by the Participant at the Repurchase Price. The Repurchase Right shall be exercised upon one or more occasions and at any time during the 90-day period following the later of such Termination or the date on which the Participant exercises the Option; provided, that, the Company's Repurchase Right may be further extended for an additional 90-day period if the Company determines it necessary to obtain lender consent to any such purchase. The "**Repurchase Price**" shall be an amount in cash equal to the product of (X) the number of the Option Shares to be repurchased by the Company and the lesser of (Y) (i) the exercise price or (ii) the Fair Market Value of a share of Common Stock on the date of Termination.

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(ii) In the event of a Termination for any reason other than for Cause or on account of a Participant's voluntary Termination without Good Reason (including Termination due to retirement, death, Disability or involuntary termination without Cause), (i) the Company may at any time within 180 days of the date of Termination repurchase (or may cause its designee to repurchase) from the Participant (or his or her transferee) any shares of Common Stock acquired by the Participant through the exercise of a Stock Option on or prior to the date of his or her Termination at a repurchase price equal to the Fair Market Value on the date of Termination and (ii) the Company may at any time within 60 days of the date of Termination (A) repurchase (or may cause its designee to repurchase) from the Participant the outstanding vested portion of the Option based on the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of Termination or (B) repurchase (or may cause its designee to repurchase) from the Participant (or his or her transferee) any shares of Common Stock acquired by the Participant through the exercise of a Stock Option after the date of Termination at a repurchase price equal to the Fair Market Value on the date of repurchase. Notwithstanding the foregoing, if the Company elects to exercise its right to repurchase shares of Common Stock pursuant to clause (ii)(B) of this Section 7(b)(ii) within 5 days of the applicable exercise date, in lieu of such exercise and repurchase, the Company will repurchase the number of shares to be purchased pursuant to such written notice of exercise based on the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of Termination.

(iii) To exercise its repurchase rights under this Section 7(b), the Company (or its designee) shall deliver a written notice to the Participant setting forth the securities to be repurchased and the applicable purchase price thereof, and the date on which such repurchase is to be consummated, which date shall be not less than 15 days or more than 30 days after the date of such notice (provided, that such period shall be extended at any time when repurchase by the Company is prohibited pursuant to (i) any applicable law or (ii) any debt instrument of the Company or any of its Affiliates or (iii) would result in adverse accounting consequences for the Company).

(iv) At such closing, the Company will pay the Participant the repurchase price as specified in this Section 7(b) in cash, or by cancellation of indebtedness of the Participant to the Company.

(c) Notwithstanding anything in this Agreement to the contrary, if the Participant is a party to the Shareholders Agreement or executes a Joinder Agreement (or is a party to or executes a joinder agreement to another shareholders agreement (or similar agreement) that provides repurchase rights, call rights and/or rights of first refusal or rights of first offer), such provisions with respect to repurchase rights, call rights and/or rights of first refusal or rights of first offer in the Shareholders Agreement or such other shareholders agreement (or similar agreement), including any amendments thereto, shall control to the extent they are inconsistent with the provisions herein.

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(d) To ensure that the shares of Common Stock issuable upon exercise of the Option are not transferred in contravention of the terms of the Plan and this Agreement, and to ensure compliance with other provisions of the Plan and this Agreement, the Company may deposit the certificates evidencing the shares of Common Stock to be issued upon the exercise of the Option with an escrow agent designated by the Company.

8. **Securities Representations.** Upon the exercise of the Option prior to the registration of the Common Stock subject to the Option pursuant to the Securities Act or other applicable securities laws, the Participant shall be deemed to acknowledge and make the representations and warranties as described below and as otherwise may be requested by the Company for compliance with applicable laws, and any issuances of Common Stock by the Company shall be made in reliance upon the express representations and warranties of the Participant.

(a) The Participant is acquiring and will hold the shares of Common Stock for investment for his account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or other applicable securities laws.

(b) The Participant has been advised that the shares of Common Stock have not been registered under the Securities Act or other applicable securities laws, on the ground that no distribution or public offering of the shares of Common Stock is to be effected (it being understood, however, that the shares of Common Stock are being issued and sold in reliance on the exemption provided under Rule 701 under the Securities Act), and that the shares of Common Stock must be held indefinitely, unless they are subsequently registered under the applicable securities laws or the Participant obtains an opinion of counsel (in the form and substance satisfactory to the Company and its counsel) that registration is not required. In connection with the foregoing, the Company is relying in part on the Participant's representations set forth in this Section. The Participant further acknowledges and understands that the Company is under no obligation hereunder to register the shares of Common Stock.

(c) The Participant is aware of the adoption of Rule 144 by the Securities and Exchange Commission under the Securities Act, which permits limited

public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. The Participant acknowledges that he is familiar with the conditions for resale set forth in Rule 144, and acknowledges and understands that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.

(d) The Participant will not sell, transfer or otherwise dispose of the shares of Common Stock in violation of the Plan, this Agreement, Securities Act (or the rules and regulations promulgated thereunder) or under any other applicable securities laws. The Participant agrees that he will not dispose of the Common Stock unless and until he has complied with all requirements of this Agreement applicable to the disposition of the shares of Common Stock.

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(e) The Participant has been furnished with, and has had access to, such information as he considers necessary or appropriate for deciding whether to invest in the shares of Common Stock, and the Participant has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Common Stock.

(f) The Participant is aware that his investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. The Participant is able, without impairing his financial condition, to hold the Shares for an indefinite period and to suffer a complete loss of his investment in the Common Stock.

9. **Rights as a Shareholder.** The Participant shall have no rights as a shareholder with respect to any shares covered by the Option unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan.

10. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof (other than any exercise notice or other documents expressly contemplated herein or in the Plan) and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

11. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 11, any notice required to be delivered to the Company shall be properly delivered if delivered to:

FDO Holdings, Inc.
c/o Ares Management II, L.P.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Adam Stein
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
with copies (which shall not constitute notice) to:

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Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica J. Shilling, Esq.
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

and to:

FS Equity Partners VI, L.P.
c/o Freeman Spogli & Co.
11100 Santa Monica Boulevard, Suite 1900
Los Angeles, CA 90025
Attention: Brad Brutocao
Telephone: (310) 444-1822
Facsimile: (310) 444-1870

(b) if to the Participant, to the address on file with the Company.

Any notice, demand or request, if made in accordance with this Section 11 shall be deemed to have been duly given: (i) when delivered in person; (ii) three (3) days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

12. **No Obligation to Continue Employment.** This Agreement is not an agreement of employment. This Agreement does not guarantee that the Employer will employ the Participant for any specific time period, nor does it modify in any respect the Employer's right to terminate or modify the Participant's employment or compensation.

13. **Shareholders Agreement and Other Requirements.** Notwithstanding anything herein to the contrary, as a condition to the receipt of shares of Common Stock when the Option is exercised, at the Company's request, the Participant shall execute and deliver a Joinder Agreement or such other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase, a right of first refusal of the Company with respect to shares, and such other terms or restrictions as the Committee shall from time to time establish, including, without limitation, any drag-along rights, tag-along rights, transfer restrictions and registration rights. The Shareholders Agreement or other documentation shall apply to the Common Stock acquired under the Plan and covered by the Shareholders Agreement or other documentation. The Company may require, as a condition of exercise, the Participant to become a party to any other existing shareholder agreement or other agreement.

14. **Waiver of Jury Trial.** Each party to this Agreement, for itself and its affiliates, hereby irrevocably and unconditionally waives to the fullest extent permitted by applicable law all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the actions of

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the parties hereto or their respective affiliates pursuant to this Agreement or in the negotiation, administration, performance or enforcement of this Agreement.

15. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

FDO HOLDINGS, INC.

By: _____
Name:
Title:

Employee Name:
Employee ID number:

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FLOOR & DECOR HOLDINGS, INC.

2017 STOCK INCENTIVE PLAN

ARTICLE I

PURPOSE

The purpose of this Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer Eligible Employees, Consultants and Non-Employee Directors incentive awards to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. The Plan, as set forth herein, is effective as of the Effective Date (as defined in Article XVI).

ARTICLE II

DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 "Acquisition Event" means a merger or consolidation in which the Company is not the surviving entity, any transaction that results in the acquisition of all or substantially all of the Company's outstanding Common Stock by a Person or the Transfer of all or substantially all of the Company's assets.

2.2 "Affiliate" means, (a) with respect to any Person, each of the following: (i) any Subsidiary of such Person; (ii) any Parent of such Person; (iii) any corporation, trade or business (including a partnership or limited liability company) that is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by such Person or any of its Affiliates; and (iv) any corporation, trade or business (including a partnership or limited liability company) that directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) of such Person; and (b) with respect to the Company, any other entity in which the Company or any Affiliate of the Company has a material equity interest and that is designated as an "Affiliate" by resolution of the Committee; provided that the term "Affiliate" does not include the portfolio companies of any sponsored investment fund or other vehicle managed by a Permitted Holder and, as such, any reference herein to "Affiliates" shall not include a reference to any portfolio companies of such funds and vehicles.

2.3 "Appreciation Award" means any Stock Option or any Other Stock-Based Award that is based on the appreciation in value of a share of Common Stock in excess of an amount at least equal to the Fair Market Value on the date such Award is granted.

2.4 "Ares" means Ares Corporate Opportunities Fund III, L.P.

2.5 "Award" means any award granted or made under the Plan of any Stock Option, Restricted Stock, Other Stock-Based Award or Performance-Based Cash Award.

2.6 "Board" means the Board of Directors of the Company.

2.7 "Business" means, at any time of determination, (a) the business (whether operated in physical locations or online over the internet) of selling hard surface flooring material, (b) any business or activity then conducted by the Company or any Subsidiary of the Company, or (c) any business that the Company or any Subsidiary of the Company has a bona fide intention to conduct and of which the Participant is aware as of such time.

2.8 "Cause" means with respect to a Participant's Termination of Employment or Termination of Consultancy, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement that defines "cause" (or words of like import or where it only applies upon the occurrence of a change in control and one has not yet taken place) in effect between the Company or an Affiliate of the Company and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to: (i) the Participant's (x) being indicted for or charged with a felony under United States or applicable state law or (y) conviction of, or plea of guilty or nolo contendere to, a misdemeanor where imprisonment is imposed (other than for a traffic-related offense); (ii) perpetration by the Participant of an illegal act, dishonesty, or fraud that could cause economic injury to the Company or any Subsidiary of the Company or any act of moral turpitude by the Participant; (iii) the Participant's insubordination, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or unsatisfactory performance of his or her duties for the Company or any Subsidiary of the Company; (iv) willful and deliberate failure by the Participant to perform the Participant's duties, after the Participant has been given notice and an opportunity to effectuate a cure as determined by the Committee; (v) the Participant's willful misconduct or gross negligence with regard to the Company or any Subsidiary of the Company; (vi) the Participant's unlawful appropriation of a material corporate opportunity; or (vii) the Participant's breach of any agreement with the Company or any of its Affiliates, including any confidentiality or other restrictive covenant agreement entered into between the Participant and the Company or any of its Affiliates; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate of the Company and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "cause" only applies upon an occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. With respect to a Participant's Termination of Directorship, "cause" means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

2.9 "Change in Control" unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee and subject to Section 15.14(b), means the occurrence of any of the following:

(a) the acquisition (including through purchase, reorganization, merger, consolidation or similar transaction), directly or indirectly, in one or more transactions by a Person (other than any Permitted Holder) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities representing 50% or more of the combined voting power of the securities of the Company entitled to vote generally in the election of directors of the Board (the "**Company Voting Securities**"), calculated on a fully diluted basis after giving

effect to such acquisition; provided, however, that none of the following acquisitions shall constitute a Change in Control as defined in clause (a): (i) any acquisition that does not result in any Person (other than any Permitted Holder) beneficially owning shares or securities representing 50% or more of either the Common Stock or the Company Voting Securities and (ii) any acquisition, after which Permitted Holders have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board;

(b) an election of individuals to the Board that causes two-thirds of the Board to consist of individuals other than (i) members of the Board on the Effective Date, (ii) individuals who were nominated for election as members of the Board at a time when two-thirds of the Board consisted of individuals who were members of the Board on the Effective Date and (iii) individuals who were designated for election as members of the Board pursuant to Section 3.02 of the Investor Rights Agreement; provided that any individual nominated for election by a Board at least two-thirds of which consisted of individuals described in clauses (i) or (ii) or by individuals who were themselves nominated by such Board shall be deemed to have been nominated by a Board consisting of individuals described in clause (i) but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest for the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company; or

(d) the sale or other disposition, directly or indirectly, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person (other than a Permitted Holder).

2.10 “**Change in Control Price**” has the meaning set forth in Section 10.1.

2.11 “**Code**” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

2.12 “**Committee**” means: (a) with respect to the application of the Plan to Eligible Employees and Consultants, the Board, or a committee or subcommittee of the Board consisting of two or more Non-Employee Directors, each of whom is intended to be (i) to the extent required by Rule 16b-3, a “nonemployee director” as defined in Rule 16b-3; (ii) to the extent required by Section 162(m), an “outside director” as defined under Section 162(m); and (iii) to the extent required, an “independent director” as defined under the NYSE Listed Company Manual or other applicable stock exchange rules; and (b) with respect to the application of the Plan to Non-Employee Directors, the Board or a committee or sub-committee of the Board. To the extent that no Committee exists that has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed references to the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3 or Section 162(m), such noncompliance shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

2.13 “**Common Stock**” means the Class A common stock of the Company, par value \$0.001 per share.

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2.14 “**Company**” means Floor & Decor Holdings, Inc., a Delaware corporation, and its successors by operation of law.

2.15 “**Competitor**” means any Person (other than the Company and its Affiliates) engaged in the Business.

2.16 “**Consultant**” means any natural person who provides bona fide consulting or advisory services to the Company or its Affiliates provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction, and does not, directly or indirectly, promote or maintain a market for the Company’s or its Affiliates’ securities.

2.17 “**Corporate Subsidiary**” means, with respect to any corporation, a subsidiary corporation of such corporation within the meaning of Section 424(f) of the Code.

2.18 “**Customer**” means any Person who is a customer or client of the Company or any of its Affiliates that is a professional contractor and with whom the Participant had material business-related contact (whether in person, by telephone or by paper or electronic correspondence) on behalf of the Company or any of its Affiliates.

2.19 “**Detrimental Activity**” means:

(a) disclosing, divulging, furnishing or making available to anyone at any time, except as necessary in the furtherance of Participant’s responsibilities to the Company or any of its Affiliates, either during or subsequent to Participant’s service relationship with the Company or any of its Affiliates, any knowledge or information with respect to confidential or proprietary information, methods, processes, plans or materials of the Company or any of its Affiliates, or with respect to any other confidential or proprietary aspects of the business of the Company or any of its Affiliates, acquired by the Participant at any time prior to the Participant’s Termination;

(b) any activity while employed by, or performing services for, the Company or any of its Affiliates that results, or if known could reasonably be expected to result, in the Participant’s Termination for Cause;

(c) (i) directly or indirectly soliciting, enticing or inducing any employee of the Company or any of its Affiliates to be employed by any Person that is, directly or indirectly, in competition with the business or activities of the Company or any of its Affiliates; (ii) directly or indirectly approaching any such employee for these purposes; (iii) authorizing or knowingly approving the taking of such actions by other Person on behalf of any such Person, or assisting any such Person in taking such actions; (iv) directly or indirectly soliciting Customers to purchase products on behalf of a Competitor; or (v) directly or indirectly soliciting Suppliers to provide products or services to support a Competitor;

(d) direct or indirect Disparagement, or inducing others to engage in Disparagement; or

(e) a material breach of any agreement between the Participant and the Company or an Affiliate of the Company. Unless otherwise determined by the Committee at grant or unless a longer post-Termination recoupment period is provided in the applicable award agreement, Detrimental Activity shall not be deemed to occur after the end of the one-year period following the Participant’s Termination.

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Notwithstanding the foregoing, a Participant’s engagement in any activity described in Sections 15.20(b) or (c) shall not constitute “Detrimental Activity.”

For purposes of subsections (a), (c) and (e) above, the Committee has the authority to provide the Participant with written authorization to engage in the activities contemplated thereby and no other Person shall have authority to provide the Participant with such authorization.

2.20 “**Disability**” means with respect to a Participant’s Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability

shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for an Award that provides for payment or settlement triggered upon a Disability and that constitutes a Section 409A Covered Award, the foregoing definition shall apply for purposes of vesting of such Award, provided that for purposes of payment or settlement of such Award, such Award shall not be paid (or otherwise settled) until the earliest of: (A) the Participant's "disability" within the meaning of Section 409A(a)(2)(C)(i) or (ii) of the Code, (B) the Participant's "separation from service" within the meaning of Section 409A of the Code and (C) the date such Award would otherwise be settled pursuant to the terms of the Award agreement.

2.21 "Disparagement" means, except as may be required by applicable law or legal process, making comments or statements that could reasonably be expected to adversely affect in any manner: (a) the business of the Company or its Affiliates (including any products or business plans or prospects); or (b) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.

2.22 "Effective Date" means the effective date of the Plan as defined in Article XVI.

2.23 "Eligible Employee" means an employee of the Company or an Affiliate of the Company.

2.24 "Exchange Act" means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.25 "Exercisable Awards" has the meaning set forth in Section 4.2(d).

2.26 "Fair Market Value" unless otherwise required by any applicable provision of the Code, means as of any date and except as provided below, (a) the closing price reported for the Common Stock on such date (i) as reported on the principal national securities exchange in the United States on which it is then traded; or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority or (b) if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted. If the Common Stock is not traded, listed or otherwise reported or quoted, then Fair Market Value means the fair market value of the Common Stock as determined by the Committee in good faith in whatever manner it considers appropriate, taking into account the requirements of Section 409A or Section 422 of the Code, as applicable. Notwithstanding anything herein to the contrary, for purposes of any Stock Options that are granted effective on the Registration Date, the Fair Market Value shall equal the initial public offering price of the Common Stock.

2.27 "Family Member" means "family member" as defined in Section A.1.(5) of the general instructions of Form S-8, as may be amended from time to time.

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2.28 "FS" means FS Equity Partners VI, L.P.

2.29 "FS Affiliates" means FS Affiliates VI, L.P.

2.30 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee of the Company, its Corporate Subsidiaries or its Parent intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.31 "Individual Target Award" has the meaning in Section 9.1.

2.32 "Investor Rights Agreement" means the Investor Rights Agreement, dated as of _____, among the Company, Ares, FS and FS Affiliates VI, L.P.

2.33 "Non-Employee Director" means a director of the Company who is not an active employee of the Company or a Corporate Subsidiary.

2.34 "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

2.35 "Other Extraordinary Event" has the meaning in Section 4.2(b).

2.36 "Other Stock-Based Award" means an Award under Article VIII that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock.

2.37 "Parent" means, with respect to any corporation, a parent corporation of such corporation within the meaning of Section 424(e) of the Code.

2.38 "Participant" means an Eligible Employee, Non-Employee Director or Consultant to whom an Award has been granted pursuant to the Plan.

2.39 "Performance-Based Cash Award" means a cash Award under Article IX that is payable or otherwise based on the attainment of certain pre-established performance goals during a Performance Period.

2.40 "Performance Criteria" has the meaning set forth in Exhibit A.

2.41 "Performance Period" means each fiscal year of the Company or such other period (as specified by the Committee) over which the attainment of performance goals is measured.

2.42 "Performance Share" means an Other Stock-Based Award of the right to receive a number of shares of Common Stock or cash of an equivalent value at the end of a specified Performance Period.

2.43 "Performance Unit" means an Other Stock-Based Award of the right to receive a fixed dollar amount, payable in cash or Common Stock or a combination of both, at the end of a specified Performance Period.

2.44 "Permitted Holder" means, individually or in combination, Ares, ACOF Operating Manager III, LLC, FS and FS Capital Partners VI, LLC and their respective Related Parties and George Vincent West and any of his controlled Affiliates.

2.45 "Person" means any individual, entity (including any employee benefit plan or any trust for an employee benefit plan) or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision).

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2.46 "Plan" means this Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan, as amended from time to time.

2.47 “**Registration Date**” means the first date on or after the Effective Date that the Company’s registration statement on Form S-1 (File No. [•]) under the Securities Act is declared effective.

2.48 “**Related Parties**” means, with respect to any Person that is an investment fund, (a) an Affiliate of such Person, (b) any investment manager, investment partnership, investment adviser or general partner of such Person, (c) any investment fund, investment partnership, investment account or other investment Person whose investment manager, investment adviser, managing member or general partner is such Person or a Related Party of such Person and (d) any equity investor, partner, officer, member or manager of such Person; provided, however, that no Person shall be deemed to be a Related Party or an Affiliate of another Person solely by virtue of the fact that both Persons own shares of the capital stock of the Company.

2.49 “**Restricted Stock**” means an Award of shares of Common Stock that is subject to restrictions pursuant to Article VII.

2.50 “**Restriction Period**” has the meaning set forth in Section 7.3(a).

2.51 “**Rule 16b-3**” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.52 “**Section 162(m)**” means the exception for performance-based compensation under Section 162(m) of the Code.

2.53 “**Section 4.2 Event**” has the meaning set forth in Section 4.2(b).

2.54 “**Section 409A**” means the nonqualified deferred compensation rules under Section 409A of the Code.

2.55 “**Section 409A Covered Award**” has the meaning set forth in Section 15.14.

2.56 “**Securities Act**” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.57 “**Stock Option**” or “**Option**” means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants pursuant to Article VI.

2.58 “**Subsidiary**” of any Person shall mean any other Person of which such first Person (either alone or with any other Subsidiaries) either (a) owns securities or other equity interests having the ordinary voting power to elect a majority of the board of directors or other governing body of such Person or, if no such governing body exists, the ownership of a majority of the outstanding voting securities of such Person or (b) is or controls the managing member, managing director or general partner of such Person.

2.59 “**Supplier**” means any Person who supplies products or services to the Company or any Subsidiary of the Company and with whom a Participant had material business-related contact (whether in person, by telephone or by paper or electronic correspondence) on behalf of the Company or any of its Affiliates.

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2.60 “**Ten Percent Stockholder**” means an individual described in Section 422(b)(6) of the Code.

2.61 “**Termination**” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.62 “**Termination of Consultancy**” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate of the Company; or (b) when an entity that is retaining a Participant as a Consultant ceases to be an Affiliate of the Company unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate of the Company at the time the entity ceases to be an Affiliate of the Company. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his or her consultancy, unless otherwise determined by the Committee no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are substantially impaired, may otherwise define Termination of Consultancy thereafter.

2.63 “**Termination of Directorship**” means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his or her directorship, his or her ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.64 “**Termination of Employment**” means: (a) a termination of employment (for reasons other than a military or approved personal leave of absence) of a Participant from the Company and its Affiliates; or (b) when an entity that is employing a Participant ceases to be an Affiliate of the Company, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate of the Company at the time the entity ceases to be an Affiliate of the Company. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are substantially impaired, may otherwise define Termination of Employment thereafter.

2.65 “**Transfer**” means: (a) when used as a noun, any direct or indirect transfer, offer, sale, assignment, pledge, lease, donation, grant, gift, bequest, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, offer, sell, assign, pledge, lease, donate, grant, gift, bequest, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in a Person) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferable” and “Transferred” shall have a correlative meaning.

2.66 “**Transition Period**” means the “reliance period” under Treasury Regulation Section 1.162-27(f)(2), which ends on the earliest to occur of the following: (i) the date of the

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first annual meeting of stockholders of the Company at which directors are to be elected that occurs after December 31, 2017; (ii) the date the Plan is materially amended for purposes of Treasury Regulation Section 1.162-27(h)(1)(iii); or (iii) the date all shares of Common Stock available for issuance under the Plan have been allocated.

ARTICLE III

ADMINISTRATION

3.1 The Committee. The Plan shall be administered and interpreted by the Committee.

3.2 Grant and Administration of Awards. The Committee shall have full authority and discretion, as provided in Section 3.7, to grant and administer Awards including the authority to:

- (a) select the Eligible Employees, Consultants and Non-Employee Directors to whom Awards may from time to time be granted;
- (b) determine the number of shares of Common Stock to be covered by each Award;
- (c) determine the type and the terms and conditions, not inconsistent with the terms of the Plan, of each Award (including, but not limited to, the exercise or purchase price (if any), any restriction, forfeiture, limitation, or any vesting schedule or acceleration or waiver thereof);
- (d) determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
- (e) determine whether to require a Participant, as a condition of the granting of any Award, to refrain from selling or otherwise disposing of Common Stock acquired pursuant to such Award for a period of time as determined by the Committee;
- (f) condition the grant, vesting or payment of any Award on the attainment of performance goals (including goals based on the Performance Criteria) over a Performance Period, set such goals and such period, and certify the attainment of such goals;
- (g) adopt, alter and repeal such sub-plans to the Plan as it shall deem necessary or advisable;
- (h) amend, after the date of grant, the terms that apply to an Award, provided that such amendment does not substantially impair the Participant's rights under the Award;
- (i) determine the circumstances under which Common Stock and other amounts payable with respect to an Award may be deferred automatically or at the election of the Participant, in each case in a manner intended to comply with or be exempt from Section 409A;
- (j) generally, exercise such powers and perform such acts as the Committee deems necessary or advisable to promote the best interests of the Company in connection with the Plan that are not inconsistent with the provisions of the Plan;
- (k) construe and interpret the terms and provisions of the Plan and any Award (and any agreements relating thereto); and

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- (l) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto.

3.3 Award Agreements. All Awards shall be evidenced by, and subject to the terms and conditions of, a written notice provided by the Company to the Participant or a written agreement executed by the Company and the Participant.

3.4 Guidelines. Subject to Articles XII and XIII, the Committee shall, in its sole discretion, have the authority to: adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; construe and interpret the terms and provisions of the Plan and any Award granted under the Plan (and any agreements relating thereto); and otherwise supervise the administration of the Plan. The Committee may, in its sole discretion, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may, in its sole discretion, adopt special guidelines and provisions for Persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3 and shall be limited, construed and interpreted in a manner so as to comply therewith.

3.5 Section 162(m). Notwithstanding the foregoing, with regard to any provision of the Plan or any agreement relating thereto that is intended to comply with Section 162(m) following the Transition Period, any action or determination by the Committee shall be permitted only to the extent such action or determination would be permitted under Section 162(m). The Plan is intended to rely on the Transition Period and, following the Transition Period with respect to Awards intended to be "performance-based," to comply with the applicable provisions of Section 162(m), and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

3.6 Delegation: Advisors. The Committee may, from time to time as it deems advisable, to the extent permitted by applicable law and stock exchange rules:

- (a) delegate its responsibilities to officers or employees of the Company and its Affiliates, including delegating authority to officers to grant Awards or execute agreements or other documents on behalf of the Committee; and
- (b) engage legal counsel, consultants, professional advisors and agents to assist in the administration of the Plan and rely upon any opinion or computation received from any such Person. Expenses incurred by the Committee or the Board in the engagement of any such Person shall be paid by the Company.

3.7 Decisions Final. All determinations, evaluations, elections, approvals, authorizations, consents, decisions, interpretations and other actions made or taken by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the sole and absolute discretion of all and each of them, and shall be final, binding and conclusive on all employees and Participants and their respective beneficiaries, heirs, executors, administrators, successors and assigns.

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3.8 Procedures. If the Committee is appointed, the Committee shall hold meetings at such times and places as it shall deem advisable including by telephone conference, and may properly take actions at any such meeting at which a quorum is present, or by unanimous written consent, in each case in accordance with the By-Laws of the Company and applicable law. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.9 Liability: Indemnification.

- (a) The Committee, its members and any delegate or Person engaged pursuant to Section 3.6 shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer or employee of the Company or its Affiliates or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

(b) To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such Person, each current or former officer or employee of the Company or its Affiliates and member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent such indemnification is not permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification provided for under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any of its Affiliates. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her.

ARTICLE IV

SHARE LIMITATIONS

4.1 Shares.

(a) General Limitations.

(i) The aggregate number of shares of Common Stock that may be issued or used for reference purposes or with respect to which Awards may be granted over the term of the Plan shall not exceed [](1) shares (subject to any increase or decrease pursuant to Section 4.2).

(ii) If any Appreciation Award expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying any unexercised portion shall be again available under the Plan. If shares of Restricted Stock or Other Stock-Based Awards that are not Appreciation Awards are

(1) Note to Draft: Share reserve to be confirmed.

forfeited for any reason, the number of forfeited shares comprising or underlying the Award shall again be available under the Plan.

(iii) The number of shares available under the Plan shall be reduced by (A) the total number of Appreciation Awards that have been exercised, regardless of whether any shares of Common Stock underlying such Awards are not actually issued to the Participant as the result of a net exercise or settlement, and (B) all shares of Common Stock, not covered by (A) above, used to pay any exercise price or tax withholding obligation with respect to any Award. In addition, the Company may not use the cash proceeds it receives from Stock Option exercises to repurchase shares of Common Stock on the open market for reuse under the Plan. Notwithstanding anything to the contrary herein, Awards that may be settled solely in cash shall not be deemed to use any shares under the Plan.

(iv) Shares issued under the Plan may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company, or both.

(b) Individual Participant Limitations. Except as otherwise provided herein:

(i) the maximum number of shares of Common Stock that may be made subject to Stock Options, Restricted Stock or Other Stock-Based Awards denominated in shares of Common Stock granted to each Eligible Employee or Consultant during any fiscal year of the Company is 1,000,000 shares per type of Award (subject to increase or decrease pursuant to Section 4.2); provided that the maximum number of shares of Common Stock for all types of Awards during any fiscal year of the Company that may be granted to each Eligible Employee or Consultant is 1,000,000 shares (subject to increase or decrease pursuant to Section 4.2);

(ii) the maximum value at grant of Other Stock-Based Awards denominated in dollars and Performance-Based Cash Awards that may be granted and paid during any fiscal year of the Company to each Eligible Employee or Consultant is \$10,000,000; and

(iii) the maximum number of shares of Common Stock that may be made subject to Awards granted to each Non-Employee Director during any fiscal year of the Company is 1,000,000 shares (subject to increase or decrease pursuant to Section 4.2);

provided, however, that the foregoing individual Participant limits shall be cumulative; that is, to the extent that shares of Common Stock for which Awards are permitted to be granted during a fiscal year to an individual Participant are not actually made subject to an Award in a fiscal year, the number of shares of Common Stock available for Awards to such Participant automatically shall increase in the subsequent fiscal years during the term of the Plan until used; and provided further, however, that the foregoing individual Participant limits shall not apply to (A) Options or Other Stock-Based Awards that are stock appreciation rights and (B) Restricted Stock or Other Stock-Based Awards that constitute "restricted property" under Code Section 83 to the extent granted during the Transition Period, even if such Restricted Stock or Other Stock-Based Awards that constitute "restricted property" under Code Section 83 vest or are settled after the Transition Period.

4.2 Changes.

(a) The existence of the Plan and the Awards shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any of its Affiliates, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any of its Affiliates, (v) any sale or transfer of all or part of the assets or business of the Company or any of its Affiliates, (vi) any Section 4.2 Event or (vii) any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, merger, consolidation, spin off, split off, reorganization or partial or complete liquidation, sale or transfer of all or part of the Company's assets or business, or other corporate transaction or event that would be considered an "equity restructuring" within the meaning of FASB ASC Topic 718 (each, a "**Section 4.2 Event**"), then (i) the aggregate number or kind of shares that thereafter may be issued under the Plan, (ii) the number or kind of shares or other property (including cash) subject to an Award, (iii) the purchase or exercise price of Awards, or (iv) the individual Participant limits set forth in Section 4.1(b) (other than cash limitations) shall be adjusted by the Committee as the Committee determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. In connection with any Section 4.2 Event, the Committee may provide for the cancellation of outstanding Awards and payment in cash or other property in exchange therefor. In addition, subject to Section 4.2(d), in the event of any change in the

capital structure of the Company that is not a Section 4.2 Event (an “**Other Extraordinary Event**”), then the Committee may make the adjustments described in clauses (i) through (iv) above as it determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. Notice of any such adjustment shall be given by the Committee, or otherwise be made available, to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be binding for all purposes of the Plan. Except as expressly provided in this Section 4.2(b) or in the applicable Award agreement, a Participant shall have no rights by reason of any Section 4.2 Event or any Other Extraordinary Event. Notwithstanding the foregoing, (x) any adjustments made pursuant to Section 4.2(b) to Awards that are considered “non-qualified deferred compensation” within the meaning of Section 409A shall be made in a manner intended to comply with the requirements of Section 409A; and (y) any adjustments made pursuant to Section 4.2(b) to Awards that are not considered “non-qualified deferred compensation” subject to Section 409A shall be made in a manner intended to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A or (B) comply with the requirements of Section 409A.

(c) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down to the nearest whole share. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

(d) Upon the occurrence of an Acquisition Event, the Committee may terminate all outstanding and unexercised Stock Options or any Other Stock-Based Award that

provides for a Participant-elected exercise (collectively, “**Exercisable Awards**”), effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 10 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of such Exercisable Awards that are then outstanding to the extent vested on the date such notice of termination is given (or, at the discretion of the Committee, without regard to any limitations on exercisability otherwise contained in the Award agreements), but any such exercise shall be contingent on the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void and the applicable provisions of Section 4.2(b) and Article X shall apply. For the avoidance of doubt, in the event of an Acquisition Event, the Committee may terminate any Exercisable Award for which the exercise price is equal to or exceeds the Fair Market Value on the date of the Acquisition Event without payment of consideration therefor. If an Acquisition Event occurs but the Committee does not terminate the outstanding Awards pursuant to this Section 4.2(d), then the provisions of Section 4.2(b) and Article X shall apply.

4.3 Minimum Purchase Price. Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration that is less than permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 General Eligibility. All current and prospective Eligible Employees and Consultants, and current Non-Employee Directors, are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee. Notwithstanding anything herein to the contrary, no Award under which a Participant may receive shares of Common Stock may be granted to an Eligible Employee, Consultant or Non-Employee Director of any Affiliate of the Company if such shares of Common Stock do not constitute “service recipient stock” for purposes of Section 409A of the Code with respect to such Eligible Employee, Consultant or Non-Employee Director if such shares are required to constitute “service recipient stock” for such Award to comply with, or be exempt from, Section 409A of the Code.

5.2 Incentive Stock Options. Notwithstanding anything herein to the contrary, only Eligible Employees of the Company, its Corporate Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee.

5.3 General Requirement. The grant of Awards to a prospective Eligible Employee, Consultant or Non-Employee Director and the vesting and exercise of such Awards shall be conditioned upon such Person actually becoming an Eligible Employee, Consultant or Non-Employee Director; provided, however, that no Award may be granted to a prospective Eligible Employee, Consultant or Non-Employee Director unless the Company determines that the

Award will comply with applicable laws, including the securities laws of all relevant jurisdictions (and, in the case of an Award to an Eligible Employee, Consultant or Non-Employee Director pursuant to which Common Stock would be issued prior to such Person performing services for the Company, the Company may require payment of not less than the par value of the Common Stock by cash or check in order to ensure proper issuance of the shares in compliance with applicable law). Awards may be granted in consideration for past services actually rendered to the Company or an Affiliate of the Company.

ARTICLE VI

STOCK OPTIONS

6.1 Stock Options. Each Stock Option shall be one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option. The Committee shall have the authority to grant to any Eligible Employee Incentive Stock Options, Non-Qualified Stock Options, or a combination thereof. The Committee shall have the authority to grant any Consultant or Non-Employee Director Non-Qualified Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof that does not qualify shall constitute a separate Non-Qualified Stock Option.

6.2 Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any Incentive Stock Option under Section 422 of the Code.

6.3 Terms of Stock Options. Stock Options shall be subject to the following terms and conditions and such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall determine:

(a) **Exercise Price.** The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee on or before the date of grant, provided that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value on the date of grant.

(b) **Stock Option Term.** The term of each Stock Option shall be fixed by the Committee, provided that no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, five years).

(c) Exercisability.

(i) Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. Notwithstanding any other provision of the Plan to the contrary, the vesting period applicable to Stock Options granted to Eligible Employees after the Registration Date shall be no less than (A) one year, if vesting is based (in whole or in part) on the attainment of one or more performance goals, and (B) three years (with no more than one-third of the shares subject thereto vesting on each of the first three anniversaries of the date of grant), if the vesting is based solely on the

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continued performance of services by the Participant; provided, that the Committee shall be authorized (at the time of grant or thereafter) to provide for earlier vesting in the event of a Change in Control or a Participant's retirement, death or Disability; and provided further, that Awards granted to Eligible Employees after the Registration Date with respect to no more than 10% of the total number of shares of Common Stock available under the Plan shall be exempt from the foregoing limitations. Subject to the immediately preceding sentence, the Committee may waive any limitations on exercisability at any time at or after grant in whole or in part, in its discretion.

(ii) Unless otherwise determined by the Committee at grant, the Option agreement shall provide that (A) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (B) as a condition of the exercise of a Stock Option, the Participant shall be required to certify in a manner acceptable to the Company (or shall be deemed to have certified) that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, and (C) in the event the Participant engages in Detrimental Activity during the one-year period commencing on the later of the date the Stock Option is exercised or the date of the Participant's Termination, the Company shall be entitled to recover from the Participant at any time within one year after such date, and the Participant shall pay over to the Company, an amount equal to any gain realized (whether at the time of exercise or thereafter) as a result of the exercise.

(d) Method of Exercise. To the extent vested, a Stock Option may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Committee (or its designee) specifying the number of shares of Common Stock to be purchased. Such notice shall be in a form acceptable to the Committee and shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law and authorized by the Committee, if the Common Stock is traded on a national securities exchange or quoted on a national quotation system sponsored by the Financial Industry Regulatory Authority, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Company to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant (for which the Participant has good title free and clear of any liens and encumbrances)). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Unvested Stock Options. Unless otherwise determined by the Committee, Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire on the date of such Termination.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the date of grant) with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and any other stock option plan of the Company, any Corporate Subsidiary of the Company or any Parent of the Company exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company,

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any Subsidiary of the Company or any Parent of the Company at all times from the date an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(g) Form, Modification, Extension and Renewal of Stock Options Stock Options may be evidenced by such form of agreement as is approved by the Committee. The Committee may (i) modify, extend or renew outstanding Stock Options (provided that (A) the rights of a Participant are not substantially impaired without his or her consent and (B) such action does not subject the Stock Options to Section 409A or otherwise extend the Stock Options beyond their stated term), and (ii) accept the surrender of outstanding Stock Options and authorize the granting of new Stock Options in substitution therefor. Notwithstanding anything herein to the contrary, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

(h) No Reload Options. Options shall not provide for the grant of the same number of Options as the number of shares used to pay for the exercise price of Options or shares used to pay withholding taxes (i.e., "reloads").

ARTICLE VII

RESTRICTED STOCK

7.1 Awards of Restricted Stock. The Committee shall determine the Participants, to whom, and the time or times at which, grants of Restricted Stock shall be made, the number of shares to be awarded, the purchase price (if any) to be paid by the Participant (subject to Section 7.2), the time or times at which such Awards may be subject to forfeiture or to restrictions on transfer, and all other terms and conditions of the Awards.

Unless otherwise determined by the Committee at grant, each Award of Restricted Stock shall provide that (A) in the event the Participant engages in Detrimental Activity prior to any vesting of Restricted Stock, all unvested Restricted Stock shall be immediately forfeited, and (B) in the event the Participant engages in Detrimental Activity during the one year period after any vesting of such Restricted Stock, the Committee shall be entitled to recover from the Participant (at any time within one year after such engagement in Detrimental Activity) an amount equal to the Fair Market Value as of the vesting date(s) of any Restricted Stock that had vested in the period referred to above.

The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance goals (including goals based on the Performance Criteria) or such other factors as the Committee may determine.

7.2 Awards and Certificates. The Committee may require, as a condition to the effectiveness of an Award of Restricted Stock, that the Participant execute and deliver to the

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Company an Award agreement or other documentation and comply with the terms of such Award agreement or other documentation. Further, Restricted Stock shall be subject to the following conditions:

(a) Purchase Price. The purchase price of Restricted Stock, if any, shall be fixed by the Committee. In accordance with Section 4.3, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) Legend. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

“The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Floor & Decor Holdings, Inc. (the “Company”) 2017 Stock Incentive Plan (as amended from time to time, the “Plan”), and an Award agreement entered into between the registered owner and the Company. Copies of such Plan and Agreement are on file at the principal office of the Company.”

(c) Custody. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that such stock certificates be held in custody by the Company until the restrictions on the shares have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Award.

7.3 Restrictions and Conditions. Restricted Stock shall be subject to the following restrictions and conditions:

(a) Restriction Period.

(i) The Participant shall not be permitted to Transfer shares of Restricted Stock, and the Restricted Stock shall be subject to a risk of forfeiture (collectively, “restrictions”) during the period or periods set by the Committee (the “Restriction Periods”), as set forth in the Restricted Stock Award agreement. The Committee may provide for the lapse of the restrictions in whole or in part (including in installments) based on service, attainment of performance goals or such other factors or criteria as the Committee may determine, and may waive all or any part of the restrictions at any time subject to Section 7.3(a)(iii).

(ii) If the grant of Restricted Stock or the lapse of restrictions is based on the attainment of performance goals, the Committee shall establish in writing the performance goals prior to the beginning of the applicable Performance Period or at a later date while the outcome of the performance goals is substantially uncertain and, following the Transition Period, that is permitted under Section 162(m) with regard to an Award of Restricted Stock that is intended to comply with Section 162(m). Such

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performance goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including dispositions and acquisitions) and other similar events or circumstances. Following the Transition Period, with regard to an Award of Restricted Stock that is intended to comply with Section 162(m), (A) to the extent that any such provision set forth in the prior sentence would create impermissible discretion under Section 162(m) or otherwise violate Section 162(m), such provision shall be of no force or effect and (B) the applicable performance goals shall be based on one or more of the Performance Criteria. For the avoidance of doubt, during the Transition Period, the Committee may establish such performance goals as it determines.

(iii) Notwithstanding any other provision of the Plan to the contrary, the Restriction Period with respect to any Restricted Stock Award granted to Eligible Employees after the Registration Date shall be no less than (A) one year, if the lapsing of restrictions is based (in whole or in part) on the attainment of one or more performance goals, and (B) three years (with restrictions as to no more than one-third of the shares subject thereto lapsing on each of the first three anniversaries of the date of grant), if the lapsing of restrictions is based solely on the continued performance of services by the Participant; provided, that the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier lapsing of restrictions in the event of a Change in Control or a Participant’s retirement, death or Disability; and provided further, that Awards granted to Eligible Employees after the Registration Date with respect to no more than 10% of the total number of shares of Common Stock reserved for Awards shall be exempt from the foregoing limitations.

(b) Rights as a Stockholder; Dividends. Except as otherwise determined by the Committee, the Participant shall have all the rights of a holder of shares of Common Stock of the Company with respect to Restricted Stock, subject to the following provisions of this Section 7.3(b). Except as otherwise determined by the Committee, (i) the Participant shall have no right to tender shares of Restricted Stock, (ii) dividends or other distributions on shares of Restricted Stock shall be withheld, in each case, while the Restricted Stock is subject to restrictions, and (iii) no dividends or other distributions payable thereunder be paid unless and until the shares of Restricted Stock to which they relate no longer are subject to a risk of forfeiture. Dividends and other distributions that are not paid currently shall be credited to bookkeeping accounts on the Company’s records for purposes of the Plan and, except as otherwise determined by the Committee, shall not accrue interest. Such dividends and other distributions shall be paid to the Participant in the same form as paid on the Common Stock upon the lapse of the restrictions.

(c) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant, and any and all unpaid distributions or dividends payable thereunder shall be paid. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other conditions imposed by the Committee.

ARTICLE VIII

OTHER STOCK-BASED AWARDS

8.1 Other Awards. The Committee is authorized to grant Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to

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shares of Common Stock, including but not limited to, shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate of the Company, stock appreciation rights, stock equivalent units, restricted stock units, Performance Shares, Performance Units and Awards valued by reference to book value of shares of Common Stock.

The Committee shall have authority to determine the Participants, to whom, and the time or times at which, Other Stock-Based Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other terms and conditions of such Awards.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of performance goals (including performance goals based on the Performance Criteria) or such other factors as the Committee may determine. If the grant or vesting of an Other Stock-Based Award is based on the attainment of performance goals, the Committee shall establish in writing the performance goals prior to the beginning of the applicable Performance Period or at a later date while the outcome of the performance goals is substantially uncertain and, following the Transition Period, that is permitted under Section 162(m) with regard to an Other Stock-Based Award that is intended to comply with Section 162(m). Such performance goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including dispositions and acquisitions) and other similar events or circumstances). Following the Transition Period, with regard to an Other Stock-Based Award that is intended to comply with Section 162(m), (a) to the extent any such provision set forth in the prior sentence would create impermissible discretion under Section 162(m) or otherwise violate Section 162(m), such provision shall be of no force or effect and (b) the applicable performance goals shall be based on one or more of the Performance Criteria. For the avoidance of doubt, during the Transition Period, the Committee may establish such performance goals as it determines.

8.2 Terms and Conditions. Other Stock-Based Awards made pursuant to this Article VIII shall be subject to the following terms and conditions:

(a) **Dividends.** The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to receive dividends, dividend equivalents or other distributions with respect to shares of Common Stock covered by Other Stock-Based Awards. Except as otherwise determined by the Committee, dividends, dividend equivalents and distributions with respect to unvested Other Stock-Based Awards shall be withheld until such Other Stock-Based Awards vest. Dividends, dividend equivalents and other distributions that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan and, except as otherwise determined by the Committee, shall not accrue interest. Such dividends, dividend equivalents and other distributions shall be paid to the Participant in the same form as paid on the Common Stock or such other form as is determined by the Committee upon the lapse of the restrictions.

(b) **Vesting.** Other Stock Based Awards and any underlying Common Stock shall vest or be forfeited to the extent set forth in the applicable Award agreement or as otherwise determined by the Committee. At the expiration of any applicable Performance Period, the Committee shall determine the extent to which the relevant performance goals are

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achieved and the portion of each Other Stock-Based Award that has been earned. The Committee may, at or after grant, accelerate the vesting of all or any part of any Other Stock-Based Award. Notwithstanding any other provision of the Plan to the contrary, the minimum vesting period with respect to any Other Stock-Based Awards granted to Eligible Employees after the Registration Date shall be no less than (i) one year, if the vesting is based (in whole or in part) on the attainment of one or more performance goals, and (ii) three years (with restrictions as to no more than one-third of the shares subject thereto lapsing on each of the first three anniversaries of the date of grant), if the vesting is based solely on the continued performance of services by the Participant; provided, that, the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier vesting in the event of a Change in Control or a Participant's retirement, death or Disability; and provided further, that, Awards granted to Eligible Employees after the Registration Date with respect to no more than 10% of the total number of shares of Common Stock available under the Plan shall be exempt from the foregoing limitations.

(c) **Payment.** Following the Committee's determination in accordance with subsection (b) above, shares of Common Stock or, as determined by the Committee, the cash equivalent of such shares, shall be delivered to the Eligible Employee, Consultant or Non-Employee Director, or his or her legal representative, in an amount equal to such individual's earned Other Stock-Based Award. Notwithstanding the foregoing, the Committee may (i) award an amount less than otherwise would be provided under the applicable level of attainment of the performance goals or (ii) subject the payment of all or part of any Other Stock-Based Award to additional vesting, forfeiture and deferral conditions, in each case, as it deems appropriate.

(d) **Detrimental Activity.** Unless otherwise determined by the Committee at grant, each Other Stock-Based Award shall provide that (A) in the event the Participant engages in Detrimental Activity prior to any vesting of such Other Stock-Based Award, all unvested Other Stock-Based Award shall be immediately forfeited, and (B) in the event the Participant engages in Detrimental Activity during the one year period after any vesting of such Other Stock-Based Award, the Committee shall be entitled to recover from the Participant (at any time within the one-year period after such engagement in Detrimental Activity) an amount equal to any gain the Participant realized from any Other Stock-Based Award that had vested in the period referred to above.

(e) **Price.** Common Stock issued on a bonus basis under this Article VIII may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article VIII shall be priced as determined by the Committee.

ARTICLE IX

PERFORMANCE-BASED CASH AWARDS

9.1 Performance-Based Cash Awards. The Committee shall have authority to determine the Eligible Employees and Consultants to whom, and the time or times at which, Performance-Based Cash Awards shall be made, the dollar amount to be awarded pursuant to such Performance-Based Cash Award, and all other conditions for the payment of the Performance-Based Cash Award.

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Except as otherwise provided herein, the Committee shall condition the right to payment of any Performance-Based Cash Award upon the attainment of specified performance goals (including performance goals based on the Performance Criteria) established pursuant to Section 9.2(c) and such other factors as the Committee may determine, including to comply with the requirements of Section 162(m). The Committee may establish different performance goals for different Participants.

Subject to Section 9.2(c), for any Participant the Committee may specify a targeted Performance-Based Cash Award for a Performance Period (each an Individual Target Award). An Individual Target Award may be expressed, at the Committee's discretion, as a fixed dollar amount, a percentage of the Participant's base pay, as a percentage of a bonus pool funded by a formula based on achievement of performance goals, or an amount determined pursuant to an objective formula or standard. The Committee's establishment of an Individual Target Award for a Participant for a Performance Period shall not imply or require that the same level or any Individual Target Award be established for the Participant for any subsequent Performance Period or for any other Participant for that Performance Period or any subsequent Performance Period. At the time the performance goals are established (as provided in Section 9.2(c)), the Committee shall prescribe a formula to determine the maximum and minimum percentages (which may be greater or less than 100% of an Individual Target Award) that may be earned or payable based upon the degree of attainment of the performance goals during the Performance Period. Notwithstanding anything else herein, unless otherwise specified by the Committee with respect to an Individual Target Award, the Committee may elect to pay a Participant an amount that is less than the Participant's Individual Target Award (or attained percentages thereof) regardless of the degree of attainment of the performance goals; provided that, except as otherwise specified by the Committee with respect to an Individual Target Award, no discretion to reduce a Performance-Based Cash Award earned based on achievement of the applicable performance goals shall be permitted for any Performance Period in which a Change in Control occurs, or during such Performance Period with regard to the prior Performance Periods if the Performance-Based Cash Awards for the prior Performance Periods have not been paid by the time of the Change in Control, with regard to individuals who were Participants at the time of the Change in Control.

9.2 Terms and Conditions. Performance-Based Cash Awards shall be subject to the following terms and conditions:

(a) Committee Certification. At the expiration of the applicable Performance Period, the Committee shall determine and certify in writing the extent to which the performance goals established pursuant to Section 9.2(c) are achieved and, if applicable, the percentage of the Performance-Based Cash Award that has been vested and earned.

(b) Waiver of Limitation. In the event of the Participant's Disability or death, or in cases of special circumstances (to the extent permitted under Section 162(m) with regard to a Performance-Based Cash Award that is intended to comply with Section 162(m)), the Committee may waive in whole or in part any or all of the limitations imposed thereunder with respect to any or all of a Performance-Based Cash Award.

(c) Performance Goals, Formulae or Standards. The Committee shall establish in writing the performance goals for the earning of Performance-Based Cash Awards based on a Performance Period prior to the beginning of the applicable Performance Period or at

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a later date while the outcome of the performance goals is substantially uncertain and, following the Transition Period, that is permitted under Section 162(m) with regard to a Performance-Based Cash Award that is intended to comply with Section 162(m). Such performance goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including dispositions and acquisitions) and other similar type events or circumstances. Following the Transition Period, with regard to a Performance-Based Cash Award that is intended to comply with Section 162(m), (i) to the extent any such provision set forth in the prior sentence would create impermissible discretion under Section 162(m) or otherwise violate Section 162(m), such provision shall be of no force or effect and (ii) the applicable performance goals shall be based on one or more of the Performance Criteria. For the avoidance of doubt, during the Transition Period, the Committee may establish such performance goals as it determines.

(d) Payment. Following the Committee's determination and certification in accordance with subsection (a) above, the earned Performance-Based Cash Award amount shall be paid to the Participant or his or her legal representative, in accordance with the terms and conditions set forth in Performance-Based Cash Award agreement, but in no event, except as provided in the next sentence, shall such amount be paid after the later of: (i) March 15 of the year following the year in which the applicable Performance Period ends (or, if later, the year in which the Award is earned); or (ii) two and one-half months after the expiration of the fiscal year of the Company in which the applicable Performance Period ends. Notwithstanding the foregoing, the Committee may place such conditions on the payment of all or any portion of any Performance-Based Cash Award as the Committee may determine and prior to the beginning of a Performance Period the Committee may (A) provide that the payment of all or any portion of any Performance-Based Cash Award shall be deferred and (B) permit a Participant to elect to defer receipt of all or a portion of any Performance-Based Cash Award. Any Performance-Based Cash Award deferred by a Participant in accordance with the terms and conditions established by the Committee shall not increase (between the date on which the Performance-Based Cash Award is credited to any deferred compensation program applicable to such Participant and the payment date) by an amount that would result in such deferral being deemed as an "increase in the amount of compensation" under Section 162(m). To the extent applicable, any deferral under this Section 9.2(d) shall be made in a manner intended to comply with or be exempt from the applicable requirements of Section 409A. Notwithstanding the foregoing, the Committee may award an amount less than otherwise would be provided under the applicable level of attainment of the performance goals.

ARTICLE X

CHANGE IN CONTROL PROVISIONS

10.1 In the event of a Change in Control of the Company, except as otherwise provided by the Committee in an Award agreement or otherwise in writing, a Participant's unvested Award shall not vest and a Participant's Award shall be treated in accordance with any one or more of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, may be continued, assumed, have new rights substituted therefor or be treated in accordance with Section 4.2(d), and Restricted Stock or other Awards may, where appropriate in the discretion of the Committee, receive the

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same distributions as other Common Stock on such terms as determined by the Committee; provided that, the Committee may decide to award additional Restricted Stock or any other Award in lieu of any cash distribution. Notwithstanding anything to the contrary herein, any assumption or substitution of Incentive Stock Options shall be structured in a manner intended to comply with the requirements of Treasury Regulation §1.424-1 (and any amendments thereto).

(b) Awards may be canceled in exchange for an amount of cash equal to the Change in Control Price (as defined below) per share of Common Stock covered by such Awards), less, in the case of an Appreciation Award, the exercise price per share of Common Stock covered by such Award. The "**Change in Control Price**" means the price per share of Common Stock paid in the Change in Control transaction, subject to adjustment as determined by the Committee for any contingent purchase price, escrow obligations, indemnification obligations or other adjustments to the purchase price after the consummation of such Change in Control.

(c) Appreciation Awards may be canceled without payment if the Change in Control Price is less than the exercise price per share of such Appreciation Awards.

Notwithstanding anything else herein, the Committee may provide for accelerated vesting of, or lapse of restrictions applicable to, an Award at any time.

ARTICLE XI

TRANSFER RESTRICTIONS

11.1 Transfer Restrictions.

(a) Stock Options. No Stock Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine that a Non-Qualified Stock Option that otherwise is not Transferable pursuant to this section is Transferable to a Family Member in whole or in part, and in such circumstances, and under such conditions as specified by the Committee. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be Transferred subsequently other than by will or by the laws of descent and distribution and (ii) shall remain subject to the terms of the Plan and the applicable Award agreement.

(b) Restricted Stock. The Participant shall not be permitted to Transfer shares of Restricted Stock prior to the date on which the underlying Common Stock is issued, or, if later, the date on which all restrictions applicable to such Restricted Stock lapse.

(c) Other-Stock-Based Awards. The Participant may not Transfer Other Stock-Based Awards or the Common Stock underlying such Awards prior to the date on which the underlying Common Stock is issued, or, if later, the date on which any restriction, performance or deferral period applicable to such Common Stock

lapses.

(d) Performance-Based Cash Awards. The Participant may not Transfer Performance-Based Cash Awards other than by will or by the laws of descent and distribution.

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ARTICLE XII

TERMINATION

12.1 Termination Provisions.

(a) Stock Options.

(i) Termination by Death or Disability. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are substantially impaired, thereafter), if a Participant's Termination is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year after the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(ii) Involuntary Termination Without Cause. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are substantially impaired, thereafter), if a Participant's Termination is by involuntary termination without Cause, all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant's Termination may be exercised by the Participant at any time within a period beginning on the date of Termination and ending on the earlier of (A) 90 days after the date of such Termination, and (B) the expiration date of the stated term of such Stock Options.

(iii) Voluntary Termination. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are substantially impaired, thereafter), if a Participant's Termination is voluntary (other than a voluntary Termination described in subsection (iv)(2) below), all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant's Termination may be exercised by the Participant at any time within a period beginning on the date of Termination and ending on the earlier of (A) 30 days after the date of such Termination, and (B) the expiration date of the stated term of such Stock Options.

(iv) Termination for Cause. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are substantially impaired, thereafter), if a Participant's Termination (1) is for Cause or (2) is a voluntary Termination after the occurrence of an event that would be grounds for a Termination for Cause, all Stock Options, whether vested or not vested, that are held by such Participant shall terminate and expire on the date of such Termination.

(b) Restricted Stock.

(i) Termination. Upon a Participant's Termination for any reason during the Restriction Period, all Restricted Stock still subject to restriction will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant or, if no rights of a Participant are substantially impaired, thereafter.

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(c) Other Stock-Based Awards.

(i) Termination. Upon a Participant's Termination for any reason during the Performance Period, the Other Stock-Based Awards will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant or, if no rights of the Participant are substantially impaired, thereafter.

(d) Performance-Based Cash Awards.

(i) Termination. Unless otherwise determined by the Committee at the time of grant (or, if no rights of the Participant (or, in the case of his death, his estate) are substantially impaired, thereafter), no Performance-Based Cash Award or pro rata portion thereof shall be payable to any Participant who incurs a Termination prior to the date such Performance-Based Cash Award is paid and the Performance-Based Cash Awards only shall be deemed to be earned when actually paid.

ARTICLE XIII

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan, the Board, or the Committee (to the extent permitted by law), may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary or advisable to ensure that the Company may comply with any regulatory requirement referred to in Article XV or Section 409A), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be substantially impaired without the consent of such Participant and, provided further, without the approval of the holders of the Company's Common Stock entitled to vote in accordance with applicable law, no amendment may be made that would:

(a) increase the aggregate number of shares of Common Stock that may be issued under the Plan (except in accordance with Section 4.2);

(b) increase the maximum individual Participant limits under Section 4.1(b) (except in accordance with Section 4.2);

(c) change the classification of individuals eligible to receive Awards under the Plan;

(d) extend the maximum term of Options;

(e) alter the Performance Criteria;

(f) other than adjustments or substitutions in accordance with Section 4.2, amend the terms of outstanding Awards to reduce the exercise price of outstanding Stock Options or Appreciation Awards, or cancel outstanding Stock Options or Appreciation Awards (where, prior to the reduction or cancellation, the exercise price exceeds the Fair Market Value on the date of cancellation) in exchange for cash, other Awards or Stock Options or Appreciation Awards with an exercise price that is

(g) require stockholder approval in order for the Plan to continue to comply with the applicable provisions of Section 162(m) or, to the extent applicable to Incentive Stock Options, Section 422 of the Code; or

(h) require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively; provided that no such amendment substantially impairs the rights of any Participant without the Participant's consent. Actions taken by the Committee in accordance with Article IV shall not be deemed to substantially impair the rights of any Participant.

Notwithstanding anything herein to the contrary, the Board or the Committee may amend the Plan or any Award at any time without a Participant's consent to comply with Section 409A or any other applicable law.

ARTICLE XIV

UNFUNDED PLAN

The Plan is an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XV

GENERAL PROVISIONS

15.1 Legend. The Committee may require each Person receiving shares of Common Stock pursuant to an Award to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by the Plan, the certificates or book entry accounts for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates or book entry accounts for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national automated quotation system on which the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If necessary or advisable in order to prevent a violation of applicable securities laws or to avoid the imposition of public company reporting requirements, then, notwithstanding anything herein to the contrary, any stock-settled Awards may, as determined by the Committee in its sole discretion, be paid in cash in an amount equal to the Fair Market Value on the date of settlement of such Awards.

15.2 Other Plans. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such

approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

15.3 No Right to Employment/Consultancy/Directorship. Neither the Plan nor the grant of any Award thereunder shall give any Participant or other Person any right to employment, consultancy or directorship by the Company or any Affiliate of the Company, or limit in any way the right of the Company or any Affiliate of the Company by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate his or her employment, consultancy or directorship at any time.

15.4 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash thereunder, payment by the Participant of, any Federal, state, local or other taxes required by law to be withheld in an amount at least equal to the statutory minimum amount of taxes required to be withheld; provided, however, at the Participant's election, the Participant may request the Company withhold additional amounts up to the Participant's maximum individual tax rate in each relevant jurisdiction applicable to the Participant at such time of withholding, so long as the withholdings do not result in an Award under this Plan being classified as a liability-based award in accordance with applicable accounting standards. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any required or permitted withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

15.5 No Assignment of Benefits. No Award or other benefit payable under the Plan shall, except as otherwise specifically provided in the Plan or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any Person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such Person.

15.6 Listing and Other Conditions. If at any time counsel to the Company shall be of the opinion that any offer or sale of Common Stock pursuant to an Award is or may be unlawful or prohibited, or will or may result in the imposition of excise taxes on the Company, under the statutes, rules or regulations of any applicable jurisdiction or under the rules of the national securities exchange on which the Common Stock then is listed, the Company shall have no obligation to make such offer or sale, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to the Common Stock or Awards, and the right to exercise any Option or Exercisable Award shall be suspended until, in the opinion of said counsel, such offer or sale shall be lawful, permitted or will not result in the imposition of excise taxes on the Company. A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

15.7 Governing Law. The Plan and matters arising under or related to it shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to its principles of conflicts of laws that would cause the application of the law of another jurisdiction.

15.8 Construction. Unless a clear contrary intention appears: (a) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by the Plan or any Award agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) any pronoun shall include the corresponding masculine, feminine and neuter forms; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to the Plan as a whole and not to any particular article, section or other provision hereof; (g) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of the Plan; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is used in the inclusive sense of "and/or"; (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (k) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

15.9 Other Benefits. No Award, whether at grant or payment, shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates or shall affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation, unless expressly provided to the contrary in such benefit plan.

15.10 Costs. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Common Stock pursuant to any Awards.

15.11 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and each Award to an individual Participant need not be the same.

15.12 Death/Disability. The Committee may require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary or advisable to establish the validity of the transfer of an Award. The Committee also may require that the transferee agree to be bound by all of the terms and conditions of the Plan.

15.13 Section 16(b) of the Exchange Act. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee

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may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or advisable for the administration and operation of the Plan and the transaction of business thereunder.

15.14 Section 409A. Although the Company does not guarantee to a Participant the particular tax treatment of any Award, all Awards are intended to comply with, or be exempt from, the requirements of Section 409A and the Plan and any Award agreement shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award constitutes "non-qualified deferred compensation" pursuant to Section 409A (a "**Section 409A Covered Award**"), it is intended to be paid in a manner that will comply with Section 409A. In no event shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A or for any damages for failing to comply with Section 409A. Notwithstanding anything in the Plan or in an Award to the contrary, the following provisions shall apply to Section 409A Covered Awards:

(a) A Termination of Employment shall not be deemed to have occurred for purposes of any provision of a Section 409A Covered Award providing for payment upon or following a termination of the Participant's employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of a Section 409A Covered Award, references to a "termination," "termination of employment" or like terms shall mean separation from service. Notwithstanding any provision to the contrary in the Plan or the Award, if the Participant is deemed on the date of the Participant's Termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Company from time to time, or if none, the default methodology set forth in Section 409A, then with regard to any such payment under a Section 409A Covered Award, to the extent required to be delayed in compliance with Section 409A(a)(2)(B) of the Code, such payment shall not be made prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's separation from service, and (ii) the date of the Participant's death. All payments delayed pursuant to this Section 15.14(a) shall be paid to the Participant on the first day of the seventh month following the date of the Participant's separation from service or, if earlier, on the date of the Participant's death.

(b) With respect to any payment pursuant to a Section 409A Covered Award that is triggered upon a Change in Control, unless otherwise provided in the Award agreement at grant, the settlement of such Award shall not occur until the earliest of (i) the Change in Control if such Change in Control constitutes a "change in the ownership of the corporation," a "change in effective control of the corporation" or a "change in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A(a)(2)(A)(v) of the Code, (ii) the date such Award otherwise would be settled pursuant to the terms of the applicable Award agreement and (iii) the Participant's "separation from service" within the meaning of Section 409A, subject to Section 15.14(a).

(c) For purposes of Code Section 409A, a Participant's right to receive any installment payments under the Plan or pursuant to an Award shall be treated as a right to receive a series of separate and distinct payments.

(d) Whenever a payment under the Plan or pursuant to an Award specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days

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following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

15.15 Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including the estate of such Participant and the executor, administrator or trustee of such estate.

15.16 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

15.17 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

15.18 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

15.19 Recoupment. In addition to the recoupment provisions set forth herein relating to Detrimental Activity, all Awards granted or other compensation paid by the Company under the Plan, including any shares of Common Stock issued under any Award thereunder, will be subject to: (i) any compensation recapture policies adopted or established by the Board or a committee of the Board from time to time, as it deems advisable, to the extent permitted by applicable law and applicable stock exchange rules, and (ii) any compensation recapture policies to the extent required pursuant to any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law) or the rules and regulations of any national securities exchange on which the shares of Common Stock are then traded.

15.20 Reformation; Permitted Disclosures.

(a) If any provision regarding Detrimental Activity or any other provision set forth in the Plan or an Award agreement is found by any court of competent jurisdiction or arbitrator to be invalid, void or unenforceable or to be excessively broad as to duration, activity, geographic application or subject, such provision or provisions shall be construed, by limiting or reducing them to the extent legally permitted, so as to be enforceable to the maximum extent compatible with then applicable law.

(b) Nothing contained in this Plan or any Award agreement shall prohibit or prevent a Participant from (i) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (ii) making any other disclosures that are protected under the whistleblower provisions of Federal law or regulations; (iii) otherwise fully participating in any Federal whistleblower programs, including any such programs managed by the U.S. Securities and Exchange Commission or the Occupational Safety and Health Administration; or (iv) receiving individual monetary awards or other individual relief by virtue of participating in any such Federal whistleblower programs.

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(c) Under the Federal Defend Trade Secrets Act of 2016, a Participant shall not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made (i) (A) in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; (ii) to a Participant's attorney in relation to a lawsuit for retaliation against a Participant for reporting a suspected violation of law; or (iii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

15.21 Electronic Communications. Notwithstanding anything else herein to the contrary, any Award agreement, notice of exercise of an Exercisable Award, or other document or notice required or permitted by the Plan or an Award that is required to be delivered in writing may, to the extent determined by the Committee, be delivered and accepted electronically. Signatures also may be electronic if permitted by the Committee. The term "written agreement" as used in the Plan shall include any document that is delivered and/or accepted electronically.

15.22 Agreement. As a condition to the grant of an Award, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "**Lead Underwriter**"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise Transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for Common Stock, or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "**Lock-up Period**"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to an Award until the end of such Lock-up Period.

15.23 No Rights as Stockholder. Subject to the provisions of the Award agreement, no Participant shall have any rights as a stockholder of the Company with respect to any Award until such individual becomes the holder of record of the shares of Common Stock underlying the Award.

15.24 Transition Period. The Plan has been adopted by the Board prior to the occurrence of a Registration Date. The Plan is intended to constitute a plan described in Treasury Regulation Section 1.162-27(f)(1).

ARTICLE XVI

EFFECTIVE DATE OF PLAN

The Plan was adopted by the Board on _____, 2017, effective on such date (the "**Effective Date**"). The Plan was approved by the stockholders of the Company on _____, 2017.

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ARTICLE XVII

TERM OF PLAN

No Award shall be granted on or after the tenth anniversary of the earlier of (a) the date the Plan is adopted by the Board or (b) the date of stockholder approval of the Plan, provided that Awards granted prior to such tenth anniversary may extend beyond that date in accordance with the terms of the Plan. Following the Transition Period, the Company may seek stockholder reapproval of the Performance Criteria and to the extent that such stockholder approval is obtained no later than the first stockholder meeting that occurs in the fifth year following the year in which such stockholders previously approved the Performance Criteria. Awards (other than Stock Options or stock appreciation rights) may be based on such Performance Criteria in order to qualify for the "performance-based compensation" exception under Section 162(m) of the Code.

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FLOOR & DECOR HOLDINGS, INC.

Form of
Non-Qualified Stock Option Agreement
Pursuant to the
Floor & Decor Holdings, Inc.
2017 Stock Incentive Plan

AGREEMENT (this "**Agreement**"), dated as of _____ between Floor & Decor Holdings, Inc., a Delaware corporation (the "**Company**") and, collectively with its controlled Affiliates, the "**Employer**"), and _____ (the "**Participant**").

Preliminary Statement

The Committee hereby grants this non-qualified stock option (the "**Option**") on _____ (the "**Grant Date**") pursuant to the Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan, as it may be amended from time to time (the "**Plan**"), to purchase the number of shares of the Class A common stock of the Company, par value \$0.001 per share (the "**Common Stock**"), set forth below to the Participant, as an Eligible Employee, Consultant or Non-Employee Director. Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Tax Matters.** No part of the Option is intended to qualify as an "incentive stock option" under Section 422 of the Code.
2. **Grant of Option.** Subject to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted the Option to purchase from the Company _____ shares of Common Stock at a price per share of \$ _____ (the "**Exercise Price**").

3. **Vesting.**

- (a) **Vesting Schedule.** The Option shall vest and become exercisable as follows:

[INSERT SCHEDULE]

- (b) **Unvested Options.** Any portion of the Option that is not vested as of the date of a Participant's Termination for any reason shall terminate and expire on the date of such Termination.

4. **Exercise.**

- (a) To the extent that the Option has become vested and exercisable with respect to a number of shares of Common Stock, the Option may thereafter be exercised by the Participant, in whole or in part, at any time or from time to time prior to the expiration of the Option in accordance with the Plan. The Participant may exercise the Option by delivering to the Company written notice of the number of shares of Common Stock covered by the exercise, together with the aggregate Exercise Price. Payment may be made by: (i) cash, check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law and authorized by the Committee, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Company to deliver promptly to the Company an amount equal to the aggregate Exercise Price; or (iii) on such other terms and conditions as may be acceptable to the Committee. Upon expiration of the Option, the Option shall be canceled and no longer exercisable.

- (b) Unless otherwise directed or permitted by the Committee, the Participant must pay or provide for applicable withholding taxes in respect of the exercise of the Option by (i) remitting the aggregate amount of such taxes to the Company by cash, check, bank draft or money order payable to the order of the Company; (ii) to the extent permitted by the Committee, by making arrangements with the Company to have such taxes withheld from other compensation due to Participant; or (iii) solely to the extent permitted by applicable law and authorized by the Committee, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Company to deliver promptly to the Company an amount equal to the applicable withholding taxes. The amount of withholding taxes to be paid or provided by the Participant can be equal to the statutory minimum amount of taxes required to be withheld; provided, however, than a Participant may elect to pay or provide for withholding taxes up to the Participant's maximum tax rate, as provided in Section 15.4 of the Plan.

- (c) Upon the exercise of the Option, the Participant:

- (i) will be deemed to acknowledge and make such representations and warranties as may be requested by the Company for compliance with applicable laws, and any issuances of Common Stock by the Company shall be made in reliance upon the express representations and warranties of the Participant; and

- (ii) will not sell, transfer or otherwise dispose of the shares of Common Stock in violation of the Plan or this Agreement or dispose of the Common Stock unless and until the Participant has complied with all requirements of this Agreement applicable to the disposition of the shares of Common Stock.

- (d) Pursuant to the Plan, in the event the Participant engages in Detrimental Activity prior to any exercise of the Option, the Option shall thereupon terminate and expire. As a condition of the exercise of the Option, the Participant shall be required to certify in a manner acceptable to the Company (or shall be deemed to have certified) that the Participant is

in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity. In the event the Participant engages in Detrimental Activity during the one-year period commencing on the later of the date any portion of the Option is exercised and the date of the Participant's Termination, the Company shall be entitled to recover from the Participant at any time within one year after such date, and the Participant shall pay over to the Company, an amount equal to any gain realized (whether at the time of exercise or thereafter) as a result of the exercise.

- (e) The restrictions regarding Detrimental Activity are necessary for the protection of the business and goodwill of the Company and are considered by the

Participant to be reasonable for such purposes. Without intending to limit the legal or equitable remedies available in the Plan and in this Agreement, the Participant acknowledges that engaging in Detrimental Activity will cause the Company material irreparable injury for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such activity or threat thereof, the Company shall be entitled, in addition to the remedies provided under the Plan, to obtain from any court of competent jurisdiction a temporary restraining order or a preliminary or permanent injunction restraining the Participant from engaging in Detrimental Activity or such other relief as may be required to specifically enforce any of the covenants in the Plan and this Agreement without the necessity of posting a bond, and in the case of a temporary restraining order or a preliminary injunction, without having to prove special damages.

5. **Option Term.** The term of the Option shall be until the tenth anniversary of the Grant Date, after which time it shall expire (the "**Expiration Date**"), subject to earlier termination in the event of the Participant's Termination as specified in the Plan and this Agreement. Notwithstanding anything herein to the contrary, upon the Expiration Date, the Option (whether vested or not) shall be immediately forfeited, canceled and terminated for no consideration and no longer shall be exercisable. The Option is subject to termination prior to the Expiration Date to the extent provided in the Plan or this Agreement.

6. **Termination and Change in Control.** The provisions in the Plan regarding Termination and Change in Control shall apply to the Option.

7. **Restriction on Transfer of Option.** The provisions in the Plan regarding Transfer Restrictions shall apply to the Option.

8. **No Rights as a Stockholder.** The Participant shall not have any rights as a stockholder of the Company with respect to any Award until the Participant becomes the holder of record of the shares of Common Stock underlying the Award.

9. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

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10. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 10, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Floor & Decor Holdings, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Attention: General Counsel
Telephone: (404) 471-1634
Facsimile: (404) 393-3540

with a copy (which shall not constitute notice) to:

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica Shilling
Telephone: (310) 557-2900
Facsimile: (310) 557-2193

(b) if to the Participant, to the address on file with the Employer.

Any notice, demand or request, if made in accordance with this Section 10 shall be deemed to have been duly given: (i) when delivered in person; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

11. **No Right to Employment/Consultancy/Directorship.** This Agreement shall not give the Participant or other Person any right to employment, consultancy or directorship by the Employer, or limit in any way the right of the Employer to terminate the Participant's employment, consultancy or directorship at any time.

12. **Waiver of Jury Trial.** EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THE PLAN OR THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THE PLAN OR THIS AGREEMENT.

13. **Dispute Resolution.** All controversies and claims arising out of or relating to this Agreement, or the breach hereof, shall be settled by the Employer's mandatory dispute

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resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to Participant's employment with the Employer

14. **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

15. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws.

16. **Section 409A.** The Option is intended to be exempt from the applicable requirements of Section 409A and shall be limited, construed and interpreted in

accordance with such intent; provided, that the Employer does not guarantee to the Participant any particular tax treatment of the Option. In no event whatsoever shall the Employer be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.

17. **Interpretation.** Unless a clear contrary intention appears: (a) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by the Plan or this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) any pronoun shall include the corresponding masculine, feminine and neuter forms; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (g) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is used in the inclusive sense of "and/or"; (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules

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or amendments thereto; and (k) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

18. **No Strict Construction.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[Remainder of Page Left Intentionally Blank]

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

FLOOR & DECOR HOLDINGS, INC.

By: _____
Name: _____
Title: _____

PARTICIPANT

By: _____
Name: _____

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FLOOR & DECOR HOLDINGS, INC.

Form of
Restricted Stock Agreement
Pursuant to the
Floor & Decor Holdings, Inc.
2017 Stock Incentive Plan

AGREEMENT (this “**Agreement**”), dated as of (the “**Grant Date**”) between Floor & Decor Holdings, Inc., a Delaware corporation (the “**Company**” and, collectively with its controlled Affiliates, the “**Employer**”), and (the “**Participant**”).

Preliminary Statement

Subject to the terms and conditions set forth herein, the Committee hereby grants shares of Common Stock as set forth below (the “**Shares**”) to the Participant, as an Eligible Employee, Consultant or Non-Employee Director, on the Grant Date pursuant to the Floor & Decor Holdings, Inc. 2017 Stock Incentive Plan, as it may be amended from time to time (the “**Plan**”). Pursuant to **Section 2** hereof, the Shares are subject to certain restrictions, which restrictions shall lapse at the times provided under **Section 2(c)** hereof. While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as “**Restricted Stock**.” Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

NOW, THEREFORE, the parties agree as follows:

1. **Grant of Shares.** Subject to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted Shares.
2. **Restricted Stock.**

(a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method. The stock certificates shall be registered in the Participant’s name and shall bear any legend required by the Plan. Unless held in book entry form, such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions on the Restricted Stock shall have lapsed. Upon the Company’s request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Restricted Stock. If the Participant receives, with respect to the Restricted Stock or any part thereof, any (i) dividend (whether paid in shares, securities, moneys or property), (ii) shares of Restricted Stock pursuant to any split, (iii) distribution or return of capital resulting from a split-up, reclassification or other like changes of the Restricted Stock or

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(iv) warrants, options or any other rights or properties (collectively “**RS Property**”), the Participant will also immediately deposit with and deliver to the Company any of such RS Property, including, upon the Company’s request, any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank. The RS Property shall be subject to the same restrictions, including that of this **Section 2(a)**, as the Restricted Stock with respect to which it is issued and shall be encompassed within the term “Restricted Stock.” Unless otherwise determined by the Committee, any RS Property issued in the form of cash will not be reinvested in Common Stock and will be held until delivered to the Participant within 30 days after the date the Restricted Stock becomes vested.

(b) **Rights with Respect to Restricted Stock.** The Participant will have all rights of a stockholder with respect to the Restricted Stock, including the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Common Stock of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock, and such dividends will be subject to the restrictions provided in **Section 2(a)**), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; (iii) no RS Property shall bear interest or be segregated in separate accounts during the Restriction Period; and (iv) the Participant may not sell, assign, transfer, pledge, exchange, encumber, hypothecate or otherwise dispose of the Restricted Stock during the Restriction Period.

(c) **Vesting.** The Restricted Stock shall vest and cease to be “Restricted Stock” on the dates and in the cumulative number of Shares provided in the table below; provided that the Participant has not incurred a Termination prior to the applicable vesting date. There shall be no proportionate or partial vesting in the periods between the vesting dates.

[INSERT TABLE]

- (d) **Detrimental Activity.**

(i) In consideration for the grant of Restricted Stock and in addition to any other remedies available to the Company, the Participant acknowledges and agrees that the Restricted Stock is subject to the provisions in the Plan regarding Detrimental Activity. If the Participant engages in any Detrimental Activity prior to, or during the one-year period after, any vesting of Restricted Stock, all unvested Restricted Stock shall be forfeited, without compensation, and the Committee shall be entitled to recover from the Participant (at any time within one year after such engagement in Detrimental Activity) an amount equal to the Fair Market Value as of the vesting date(s) of any Restricted Stock that had vested in the period referred to above.

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(ii) The restrictions regarding Detrimental Activity are necessary for the protection of the business and goodwill of the Company and are considered by the Participant to be reasonable for such purposes. Without intending to limit the legal or equitable remedies available in the Plan and in this Agreement, the Participant acknowledges that engaging in Detrimental Activity will cause the Company material irreparable injury for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such activity or threat thereof, the Company shall be entitled, in addition to the remedies provided under the Plan, to obtain from any court of competent jurisdiction a temporary restraining order or a preliminary or permanent injunction restraining the Participant from engaging in Detrimental Activity or such other relief as may be required to specifically enforce any of the covenants in the Plan and this Agreement without the necessity of posting a bond, and in the case of a temporary

restraining order or a preliminary injunction, without having to prove special damages.

(e) **Forfeiture.** The Participant shall forfeit to the Company, without compensation, any and all unvested Restricted Stock upon the Participant's Termination for any reason.

(f) **Withholding.** Unless otherwise directed or permitted by the Committee, the Participant must pay or provide for applicable withholding taxes in respect of the Restricted Stock by (i) remitting the aggregate amount of such taxes to the Company, by cash, check, bank draft or money order payable to the order of the Company, or (ii) to the extent permitted by the Committee, by making arrangements with the Company to have such taxes withheld from other compensation due to the Participant. The amount of withholding taxes to be paid or provided by the Participant can be equal to the statutory minimum amount of taxes required to be withheld; provided, however, than a Participant may elect to pay or provide for withholding taxes up to the Participant's maximum tax rate, as provided in Section 15.4 of the Plan.

(g) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within 30 days after the Grant Date to include in gross income for federal income tax purposes in the year of issuance the fair market value of all or a portion of such Restricted Stock, the Participant shall be solely responsible for any foreign, federal, state, provincial or local taxes the Participant incurs in connection with such election. The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if the Participant elects to utilize such election.

3. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legend:

(a) "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Floor & Decor Holdings, Inc. (the "**Company**") 2017 Stock Incentive Plan (as amended from time to time, the "**Plan**"), and an Award Agreement

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entered into between the registered owner and the Company. Copies of such Plan and Agreement are on file at the principal office of the Company."

Notwithstanding the foregoing, in no event shall the Company be obligated to issue a certificate representing the Restricted Stock prior to the vesting dates set forth above.

4. **Termination and Change in Control.** The provisions in the Plan regarding Termination and Change in Control shall apply to the Shares.

5. **Restriction on Transfer of Shares.** The provisions in the Plan regarding Transfer Restrictions shall apply to the Shares.

6. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

7. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 7, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Floor & Decor Holdings, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Attention: General Counsel
Telephone: (404) 471-1634
Facsimile: (404) 393-3540

with a copy (which shall not constitute notice) to:

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Monica Shilling
Telephone: (310) 557-2900
Facsimile: (310) 557-2193

(b) if to the Participant, to the address on file with the Employer.

Any notice, demand or request, if made in accordance with this Section 7 shall be deemed to have been duly given: (i) when delivered in person; (ii) three days after being sent by United

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States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

8. **No Right to Employment/Consultancy/Directorship.** This Agreement shall not give the Participant or other Person any right to employment, consultancy or directorship by the Employer, or limit in any way the right of the Employer to terminate the Participant's employment, consultancy or directorship at any time.

9. **Waiver of Jury Trial.** EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THE PLAN OR THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THE PLAN OR THIS AGREEMENT.

10. **Dispute Resolution.** All controversies and claims arising out of or relating to this Agreement, or the breach hereof, shall be settled by the Employer's

mandatory dispute resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to Participant's employment with the Employer.

11. **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

12. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws.

13. **Section 409A.** Although the Company makes no guarantee with respect to the tax treatment of the Restricted Stock, the award of Restricted Stock pursuant to this Agreement is intended to be exempt from Section 409A and shall be limited, construed and interpreted in accordance with such intent. With respect to any dividends and other RS Property, however, this Agreement is intended to comply with, or to be exempt from, the applicable requirements of Section 409A and shall be limited, construed and interpreted in accordance with such intent; provided that the Employer does not guarantee to the Participant any particular tax treatment of the Restricted Stock or RS Property. In no event whatsoever shall the Employer be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.

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14. **Interpretation.** Unless a clear contrary intention appears: (a) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by the Plan or this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) any pronoun shall include the corresponding masculine, feminine and neuter forms; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (g) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is used in the inclusive sense of "and/or"; (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (k) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

15. **No Strict Construction.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[Remainder of Page Left Intentionally Blank]

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

FLOOR & DECOR HOLDINGS, INC.

By: _____
Name: _____
Title: _____

PARTICIPANT

By: _____
Name: _____

[Form of Restricted Stock Award Agreement]

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (this "Agreement") is effective [], by and among Floor & Decor Holdings, Inc., a Delaware corporation (the "Company"), [] ("Indemnitee") and, with respect to its guarantee set forth on the signature pages hereto only, Floor and Decor Outlets of America, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("F&D").

WHEREAS, it is essential to the Company to retain and attract the most capable persons available as directors and officers of the Company and its subsidiaries (including F&D);

WHEREAS, Indemnitee is a [director][officer] of the Company;

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability to enhance Indemnitee's continued service to the Company and its subsidiaries in an effective manner, the increasing difficulty in obtaining satisfactory directors' and officers' liability insurance coverage, and in part to provide Indemnitee with specific contractual assurance that indemnification will be available to Indemnitee (regardless of, among other things, any change in the composition of the Board or acquisition transaction relating to the Company), the Company and F&D wish to provide in this Agreement for the indemnification of and the advancing of Expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

[WHEREAS, the Company and Indemnitee previously entered into an Indemnification Agreement, dated [November 24, 2010](1)[May 28, 2015] (2) (the "Prior Indemnification Agreement")];

WHEREAS, the Company and Indemnitee desire to supersede and replace the Prior Indemnification Agreement with this Agreement; and(3)

[WHEREAS, Indemnitee has certain rights to indemnification, advancement of Expenses and insurance provided by the Fund Indemnitors, which Indemnitee and the Permitted Holders intend to be secondary to the primary obligation of the Company to indemnify Indemnitee and advance Expenses as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve or continue to serve on the Board.](4)

(1) NTD: D. Kaplan, P. Starrett, B. Brutacao, J. Roth, N. Axelrod, and V. West

(2) NTD: T. Taylor

(3) NTD: To be included for T. Taylor, D. Kaplan, P. Starrett, B. Brutacao, J. Roth, N. Axelrod, and V. West.

(4) NTD: To be included in forms for Ares and FS Board designees, as applicable.

NOW, THEREFORE, in consideration of the foregoing and of Indemnitee continuing to serve the Company and its subsidiaries (including F&D) directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions.

(a) "Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such first Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Securities or other ownership interests, by contract or otherwise.

(b) "beneficial owner" has the meaning set forth in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time. The term "beneficially own" shall have a correlative meaning.

(c) "Board" means the Board of Directors of the Company.

(d) "Bylaws" means the bylaws of the Company, as the same may be amended or amended and restated from time to time.

(e) "Change of Control" means the occurrence of any of the following events:

(i) a merger or consolidation in which (A) the Company is a constituent party or (B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, in each case, unless the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for, shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting entity, or (2) if the surviving or resulting entity is a wholly owned subsidiary of another entity immediately following such merger or consolidation, the parent entity of such surviving or resulting entity;

(ii) the sale, lease, transfer, exclusive license or other disposition (whether by merger, consolidation or otherwise), in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of (A) all or substantially all of the assets of the Company and its subsidiaries taken as a whole, or (B) one or more subsidiaries of the Company if all or substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, in each case except where such sale, lease, transfer, exclusive license or other disposition is to (1) a wholly owned subsidiary of the Company or (2) the Permitted Holders;

(iii) the acquisition, in a single transaction or a series of related transactions, by any person or group (within the meaning of Section 13(d) or 14(d) of the

Corporation representing at least 50% of the combined voting power entitled to vote in the election of directors of the Company (including by means of the Company's issuance of its capital stock or securities convertible into its capital stock) or (B) the contractual right to designate or elect 50% or more of the members of the Board;

(iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new members of the Board whose election by such Board or whose nomination for election by the equityholders of the Company was approved by a vote of the majority of the members of the Board then still in office who were either members of the Board at the beginning of such period or whose election or nomination for election was previously so approved including new members of the Board designated in or provided for in an agreement regarding the merger, consolidation or sale, transfer or other conveyance, of all or substantially all of the assets of the Company, if such agreement was approved by a vote of such majority of members of the Board) cease for any reason to constitute a majority of the Board then in office; or

(v) the adoption by the holders of capital stock of the Company of any plan or proposal for the liquidation or dissolution of the Company by way of merger, consolidation or otherwise.

(f) "Charter" means the certificate of incorporation of the Company, as the same may be amended or amended and restated from time to time.

(g) "Claim" means any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether instituted by the Company or any other Person, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

(h) "Expenses" means attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

(i) "Indemnifiable Event" means any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(j) "Independent Legal Counsel" means an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last five years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

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(k) "Permitted Holders" means (i) Ares Corporate Opportunities Fund III, L.P., Ares Management LLC and Ares Management, L.P. and their respective Affiliates and (ii) FS Equity Partners VI, L.P., FS Affiliates VI, L.P. and their respective Affiliates.

(l) "Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity.

(m) "Potential Change of Control" means (i) the Company entering into an agreement, the consummation of which would result in the occurrence of a Change of Control; (ii) any Person (including the Company) publicly announcing an intention to take or to consider taking actions that if consummated would constitute a Change of Control; or (iii) the Board adopting a resolution to the effect that, for purposes of this Agreement, a Potential Change of Control has occurred.

(n) "Reviewing Party" means Independent Legal Counsel or any Person or body consisting of a member or members of the Board or any other Person or body appointed by the Board who is not a party to the particular Claim for which Indemnitee is seeking indemnification.

(o) "Voting Securities" means any securities of the Company, the holders of which vote generally in the election of directors.

(p) For purposes of this Agreement, except as otherwise expressly provided herein, (i) the words "hereof," "herein," "hereto," and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision hereof; (ii) the meaning assigned to each term defined herein is equally applicable to both the singular and the plural forms of such term and vice versa, and words denoting either gender include both genders; (iii) reference to any Person includes such Person's successors and assigns, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (v) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (vi) numbered or lettered sections and subsections herein contained refer to sections and subsections of this Agreement; (vii) the term "dollars" and character "\$" mean United States dollars; (viii) the term "including" means "including, without limitation," and the words "include" and "includes" have corresponding meanings, and such words do not limit any general statement that they follow to the specific or similar items or matters immediately following them; and (ix) the term "or" is not exclusive.

2. Basic Indemnification Arrangement.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by

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reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance to the fullest extent permitted by law (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). Expense Advances shall be unsecured and interest free. Expense Advances shall be made without regard to Indemnitee's ability to repay Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee shall qualify for Expense Advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to (1) repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company and (2) provide reasonably satisfactory documentation supporting such Expenses. Notwithstanding anything in this Agreement to the contrary, prior to a Change of Control, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless the Board has authorized or consented to the initiation of such Claim.

(b) Notwithstanding the foregoing, the indemnification obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion if Independent Legal Counsel referred to in Section 3 hereof is involved) that Indemnitee would not be

permitted to be indemnified under applicable law; provided, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change of Control, the Reviewing Party shall be selected by the Board, and if there has been such a Change of Control (other than a Change of Control that has been approved by a majority of the Board who were directors immediately prior to such Change of Control), the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. If such litigation has not been commenced, any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

(c) If, prior to, during the pendency of or after completion of a Claim for which the Indemnitee is entitled to indemnification pursuant to Section 2(a) and Section 2(b), the Indemnitee is deceased, the Company shall indemnify the Indemnitee's heirs, executors and

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administrators against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim to the extent the Indemnitee would have been entitled to indemnification pursuant to this Agreement were the Indemnitee still alive.

3. Change of Control. If there is a Change of Control (other than a Change of Control that has been approved by a majority of the members of the Board who were directors immediately prior to such Change of Control), then, with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Board (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company shall pay the reasonable fees of the Independent Legal Counsel referred to above and indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or the engagement of such counsel pursuant hereto.

4. Establishment of Trust. In the event of a Potential Change of Control, the Company shall, upon written request by Indemnitee, create a trust for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund such trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for and defending any Claim relating to an Indemnifiable Event, and any and all judgments, fines, penalties and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or claimed or reasonably anticipated or proposed to be paid, provided that in no event shall more than \$250,000 be required to be deposited in any trust created hereunder (and no more than \$1,000,000 in the aggregate with respect to any such trusts created under this Agreement and all indemnification agreements with directors and officers) in excess of amounts deposited in respect of reasonably anticipated Expenses. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party, in any case in which determination the Independent Legal Counsel referred to above is involved. The terms of the trust shall provide that upon a Change of Control (a) the trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee, (b) the trustee shall advance, within ten business days of a request by Indemnitee, any and all Expenses to Indemnitee (and Indemnitee hereby agrees to reimburse the trust under the circumstances under which Indemnitee would be required to reimburse the Company under Section 2(a) of this Agreement), (c) the trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (d) the trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (e) all unexpended funds in such trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be chosen by Indemnitee. Nothing in this Section 4 shall relieve the Company of any of its obligations under this Agreement.

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5. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee to the fullest extent permitted by applicable law against any and all Expenses (including attorneys' fees and retainers) and, if requested by Indemnitee, shall (within ten business days of such request) advance such Expenses to Indemnitee, that are incurred by Indemnitee in connection with any action brought by Indemnitee for (a) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company.

6. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses incurred in connection therewith.

7. Contribution.

(a) Contribution Payment. To the extent the indemnification provided for under any provision of this Agreement is determined (in the manner herein provided) not to be permitted under applicable law, the Company, in lieu of indemnifying Indemnitee, shall, to the extent permitted by applicable law, contribute to the amount of any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of a Claim by reason of (or arising in part out of) an Indemnifiable Event incurred or paid by Indemnitee for which such indemnification is not permitted. The amount the Company contributes shall be in such proportion as is appropriate to reflect the relative fault of Indemnitee, on the one hand, and of the Company and any and all other parties (including directors and officers of the Company other than Indemnitee) who may be at fault (collectively, including the Company, the "Third Parties"), on the other hand.

(b) Relative Fault. The relative fault of the Third Parties and Indemnitee shall be determined (i) by reference to the relative fault of Indemnitee as determined by the court or other governmental agency or (ii) to the extent such court or other governmental agency does not apportion relative fault, by the Reviewing Party after giving effect to, among other things, the relative intent, knowledge, access to information and opportunity to prevent or correct the relevant events, of each party, and other relevant equitable considerations. The Company and Indemnitee agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 7(b).

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8. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnatee is entitled to be indemnified or to contribution hereunder the burden of proof shall be on the Company to establish that Indemnatee is not so entitled.

9. No Presumptions. For purposes of this Agreement, the termination or conclusion of any Claim, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnatee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnatee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnatee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnatee to secure a judicial determination that Indemnatee should be indemnified under applicable law shall be a defense to Indemnatee's Claim or create a presumption that Indemnatee has not met any particular standard of conduct or did not have any particular belief.

10. Nonexclusivity. The rights of Indemnatee hereunder shall be in addition to any other rights Indemnatee may have under the Company's Certificate of Incorporation or Bylaws, the Delaware General Corporation Law, the vote of the Company's stockholders or disinterested directors, other agreements or otherwise. To the extent that a change in the Delaware General Corporation Law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this Agreement the greater benefits so afforded by such change.

11. Subrogation.

(a) The Company hereby acknowledges that Indemnatee may have certain rights to indemnification, advancement of Expenses or insurance provided by one or more of the Permitted Holders or their Affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees that it (i) is the indemnitor of first resort with respect to Claims by reason of (or arising in part out of) an Indemnifiable Event (i.e., its obligations to Indemnatee are primary and any obligation of the Fund Indemnitors to indemnify, advance Expenses to or provide insurance for Indemnatee are secondary), (ii) shall be required to advance the full amount of Expenses incurred by Indemnatee and shall be liable for the full amount of all Expenses to the extent legally permitted, in each case, as set forth in this Agreement, the Charter and the Bylaws (or any other agreement between the Company and Indemnatee), without regard to any rights Indemnatee may have against the Fund Indemnitors, and (iii) irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnatee with respect to any Claim for which Indemnatee has sought advancement or indemnification from the Company hereunder shall affect the foregoing and the Fund Indemnitors shall have a right of contribution or be subrogated to the extent of such advancement or payment to all rights of recovery of Indemnatee against the Company. The Company and Indemnatee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 11(a).

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(b) If the Company makes any payment to or for the benefit of Indemnatee pursuant to the terms of this Agreement, the Company shall be subrogated to all of Indemnatee's rights, claims and interests against any Person other than the Fund Indemnitors with regard to the subject of the payment. The Company may proceed on any such claim immediately following any such payment by the Company to Indemnatee. Indemnatee agrees to execute and deliver any documents requested in good faith by the Company in connection with the Company's enforcement of Indemnatee's rights, claims and interests, including assignments of such rights, claims and interests. Any such assignment will include a warranty by Indemnatee that it owns the assigned rights, claims and interests free and clear of the claims and interests of any other Person.

12. Liability Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board, with the advice of counsel, covering Indemnatee for any Claim made against Indemnatee for any Indemnifiable Event and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnatee for any Claim made against Indemnatee for any Indemnifiable Event. In the event that the Company receives notice of cancellation of any policy providing such directors and officers liability insurance, it shall promptly give notice of such cancellation to Indemnatee.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnatee for any payment by Indemnatee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnatee in connection with a Claim over the coverage of any insurance referred to in Section 12(a) above. The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnatee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnatee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Claim to which Indemnatee is a party or a participant (as a witness or otherwise) and the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Claim to the insurers in accordance with the procedures set forth in the respective policies.

13. Period of Limitations. To the fullest extent permitted by applicable law, no legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnatee or Indemnatee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of the occurrence of the events leading to such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

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14. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

15. No Duplication of Payments. Except as otherwise provided in Section 11(a), the Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnatee to the extent Indemnatee has otherwise actually received payment (under any insurance policy, the Bylaws or otherwise) of the amounts otherwise indemnifiable hereunder.

16. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnatee continues to serve as a director or officer of the Company or of any other enterprise at the Company's request.

17. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent

permitted by law.

18. Integration and Entire Agreement. Subject to Section 10 hereof, this Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto. If the Company and Indemnatee have previously entered into an indemnification agreement providing for indemnification of Indemnatee by the Company, the parties' entry into this Agreement shall be deemed to amend and restate such indemnification agreement to read in its entirety as, and to be superseded by, this Agreement.

19. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date set forth above.

FLOOR & DECOR HOLDINGS, INC.

By:
Its:

Signature Page to Indemnification Agreement

INDEMNITEE

[]

Signature Page to Indemnification Agreement

Floor and Decor Outlets of America, Inc. hereby unconditionally guarantees the due and punctual payment and performance of all obligations of the Company under this Agreement in accordance with the terms set forth herein.

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

By:
Its:

Signature Page to Indemnification Agreement

EXECUTION VERSION

EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated as of July 29, 2015 (the "Effective Date"), is entered into by and between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings") and, together with the Operating Company, the "Company"), and Thomas V. Taylor, the undersigned individual ("Executive").

RECITALS

WHEREAS, Executive is currently employed by the Company as its Chief Executive Officer pursuant to an employment agreement with the Company, dated May 28, 2015 (the "Prior Agreement");

WHEREAS, pursuant to Section 10(e) of the Prior Agreement, the Prior Agreement may be amended and restated by a writing signed by Executive and a duly authorized representative of Holdings and the Operating Company (other than Executive); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in its entirety by entering into this Agreement, subject to the terms and provisions herein contained.

AGREEMENT

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment.

(a) Term; Duties and Responsibilities. Beginning on the Effective Date, and through the Employment Period (defined below), Executive shall serve as the Chief Executive Officer of the Company. The term of employment shall commence on the Effective Date and terminate on the third anniversary of the Effective Date, unless earlier terminated as set forth herein ("Employment Period"); provided, that commencing on the third anniversary of the Effective Date and each anniversary date thereafter, the Employment Period shall automatically be extended for one additional year (subject to earlier termination, as set forth herein) unless, not later than 120 calendar days prior to any such anniversary date, either the Company or Executive, in such party's sole discretion, shall elect that such extension shall not take effect and shall have given timely written notice of such election not to extend.

(b) Duties and Responsibilities. During the Employment Period, Executive shall at all times: (i) devote substantially all working time and efforts to the business and affairs of the Company and its subsidiaries on a full-time basis, (ii) faithfully, industriously and to the best of Executive's ability, experience and talent, perform all duties that may be reasonably required by the Company, and observe and comply with all rules, regulations, policies and practices of the Company in effect from time to time, and (iii) with exception of serving on the boards of charitable organizations, engaging in charitable and community affairs and activities and managing his personal investments, so long as such activities do not materially adversely interfere with the performance of Executive's Duties and Responsibilities (as defined below), not engage in any other business activities, as a director, officer, employee or consultant or in any

other capacity, whether or not he receives compensation therefor, without the prior written consent of Holdings' Board of Directors (the "Board"). Executive will report to the Board and shall have all the authority, duties and responsibilities customarily exercised by an individual serving in the position of chief executive officer at an entity engaged in a retail business that is national in scope, set forth in the bylaws of the Company, provided in Delaware General Corporations Law § 142 or otherwise in the Delaware General Corporations Law and such additional duties and responsibilities as may from time to time be assigned or prescribed to him by the Board (collectively, the "Executive's Duties and Responsibilities").

(c) Board Membership. Executive shall be nominated to serve as a director on the Board for so long as Executive serves as the Chief Executive Officer of the Company. Executive's services as a member of the Board will be subject to any required stockholder approval.

(d) Location. During the Employment Period Executive's principal place of employment shall be at the Company's principal executive offices, currently located in Smyrna, Georgia, with Executive being provided an office and secretarial and administrative support that is customary for a similarly situated executive. Executive acknowledges that Executive is required at all times to primarily perform his Duties and Responsibilities in the Company's principal executive offices, except that the Duties and Responsibilities to be performed by Executive hereunder are such that Executive may be required to travel extensively at times.

2. Compensation.

(a) Base Salary. Executive shall initially be paid a base salary ("Base Salary") at the annual rate of \$650,000, payable in installments consistent with Company's normal payroll practices. Executive's Base Salary shall be reviewed annually by the Board to determine, in the Board's sole discretion, if such Base Salary should be increased, provided that during the Employment Period under this Agreement the Base Salary shall not be decreased.

(b) Annual Bonus. In addition to Executive's Base Salary, Executive will be eligible to earn an annual bonus ("Bonus"), contingent on the Company's level of achievement against pre-determined objectives, as approved in advance by the Board. Executive will be eligible to earn a Bonus equal to 100% of Base Salary for target achievement of the pre-determined objectives. Executive has the potential to earn a Bonus in excess of 100% of Base Salary for achievement of "stretch" goals that are established in excess of the pre-determined objectives. Executive's Bonus, if any, shall be paid to him at the time Bonuses are paid to executives generally and in the calendar year following the fiscal year for which the Bonus is payable. Except as otherwise provided herein, Executive must be employed on the date that the Bonus is paid in order to earn the Bonus (if any).

(c) Payment. Payment of all compensation and other amounts to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes.

3. Other Employment Benefits.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Executive shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Executive in the performance of his

Duties and Responsibilities under this Agreement during the Employment Period.

(b) Benefit Plans. During the Employment Period, Executive shall be entitled to participate in the Company's employee benefit plans and programs ("Benefit Plans") as they may exist from time to time, in each case as offered by the Company to its executive officers generally, subject to the terms and conditions thereof. Nothing in this Agreement shall require the Company to maintain any Benefit Plan, or shall preclude the Company from terminating or amending any Benefit Plan from time to time.

(c) Vacation. Executive shall be entitled to vacation time in accordance with the Company's vacation policy for senior executives. Executive acknowledges that given his position at the Company, Executive will use Executive's best efforts to remain generally available and accessible to the Company's senior managers in person or through an electronic means of communication when reasonably possible.

(d) Legal Fees. Following receipt of reasonably detailed invoices from Executive's legal counsel, the Company shall pay to such legal counsel legal fees and expenses incurred in connection with the negotiation of this Agreement and other written agreements related thereto, up to a maximum of \$20,000 in the aggregate.

4. Termination of Employment. Notwithstanding anything herein to the contrary,

(a) For Cause. The Company may terminate Executive's employment for Cause immediately upon written notice for any of the following reasons: (i) Executive's (x) commission of, or being indicted for, a felony under U.S. or applicable state law, or (y) commission of a misdemeanor where imprisonment may be imposed other than for a traffic-related offense, (ii) any act of material misconduct or gross negligence by Executive in the performance of Executive's Duties and Responsibilities or any act of moral turpitude by Executive, (iii) Executive's commission of any act of theft, fraud or material dishonesty, (iv) Executive's willful failure to perform any reasonable duties assigned to him by the Board or Executive's refusal or failure to follow the lawful directives of the Board after written notice from the Company of, and 30 calendar days to cure, such refusal or failure, (v) any material breach by Executive of this Agreement or any other written agreement executed by Executive with the Company or any of its affiliates that is not cured within ten calendar days following written notice of such breach, and (vi) Executive's unlawful appropriation of a material corporate opportunity ("Cause"). Upon termination of Executive's employment for Cause, the Company shall be under no further obligation to Executive, except to pay or provide (A) all accrued but unpaid Base Salary through the date of termination within 30 days following such termination, less all applicable deductions, and (B) any benefits and payments pursuant to the terms of any Benefit Plan, including, without limitation, any rights under the Consolidated Omnibus Budget

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Reconciliation Act of 1985, as amended (the payments and benefits described in subsections (A) and (B) herein shall be referred herein as the "Accrued Benefits").

(b) Without Cause; Company Non-Extension; Good Reason. The Company may terminate Executive's employment at any time without Cause, immediately upon written notice; the Company may terminate Executive's employment by electing not to extend the Employment Period, upon 120 days' written notice, as provided for in Section 1(a) above ("Company Non-Extension"); and Executive may terminate Executive's employment at any time for "Good Reason." Upon termination of Executive's employment by the Company without Cause, a Company Non-Extension or by Executive for Good Reason, in each case other than a Change in Control Termination (as defined below), Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits, plus (ii) contingent on Executive executing and not revoking a release of any and all claims that the Executive may have against the Company substantially in the form set forth in Exhibit A (the "Separation Agreement"), (w) an amount equal to two times Executive's Base Salary on the date of termination, payable over 24 months in substantially equal installments on the Company's regular pay dates, commencing on the first regular pay date following the 60th calendar day following Executive's termination date, plus (x) the Bonus, determined pursuant to Section 2(b), with respect to the most recently completed fiscal year if such Bonus is unpaid on the date of termination of employment, payable upon the later of (i) the date Bonuses are paid to executives generally and (ii) the first regular pay date following the 60th calendar day following Executive's employment termination date, plus (y) an amount equal to (A) the average Bonus earned over the two completed fiscal years prior to Executive's date of termination multiplied by (B) a fraction, the numerator of which is the number of days between the first day of the fiscal year and the date of such termination of employment (inclusive) and the denominator of which is 365, payable on the first regular pay date following the 60th calendar day following Executive's employment termination date, plus (z) an amount equal to the Company portion of the health care premiums for Executive (including for his spouse and eligible dependents) for 24 months following Executive's termination date, commencing on the first regular pay date following the 60th calendar day following Executive's termination date. If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(b)(i). A termination of Executive under this Section 4(b) does not include a termination by reason of Executive's Disability or upon the death of Executive.

"Good Reason" shall mean, without Executive's written consent, (i) a material diminution in Executive's then authority, duties or responsibilities; (ii) a material diminution in Executive's Base Salary; (iii) relocation of Executive's office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of this Agreement by the Company, provided, that Executive must provide the Company with written notice of the existence of the event or change constituting Good Reason within 30 calendar days of any such event or change having occurred and allow the Company 60 calendar days from receipt of such notice from Executive to cure the same. If the Company so cures the event or change, Executive shall not have a basis for terminating his employment for Good Reason with respect to such cured event or change. If such event or change is not cured within such 60 day period, Executive must resign his employment with the Company within 30 calendar days of the end of the cure

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period or Executive will be deemed to have waived his right to terminate his employment for Good Reason based upon such event or change.

(c) Change in Control Termination. Upon termination of Executive's employment by the Company without Cause or by Executive for Good Reason, within one year following a Change in Control (as defined below); provided that such Change in Control constitutes a "change in the ownership of the corporation," a "change in effective control of the corporation" or a "change in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A (as defined below)) (a "Change in Control Termination"), Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits plus (ii) contingent on Executive executing and not revoking the Separation Agreement, the amounts provided pursuant to Section 4(b)(ii), plus an amount equal to two times Executive's target Bonus (at the target Bonus rate for the fiscal year of termination), (A) to the extent permitted by Section 409A, amounts pursuant to Section 4(c)(ii) shall be paid in a lump sum on the first regular payroll date after the 60th day after the date of termination and (B) for any remaining amounts, in accordance with Section 4(b). If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(c). A termination of Executive under this Section 4(c) does not include a termination by reason of Executive's Disability or upon the death of Executive. A "Change in Control" means any Change in Control as defined on Exhibit B hereto or the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company Voting Securities (as defined in Holdings' 2011 Amended and Restated Stock Incentive Plan) immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such Business Combination (including, without limitation, a company which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Company Voting Securities, as the case may be.

(d) Resignation. Executive may terminate his employment with the Company upon 90 calendar days prior written notice to the Company. Failure to provide such notice shall constitute a breach of this Agreement for which Executive shall be liable to the Company for any damages the Company sustains. In addition, upon termination by Executive of his employment with the Company under this Section 4(d), (i) the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits; (ii) all options to purchase shares of Class B non-voting common stock, par value \$0.001 per share, of the Company, granted to Executive on December 13, 2012 pursuant to the Company's 2011 Stock Option Plan (the "Options") that are held by such Executive that are vested and exercisable on the date of Executive's resignation may be exercised by Executive at any time within a period beginning on the date of such resignation and ending on the earlier of (A) 30 days after the date of such resignation, and (B)

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the expiration date of the stated term of such Options, after which any unexercised Options shall terminate.

(e) Disability of Executive; Death. The Company may terminate this Agreement if Executive experiences a Disability (as defined below) and this Agreement shall terminate upon the death of Executive. "Disability" means Executive is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of three months under the Company's long-term disability plan. Executive agrees to submit to such medical examinations as may be reasonably requested by the Company, from time to time, to determine whether a Disability exists. Any determination as to the existence of a Disability shall be made as follows: first, the Company shall be entitled to engage a physician to determine the existence of a Disability; then, if Executive disagrees with such determination, Executive shall give written notice of Executive's disagreement within ten days after Executive is notified in writing of such determination, and Executive shall be entitled to engage a physician to determine the existence of a Disability; and if Executive's physician disagrees with the determination made by the Company's physician, then these two physicians shall mutually agree upon a third physician who shall make a determination whether a Disability exists, and such determination shall be final and binding upon the Company and Executive. The Company and Executive shall share equally in the costs of such third physician. Upon such termination of employment by reason of Disability or death, Executive, or Executive's personal representatives under Executive's last will and testament, and if none exists, his heirs at law, as applicable, shall be entitled to receive (i) the Accrued Benefits, (ii) continuation of Base Salary for twelve months, commencing on the first regular pay date following the 60th calendar day following Executive's termination date (iii) the Bonus with respect to the most recently completed fiscal year if such Bonus is unpaid on the date of termination of employment, payable pursuant to Section 2(b), and (iv) a pro-rated portion of the Bonus that actually would have been earned by Executive had Executive remained employed through the Bonus payment date based on the actual achievement of the Company against the performance targets set by the Board for the applicable fiscal year, such pro-rated portion to be equal to a fraction, the numerator of which is the number of days between the first day of the fiscal year and the date of such termination of employment (inclusive) and the denominator of which is 365, payable pursuant to Section 2(b).

(f) Cooperation. Following termination of Executive's employment for any reason, Executive shall (i) reasonably cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive and (ii) during the 24-month period following Executive's termination of employment, cooperate and provide assistance to the Company at its reasonable request in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Executive's acts or omissions while employed by the Company; provided that Executive shall not be required to cooperate (x) against his own legal interests or (y) to the extent it materially interferes with his employment or business activities after reasonable attempts by the Executive to mitigate such interference. The Company agrees to

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promptly reimburse Executive for reasonable expenses incurred by him in connection with assisting the Company in the manner described in the immediately preceding sentence (including reasonable legal fees incurred by Executive approved in writing, in advance, by the Company, with such approval not to be unreasonably withheld). Reimbursement shall be made in accordance with the applicable policy of the Company then in effect. Upon termination for any reason, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries. Executive's obligations under this Section 4(f) shall survive the termination of Executive's employment and the expiration or termination of the Agreement.

(g) Company Property. All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Executive or any other person during the course of or incident to Executive's employment by the Company or any of its subsidiaries are and shall remain the sole property of Company ("Company Property"). Company Property includes, but is not limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage. Following termination of Executive's employment for any reason, Executive must return all Company Property to the Company without demand or request by the Company therefor. Executive shall further permanently delete any Company information from any computers or other electronic storage devices owned by Executive. Upon request of the Company, Executive shall certify in writing that Executive has complied with the requirements of this Section 4(g). Executive's obligations under this Section 4(g) shall survive termination of Executive's employment and the expiration or termination of the Agreement until Executive has returned all Company Property to the Company. Notwithstanding the foregoing, Executive shall be entitled to retain a copy of his contacts, calendars, personal correspondence, diaries and any compensation-related documents or materials reasonably needed by Executive for tax purposes.

5. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

(ii) "Competitive Area" means the 30 mile radius around any location where the Company (i) has a then current location (including the Company's current locations listed on Exhibit C attached hereto) and (ii) has a *bona fide* intention to open a new location.

(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Executive's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

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(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business for which the Business constitutes at least 25% of gross revenue. To the extent that a Competitor is engaged in any business activities other than the Business, the term "Competitor" does not restrict Executive's involvement with such other business activities.

(v) "Confidential Information" means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or its any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) "Customer" means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) "Person" means any individual or entity.

(viii) "affiliates" means a Person's subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) "Restricted Period" means the time period beginning on the Effective Date of this Agreement and ending two years from the termination of Executive's employment with the Company for any reason, whether by Executive or Company.

(x) "Supplier" means any Person who supplies products or services to the Company in support of the Company's Business and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Executive shall not, while employed under this Agreement and after the Employment Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of Executive's Duties and Responsibilities under this Agreement; provided that after following the procedures below, Executive may disclose Confidential Information to the extent required by subpoena or other request having the force of law. In the event that Executive

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receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Executive shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no expense to Executive, with the Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Whistleblowers. Nothing in this Agreement shall be construed to prohibit Executive, or any officer or director of the Company, from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. Executive and any officer or director of the Company do not need the prior authorization of the Company to make any such reports or disclosures and are not required to notify the Company that they have made such reports or disclosures.

(d) Noncompete. During the Restricted Period, Executive will not, directly or indirectly, independently or in cooperation with any other Person, engage in a Competitive Business Activity in a Competitive Area.

(e) Executive agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Executive represents, warrants, acknowledges and agrees that he has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would employ Executive under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Executive under Sections 5(b) through 5(g) of this Agreement, and without the other agreements by Executive contained herein (collectively, the "Restrictive Covenants and Agreements"). Accordingly, Executive agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(f) Non-Solicitation of Customers and Suppliers. During the Restricted Period, Executive shall not (whether on Executive's own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(g) Non-Solicitation of Employees. During the Restricted Period, Executive shall not (whether on Executive's own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, his or her employment or other business relationship or affiliation with the Company or any of its affiliates; provided, that the parties acknowledge and agree that Executive's placement of a general advertisement that is not directed at any specific Person or group of Persons, but to the public at large, in a public newspaper, or on the Internet or other public medium, shall not constitute a violation of this Section 5(g).

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(h) Non-Disparagement. Except as occurs performing Executive's Duties and Responsibilities during the Employment Period (such as chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Executive in good faith believes is not in the best interests of the Company and the Business), while employed by the Company and during the Restricted Period, Executive will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any material respect, to the Company's (or any of its affiliates') goodwill with its Customers, Suppliers, employees, the media or the public. During the Restricted Period, the Company shall instruct its officers and directors not to, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise take any actions that disparage Executive's business reputation or take any actions that are harmful, in any material respect, to Executive's goodwill with the Company's Customers, Suppliers, employees, the media or the public, except as occurs performing their duties during the Employment Period (such as chastising or criticizing Executive for performing in a manner such officers or directors in good faith believe are not in the best interests of the Company and the Business). Provided, however, the foregoing shall not prohibit the Executive or any director or officer of the Company from making truthful statements when required, or based upon advice of legal counsel, Executive, or any officer or director of the Company, in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(i) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 5, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Executive acknowledges and agrees that the Restrictive

Covenants and Agreements of Executive in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(j) Survival. Executive's obligations under this Section 5 shall survive the termination of Executive's employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

6. Inventions.

(a) Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products or developments (collectively, "Inventions"), whether patentable or unpatentable, made or conceived by Executive, solely or jointly with others, that are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Executive understands that the provisions of this Section 6

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requiring assignment of Inventions to the Company do not apply to any Invention that Executive developed entirely on his own time without using the Company's equipment, supplies, facilities, or trade secret information except for those Inventions that either (i) relate at the time of conception or reduction to practice of the Invention to the Company's Business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by an employee for the Company (other than Executive). Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Period, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). Executive will, at any time during and for a period of three years subsequent to the Employment Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Executive shall not be obligated to incur any expense in connection therewith. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony), at no expense to Executive, to obtain the Inventions for its benefit, all without additional compensation to Executive from the Company.

(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including without limitation, all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including without limitation, all rights of any kind or any nature now or hereafter recognized, including without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including without limitation the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the Inventions. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including, without limitation, any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of, or other service provider to the Company. Executive's obligations under this Section 6 shall survive the termination of employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

7. No Inconsistent Obligations. Executive hereby represents, warrants and agrees that: (a) there are no restrictions or agreements, oral or written, to which Executive is a party or by which Executive is bound that prevent or make unlawful Executive's execution and delivery of, or performance under, this Agreement; (b) to the best actual knowledge and belief of Executive, none of the information supplied by Executive to Company in connection with Executive's employment by Company misstated a material fact or omitted material facts

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necessary to make the information supplied by Executive not materially misleading; (c) Executive does not have any business or employment relationship that creates a conflict between the interests of Executive and the Company or any of its subsidiaries; and (d) Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

8. Indemnification of Executive. While employed by the Company and for so long thereafter as liability exists with regard to the Executive's activities while employed by the Company, the Company shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive to the extent Executive is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer of the Company or, while an officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such indemnitee. Notwithstanding the preceding sentence, the Company shall be required to indemnify, or advance expenses to, Executive in connection with a proceeding (or part thereof) commenced by Executive only if the commencement of such proceeding (or part thereof) by Executive was authorized by the Board; provided, that the Company shall be required to advance expenses to Executive in connection with a proceeding (or part thereof) commenced by Executive to enforce indemnification rights. The rights to indemnification and to the advance of expenses conferred in this Section 8 shall not be exclusive of any other right that Executive may have or hereafter acquire under Holdings' Certificate of Incorporation or Bylaws, the Shareholders Agreement, dated November 24, 2010, among Holdings and the investors party thereto, as amended from time to time, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

9. Section 409A. Notwithstanding anything herein to the contrary,

(a) Although the Company does not guarantee to Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Executive for, any liability of Executive for taxes or penalties under Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

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(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten calendar days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Notwithstanding any other provision hereof, if Executive is, as of the date of termination, a "specified employee" for purposes of Treas. Reg. § 1.409A-1(i), then any amount payable to Executive pursuant to Section 4 hereof that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of Executive's death. Any payments to which Executive would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to Executive on the first day of the seventh month following such date of termination, or if earlier, within 30 calendar days of Executive's death to his surviving spouse (or to his estate if Executive's spouse does not survive him).

10. Miscellaneous.

(a) 280G. Notwithstanding anything herein to the contrary, in the event that an independent, nationally recognized, accounting firm, which shall be designated by the Company (the "Accounting Firm") shall determine that any payment or distribution of any type to or for Executive's benefit made by the Company, by any of its affiliates, by any person who acquires ownership or effective control or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Code and the regulations thereunder) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (collectively, the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "Excise Tax"), then the Accounting Firm shall determine whether such payments or distributions or benefits shall be reduced to such lesser amount as would result in no portion of such payments or distributions or benefits being subject to the Excise Tax. Such reduction shall occur if and only to the extent that it would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes, employment, social security and Medicare taxes, the imposition of the Excise Tax and all other

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taxes, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied (or is likely to apply) to Executive's taxable income for the tax year in which the transaction which causes the application of Section 280G of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s) in which any of the Total Payments is expected to be made) than if Executive received all of the Total Payments. If the Accounting Firm determines that Executive would not retain a larger amount on an after-tax basis if the Total Payments were so reduced, then Executive shall retain all of the Total Payments. If the Total Payments are to be reduced, the reduction shall occur in the following order: (1) reduction of cash payments for which the full amount is treated as a "parachute payment" (as defined under Section 280G of the Code and the regulations thereunder); (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute payment; (3) reduction of any continued employee benefits; and (4) cancellation or reduction of any accelerated vesting of equity awards. In selecting the equity awards (if any) for which vesting will be cancelled or reduced under clause (4) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of reduced Total Payments provided to Executive, provided that if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A, awards instead shall be selected in the reverse order of the date of grant. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. Executive and the Company shall furnish such documentation and documents as may be necessary for the Accounting Firm to perform the requisite Section 280G of the Code computations and analysis, and the Accounting Firm shall provide a written report of its determinations, hereunder, including detailed supporting calculations. If the Accounting Firm determines that aggregate Total Payments should be reduced as described above, it shall promptly notify Executive and the Company to that effect. In the absence of manifest error, all determinations made by the Accounting Firm under this Section 10(a) shall be binding on Executive and the Company and shall be made as soon as reasonably practicable following the later of Executive's date of termination of employment or the date of the transaction which causes the application of Section 280G of the Code. The Company shall bear all costs, fees and expenses of the Accounting Firm.

To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services to be provided by Executive (including Executive agreeing to refrain from performing services pursuant to a covenant not to compete) before, on or after the date of the transaction which causes the application of Section 280G of the Code such that payments in respect of such services may be considered to be "reasonable compensation" within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of such final regulations in accordance with Q&A-5(a) of such final regulations.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflict of law principles.

(c) Assignment and Transfer. Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be

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binding upon and enforceable by, any purchaser of substantially all of the Company's assets, any corporate successor to the Company or any assignee thereof.

(d) Entire Agreement. This Agreement, any outstanding equity agreements between Executive and Holdings relating to an award under Holdings' 2011 Amended & Restated Stock Incentive Plan, and the Company's policies and procedures, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof, including the Prior Agreement.

(e) Amendment and Waiver: Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Executive and by a duly authorized representative of Holdings and the Operating Company (other than Executive). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Executive). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(f) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance,

shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(g) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Executive hereunder, including any breach of Sections 4(f), 4(g), 5 or 6, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries' business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 10(i) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. Each party in any action instituted pursuant to this Agreement shall be responsible for its own attorneys' fees and other expenses incurred in such action. In the event Executive violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Executive's obligations in Sections 4(f) or 4(g) or Section 6

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above, and does not cure such violations within 30 days of written notice from the Company to Executive that such violation has occurred, then any obligations to pay amounts to Executive pursuant to Section 4(b)(ii) of this Agreement shall immediately cease. This Section 10(g) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

(h) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given or which is not a street address shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30a.m. and 5:30p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Executive:

To the address on file with the Company

with copies to:

Katzke & Morgenbesser LLP
1345 Avenue of the Americas
31st Floor
New York, NY 10105
Telephone: (646-527-7240)
Email: Katzke@kmexeccomp.com
Attention: Michael S. Katzke

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: General Counsel

with copies to:

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FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Telephone: (310) 284-4544
Facsimile: (310) 557-2193

(i) **Arbitration.** Subject to Section 10(g), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the employment relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Executive files a demand for arbitration hereunder, Executive shall not be required to pay the cost of the filing fees in excess of the amount Executive would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration; provided that each party shall be responsible for its attorneys' fees in connection with the arbitration. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having

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jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of the Company or the other parties to the arbitration, provided that notwithstanding the foregoing, Executive shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Executive's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Executive in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in arbitration. This Section 10(i) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

By initialing below, the parties hereby agree to the provisions set forth in this Section 10(i):

EXECUTIVE: /s/ Thomas V. Taylor

OPERATING COMPANY: /s/ David V. Christopherson

HOLDINGS: /s/ David V. Christopherson

(j) **Further Assurances.** Executive shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Executive's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(k) **Interpretation.** The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and

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constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(l) **Acknowledgement.** Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice.

(m) **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original.

(n) **Each Party the Drafter.** Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(o) **Time of Essence.** Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

(p) **Survival.** To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on the date Executive's employment is terminated, shall survive the termination of Executive's employment and the expiration or termination of the Agreement, including, without limitation, Sections 4, 5, 6, 8, 9 and 10 of the Agreement.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

By: /s/ David V. Christopherson

Name: David V. Christopherson

Title: Sr. Vice President

FDO HOLDINGS, INC.

By: /s/ David V. Christopherson

Name: David V. Christopherson

Title: Sr. Vice President

THOMAS V. TAYLOR

/s/ Thomas V. Taylor

Thomas Taylor Employment Agreement Signature Page

CONSULTING AGREEMENT

This CONSULTING AGREEMENT (the "Agreement"), dated as of December 3, 2012, (the "Effective Date") is entered into by and between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings" and, together with the Operating Company, the "Company"), and George Vincent West, the undersigned individual ("Consultant").

RECITALS

WHEREAS, Consultant entered into an employment agreement with the Company, dated November 24, 2010 (the "Employment Agreement") pursuant to which during the Employment Period (defined below) Consultant served as the Company's Chief Executive Officer;

WHEREAS, the Employment Agreement was entered into in connection with the acquisition of the Company pursuant to an Agreement and Plan of Merger, dated as of October 21, 2010, among Holdings, the Operating Company and other persons party thereto (the "Merger Agreement");

WHEREAS, as a condition to the consummation of the transactions contemplated by the Merger Agreement, Consultant entered into a Fair Competition Agreement with Holdings, dated November 24, 2010 (the "Fair Competition Agreement"), pursuant to which he agreed to certain restrictive covenants; and

WHEREAS, Consultant is also party to (i) an Indemnification Agreement with Holdings, dated November 24, 2010 (the "Indemnification Agreement"), and (ii) two Non-Qualified Stock Option Agreements, each effective January 13, 2011, with Holdings (collectively, the "Stock Option Agreements").

WHEREAS, the Company and Consultant mutually desire to terminate on the terms set forth herein Consultant's employment under the Employment Agreement, to transition Consultant's role with the Company from an employee to an independent contractor, non-employee consultant, and to transition Consultant's officer role with the Company from an employee Chief Executive Officer to a non-employee Founder of the Company and Vice Chairman of the Board on the terms set forth herein and enter into this Agreement for such purposes;

WHEREAS, Consultant shall remain a director of the Board of Directors (as defined herein); and

WHEREAS, in consideration of entering into this Agreement, the Company and Consultant mutually desire to settle fully and finally all differences and potential differences between them as of the Effective Date, including all differences or potential differences that arise out of or relate to Consultant's employment with the Company and the termination thereof on or prior to the date hereof on the terms set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the Consultant's Duties and Responsibilities (defined below) and of the agreements, rights, covenants and other obligations of the parties contained herein, the Company and Consultant agree as follows:

1. Transition to Non-Employee Officer/Consultant.

(a) Transition; Title. As of the Effective Date, Consultant and the Company hereby mutually agree that (i) Consultant is deemed to have resigned from the position of Chief Executive Officer of the Operating Company and of Holdings and, other than with respect to his service on the Board of Directors of the Company (such term referring throughout this Agreement to the Boards of Directors of both Operating Company and Holdings) or the Board of Directors (or any similar governing body) of any of the Company's subsidiaries, from all other offices held with the Company or any of its subsidiaries as of immediately prior to the Effective Date; (ii) Consultant's employment with the Company is hereby terminated; (iii) except as otherwise expressly provided in this Agreement with respect to Sections 2(a), 2(b), 2(d), 3(a) and 4(a) of the Employment Agreement, which shall expressly survive the termination of the Employment Agreement to the extent required to effectuate the express terms of this Agreement, and Section 10 of the Employment Agreement, which shall expressly survive the termination of the Employment Agreement, the Employment Agreement shall be and is hereby terminated as of 11:59 p.m. Eastern time on December 2, 2012; (iv) Consultant will have the title of Founder of the Company and Vice Chairman of the Board; and (v) each of "Vice Chairman" and "Founder" has been designated as an "officer" position by Holdings' Board of Directors pursuant to Article IV, Section 12 of the Company's Bylaws. Consultant and the Company each acknowledge and mutually agree that the termination of Consultant's employment with the Company is voluntary and by mutual agreement, that such termination of Consultant's employment is not, and shall not be deemed to be, a termination "Without Cause," "For Cause" or for "Good Reason" under the Employment Agreement and that such termination of Consultant's employment shall not in any way affect the continued validity and enforceability of the Indemnification Agreement, the Stock Option Agreements or any other agreement (other than the Employment Agreement) to which Consultant is a party. Termination of Consultant's employment under the Employment Agreement as set forth in this Agreement shall not, alone, entitle the Company to pursue any rights or remedies against or affecting Consultant, whether under the Employment Agreement, the Stock Option Agreements or otherwise.

(b) Effect on Fair Competition Agreement. Consultant and the Company acknowledge and agree that from and after the Effective Date (i) the Consulting Period (defined below) is substituted for the "Employment Period" for all purposes under the Fair Competition Agreement; (ii) the Fair Competition Agreement will remain in full force and effect until it terminates according to its terms; and (iii) the Fair Competition Agreement shall be deemed to be amended by this Agreement to the extent required to effectuate this Section 1(b).

(c) Independent Contractor Status. Consultant acknowledges and agrees that (i) pursuant to the terms of this Agreement Consultant shall provide and perform consulting services hereunder as an independent contractor to the Company, and that Consultant's provision and performance of consulting services, including as an officer of the Company, shall not be as

an employee of the Company, (ii) nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship with the Company and (iii) Consultant is not entitled to enter into any agreement on behalf of the Company or to otherwise bind the Company other than as may be expressly authorized and set forth in a resolution approved by the Board. Consultant acknowledges and agrees that there will be no withholding of taxes by the Company as was the case when Consultant was an employee of the Company, and that during the Consulting Period he is solely responsible for paying all federal, state, and local income or business taxes, including estimated taxes, self-employment and all other taxes, fees, additions to tax, interest and penalties that may be assessed, imposed, or incurred as a result of the compensation payable to him pursuant to this Agreement, and that the Company has no obligations, liabilities or responsibilities in connection therewith. The Company and Consultant acknowledge that Consultant will remain an officer of the Company during the term of the Agreement, notwithstanding the fact that Consultant shall not be an employee.

(d) Liability Insurance. During the term of this Agreement, to the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Consultant shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

2. Term.

(a) Consultant's service under this Agreement as an independent contractor consultant serving in an officer capacity as Founder of the Company and Vice Chairman of the Board shall commence on the Effective Date, subject to the condition subsequent that the Revocation Period (as defined in Section 10(1)) expires without Consultant's revocation of the Release (as defined in Section 10(c)) and the Release becomes effective, and shall continue until either party elects to terminate this Agreement upon 30 days advance written notice to the other party (the "Consulting Period" and, solely for the purposes of the Fair Competition Agreement, also the "Employment Period").

(b) Upon the termination of this Agreement, the Company shall be under no further obligation to Consultant under this Agreement, except to pay (i) all accrued but unpaid Consulting Fees and expenses reimbursable pursuant to Section 4(c) or Section 5(a) of this Agreement through the date of termination within 30 days following such termination and (ii) any amounts due to Consultant pursuant to Section 4(b) of this Agreement.

(c) Notwithstanding any provision of this Agreement to the contrary (including Section 12(o) hereof), if the Release fails to become effective, this Agreement (other than Section 1(a)(i)-(iii), the second sentence of Section 1(a), Section 2(c), Section 4(b), Section 4(c), Section 6, Section 9, Section 11 and Section 12) will thereupon automatically terminate retroactive to the Effective Date, and neither Consultant nor Company will have any other rights or obligations hereunder.

(d) Unless otherwise agreed to by the parties hereto in writing, (i) Consultant's resignation from the Board of Directors shall be deemed a termination of this Agreement by

Consultant and (ii) Consultant's removal from the Board of Directors shall be deemed a termination of this Agreement by the Company.

3. Consultant's Duties and Responsibilities. During the Consulting Period, Consultant shall:

(a) faithfully, industriously and to the best of Consultant's ability, experience and talent, perform such services as an independent contractor consultant serving as a non-employee officer with the titles Founder and Vice Chairman of the Board, as shall be (i) reasonably required by the Company or requested by the Board of Directors of Holdings and (ii) agreed to by Consultant;

(b) observe and comply with all applicable rules, regulations, policies and practices in effect on the Effective Date or amended or adopted by the Company in the future (to the extent that Consultant has actual knowledge of any such amendment or adoption and has been provided a copy thereof); and

(c) not engage in any Competitive Business Activity (as defined herein),

(the duties and responsibilities set forth in Sections 3(a), 3(b) and 3(c) being collectively referred to in this Agreement as the "Consultant's Duties and Responsibilities").

4. Compensation and Other Payments to Consultant.

(a) Consulting Fee. The Company will continue to pay Consultant, through December 31, 2012, an amount equal to Consultant's Base Salary under the Employment Agreement as of immediately prior to the Effective Date of this Agreement. Starting January 1, 2013, the Company will pay Consultant a consulting fee at the annual rate of \$200,000 (together with the payments described in the previous sentence, the "Consulting Fee"). The Consulting Fee will be paid in installments consistent with the Company's normal payroll schedule. The Consulting Fee shall constitute compensation to Consultant for all Consultant's Duties and Responsibilities.

(b) Fiscal 2012 Annual Bonus Under Employment Agreement. Provided that the Consulting Period is not terminated (i) by Consultant on or before December 31, 2012 (or such other date which is the last day of the Company's fiscal 2012, if other than December 31, 2012) for any reason or (ii) by the Company at any time prior to the earlier of (A) March 15, 2013 and (B) the payment of the annual bonus described in this Section 4(b), as a result of an event or occurrence that would have been grounds for termination "For Cause" under the Employment Agreement as defined in Section 4(a) thereof which are reasonably applicable with respect to Consultant's Duties and Responsibilities under this Agreement in place of Executive's Duties and Responsibilities under the Employment Agreement, Consultant will remain eligible to receive, and shall be entitled to be paid, the annual bonus (if any) for the entire 2012 fiscal year to which he would have been entitled under Section 2(b) and other terms of the Employment Agreement that were applicable to such annual bonus for fiscal 2012 immediately prior to the Effective Date of this Agreement. Such annual bonus shall be calculated as if the Employment Period under the Employment Agreement had extended through the last day of fiscal 2012, and as if the Employment Agreement had not been terminated by mutual agreement as set forth

herein. Any such annual bonus shall constitute part of the compensation due under the Employment Agreement and will be subject to all applicable withholding and be payable within the time period set forth in Section 2(b) of the Employment Agreement (i.e., no later than March 15 of the calendar year following the fiscal year for which such annual bonus is payable).

(c) Unpaid Base Salary and Reimbursement of Business and Travel Expenses under Employment Agreement. Notwithstanding anything contained in this Agreement or otherwise to the contrary, payment to Consultant, as Executive under the Employment Agreement, for Base Salary and reimbursable business and travel expenses to which Consultant was entitled under Sections 2(a) and 3(a) of the Employment Agreement, respectively, through December 2, 2012, which were not paid by the Company prior to the Effective Date of this Agreement shall be made by the Company following the Effective Date in accordance with the relevant Company policies then in effect, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes per Section 2(d) of the Employment Agreement.

5. Other Benefits to Consultant.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Consultant shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Consultant in the performance of Consultant's Duties and Responsibilities under this Agreement during the Consulting Period.

(b) Options.

(i) The transition of Consultant's role from an employee to an independent contractor, non-employee consultant, and from an employee

Chief Executive Officer to a non-employee Founder of the Company and Vice Chairman of the Board will have no effect on vesting of the options to purchase the common stock of Holdings ("Options") granted under the Stock Option Agreements to Consultant prior to the Effective Date or, except as described in this Section 5(b), on the other rights and obligations of Consultant and Holdings under the Stock Option Agreements.

(ii) For purposes of the Stock Option Agreements covering the Options and of the FDO Holdings, Inc. Amended and Restated 2011 Stock Option Plan (as such may be amended from time to time, the "Plan"), (A) the definition of "For Cause" in Section 4(a) of the Employment Agreement will continue to apply with respect to an event or occurrence that would have been grounds for termination "For Cause" thereunder which are reasonably applicable with respect to Consultant's Duties and Responsibilities under this Agreement in place of Executive's Duties and Responsibilities under the Employment Agreement, and (B) all references to "Good Reason" shall be inapplicable (such that any termination of this Agreement by Consultant for any reason shall be considered to be a voluntary termination and not a termination for Good Reason).

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(iii) The Stock Option Agreements covering the Options shall be deemed to be amended by this Agreement to the extent required to effectuate the terms set forth in this Section 5(b).

6. Termination of Agreement.

(a) Resignation as Director and Officer. Unless otherwise agreed to by the parties hereto in writing, upon termination of this Agreement for any reason, Consultant shall be deemed to have resigned from any position as a member of the Board or as a member of the Board of Directors (or any similar governing body) of the any of the Company's subsidiaries then held by Consultant and also shall be deemed to have resigned from any position as an officer of the Company or any of its subsidiaries then held by Consultant.

(b) Cooperation. Following termination of this Agreement, Consultant shall, as reasonably requested by the Company, (i) reasonably cooperate with the Company to effect a transition of Consultant's responsibilities and to ensure that the Company is aware of all matters being handled by Consultant, and (ii) cooperate and provide assistance to the Company in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Consultant's acts or omissions while an employee and an officer of the Company during the Employment Period or while an independent contractor consultant and non-employee officer of the Company during the Consulting Period. The Company agrees to promptly reimburse Consultant for reasonable expenses incurred by him in connection with assisting the Operating Company or Holdings, as applicable, in the manner described in the immediately preceding sentence. Reimbursement shall be made in accordance with the applicable policy of the Company then in effect.

(c) Company Property.

(i) All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Consultant or any other person during the course of or incident to Consultant's employment as an employee and an officer of the Company or any of its subsidiaries during the Employment Period or to Consultant's engagement as an independent contractor consultant and non-employee officer of the Company or any of its subsidiaries during the Consulting Period are and shall remain the sole property of Company ("Company Property"). Company Property includes, but shall not be limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations, and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information, and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage.

(ii) Within a reasonable period of time following termination of this Agreement and of the Consulting Period, Consultant shall return to the Company all Company Property remaining in Consultant's possession or control, provided that with respect to Company

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Property stored or contained in or on any computers or other electronic storage devices owned by Consultant, Consultant shall permanently delete any such information that constitutes Company Property. Upon written request of the Company, Consultant shall certify in writing that Consultant has complied with the requirements of this Section 6(c)(ii).

(iii) Notwithstanding anything to the contrary herein, Consultant shall be permitted to retain one or more copies of his contacts list and his appointment calendars obtained by or prepared by Consultant or any other person during the course of or incident to Consultant's employment as an employee and an officer of the Company or any of its subsidiaries during the Employment Period; or during the course of or incident to Consultant's engagement as an independent contractor consultant and non-employee officer of the Company or any of its subsidiaries during the Consulting Period.

(iv) Consultant's obligations under this Section 6(c) shall survive termination of the Agreement and of the Consulting Period until Consultant has returned all Company Property to the Company or deleted information constituting Company Property, as required herein.

(v) Notwithstanding anything to the contrary contained in the Employment Agreement or any other agreement (other than this Agreement) between Consultant and the Operating Company, Holdings or the Company, because following termination of the Employment Agreement Consultant is continuing his involvement with, and services to, the Company as a non-employee officer and as a director under this Agreement, Consultant shall have no obligations, duties or responsibilities otherwise applicable to Consultant, as Executive under the Employment Agreement, to return or delete Company Property or to take any other actions otherwise required in connection with or relating to termination of the Employment Agreement, and shall be entitled to retain during the Consulting Period such Company Property as reasonably required or helpful to provision and performance of Consultant's Duties and Responsibilities under this Agreement.

7. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

(ii) "Competitive Area" means the 30 mile radius around any location where the Company (i) has a then current location (including the Company's current locations listed on Exhibit A attached hereto) and (ii) has a *bona fide* intention to open a new location.

(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Consultant's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business. To the extent that a Competitor is

activities other than the Business, the term “Competitor” does not restrict Consultant’s involvement with such other business activities.

(v) “Confidential Information” means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or its any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) “Customer” means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Consultant had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) “Person” means any individual or entity.

(viii) “affiliates” means a Person’s subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) “Restricted Period” means the time period beginning on the Effective Date of this Agreement and ending two years from the termination of this Agreement for any reason, whether by Consultant or Company.

(x) “Supplier” means any Person who supplies products or services to the Company in support of the Company’s Business and with whom Consultant had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Consultant shall not, while performing services as a consultant under this Agreement and for a period of three years after the Consulting Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of Consultant’s Duties and Responsibilities under this Agreement. In the event that Consultant receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Consultant shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no

expense to Consultant, with the Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Noncompete. During the Restricted Period, Consultant will not, directly or indirectly, independently or in cooperation with any other Person, engage in a Competitive Business Activity in a Competitive Area.

(d) Consultant agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Consultant represents, warrants, acknowledges and agrees that he has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would engage Consultant under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Consultant under Sections 7(b) through 7(g) of this Agreement, and without the other agreements by Consultant contained herein (collectively, the “Restrictive Covenants and Agreements”). Accordingly, Consultant agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(e) Non-Solicitation of Customers and Suppliers. During the Restricted Period, Consultant shall not (whether on Consultant’s own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(f) Non-Solicitation of Employees. During the Restricted Period, Consultant shall not (whether on Consultant’s own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, his or her employment or other business relationship or affiliation with the Company or any of its affiliates; provided, that the parties acknowledge and agree that Consultant’s placement of a general advertisement that is not directed at any specific Person or group of Persons, but to the public at large, in a public newspaper, or on the Internet or other public medium, shall not constitute a violation of this Section 7(f).

(g) Non-Disparagement. Except as occurs in connection with performing Consultant’s Duties and Responsibilities during the Consulting Period (for purposes of providing examples, but not for limitation of scope, by chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Consultant in good faith believes is not in the best interests of the Company and the Business), while engaged by the Company and during the Restricted Period, Consultant will not, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any material respect, to the Company’s (or any of its affiliates’) goodwill with its Customers, Suppliers, employees, the media or the public. Provided, however, the foregoing shall not

prohibit the Consultant from making truthful statements when required, or based upon advice of legal counsel Consultant in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(h) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 7, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Consultant acknowledges and agrees that the Restrictive Covenants and Agreements of Consultant in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court

subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(i) Survival. Consultant's obligations under this Section 7 shall survive the termination of this Agreement and the Consulting Period in accordance with the terms and conditions herein.

8. Inventions.

(a) Consultant acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products or developments (collectively, "Inventions"), whether patentable or unpatentable, made or conceived by Consultant, solely or jointly with others, that are related to Consultant's provision or performance of Executive's Duties and Responsibilities under the Employment Agreement or of Consultant's Duties and Responsibilities under this Agreement to or for the benefit of the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Consultant understands that the provisions of this Section 8 requiring assignment of Inventions to the Company do not apply to any Invention that Consultant developed entirely on his own time without using the Company's equipment, supplies, facilities, or trade secret information except for those Inventions that either (i) relate at the time of conception or reduction to practice of the Invention to the Company's Business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by an employee for the Company (other than Consultant). Consultant will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Consulting Period, together with the right to file, in Consultant's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). Consultant will, at any time during and for a period of three years subsequent to the Consulting Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Consultant shall not be obligated to incur any expense in connection therewith. Consultant will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all *reasonable* assistance (including the giving of

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testimony), at no expense to Consultant, to obtain the Inventions for its benefit, all without additional compensation to Consultant from the Company.

(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright law of the United States, on behalf of the Company and Consultant agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Consultant. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Consultant hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including all of Consultant's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including all rights of any kind or any nature now or hereafter recognized, including the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including the right to receive all proceeds and damages therefrom. In addition, Consultant hereby waives any so-called "moral rights" with respect to the Inventions. Consultant hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including any rights that would otherwise accrue to Consultant's benefit by virtue of Consultant being an employee of, or consultant or other service provider to the Company. Consultant's obligations under this Section 7 shall survive the termination of service and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

9. No Inconsistent Obligations. Consultant hereby represents, warrants and agrees that:

(a) there are no restrictions or agreements, oral or written, to which Consultant is a party or by which Consultant is bound that prevent or make unlawful Consultant's execution and delivery of, or performance under, this Agreement;

(b) Consultant does not have any business or employment relationship that creates a conflict between the interests of Consultant and the Company or any of its subsidiaries; and

(c) Consultant will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

10. Release of Prior Claims.

(a) Consultant represents that neither Consultant nor anyone acting on Consultant's behalf has filed any claims or charges against the Company or any of the other Releasees (as defined below) with any governmental agency, court or other tribunal based upon any actions or omissions by the Company or any of the other Releasees that occurred prior to the Effective Date. Consultant further represents that neither he nor anyone acting on his behalf has assigned to any third party the right to bring a claim or charge against the Company or any of the other Releasees with any governmental agency, court or other tribunal.

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(b) Consultant acknowledges and agrees that, except as otherwise provided in Section 4(b) and Section 4(c) of this Agreement he has received all compensation and benefits to which Consultant was entitled under the Employment Agreement during the Employment Period, including, but not limited to, accrued but unused vacation, if any, to which Consultant is entitled as of the Effective Date, and that such amounts are in full discharge of any and all liabilities and obligations of the Releasees to the Consultant, monetarily with respect to employment or with respect to employee benefits (but excluding all liabilities and obligations under the Continuing Agreements (as defined below)) or otherwise as of the Effective Date, including any and all obligations arising under any alleged written or oral employment agreement, policy, plan or procedure of the Company or any alleged understanding or arrangement between the Company and Consultant and any Company representative and Consultant.

(c) In exchange for the Company's entering into the Consulting Agreement Consultant, for himself and for his heirs, executors and administrators, and his and their respective successors and assigns (referred to collectively, including Consultant, as "Releasor"), forever releases and discharges (the "Release") the Company and its parents and subsidiaries, each of their respective investors and affiliates, and the past and present officers, directors, partners, managers, agents, employees, employee benefit plans (together with their fiduciaries and administrators) of each of them, in each case together with their respective successors and assigns (referred to collectively, including the Company, as the "Releasees"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which Releasor ever had, now has or may have against Releasees or any of them by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter up to and including the Effective Date.

(d) Notwithstanding anything to the contrary herein, is not releasing under this Section 10, and the Company acknowledges and agrees that Consultant is not releasing under this Section 10, any rights or remedies of Consultant or any obligations, duties, responsibilities or liabilities of the Operating Company, Holdings or the Company (i) that relate to Consultant's capacity as a shareholder of the Company; (ii) that arise from the Stock Option Agreements, the Indemnification Agreement, or any other written agreement (other than the Employment Agreement) to which Consultant or his affiliates, on the one hand and the Operating Company, Holdings or the Company, on the other, are parties (collectively, the "Continuing Agreements"); and (iii) under the Indemnification Agreement, the Company's constituent documents or the Delaware General Corporation Law.

(e) Without limiting the generality of the foregoing but expressly subject to the exceptions and exclusions from applicability hereof, this Section 10 is intended to and shall release each of the Releasees from any and all claims, whether known or unknown, up to and including the Effective Date, that Releasor ever had, now has or may have against Releasees or any of them arising out of facts or circumstances prior to the Effective Date, including Consultant's employment under the Employment Agreement with the Company as an employee and officer, the terms and conditions of such employment or the termination of such employment, including any claim under: (i) the Age Discrimination in Employment Act, as amended; (ii) the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (iii) Title VII of the Civil Rights Act of 1964, as amended; (iv) the Americans with Disabilities Act, as amended; (v) the Family Medical Leave Act; (vi) the Fair Labor Standards Act, as

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amended; (vii) the Older Workers Benefit Protection Act; (viii) the Delaware Discrimination in Employment Act, the Delaware Handicapped Persons Employment Protections Act, the Delaware Whistleblower's Protection Act, Delaware's equal pay laws (Del. Code Ann. § 1107A), Delaware's worker's compensation laws (Del. Code Ann. tit. 19, §2365) and Delaware's wage payment laws (Del. Code Ann. tit. 19, §1101 *et seq.*); (ix) the Georgia Fair Employment Practices Act of 1978, the Georgia Equal Pay Act, the Georgia Equal Employment for People with Disabilities Code, Georgia's age discrimination laws (Ga. Code Ann. § 34-1-2), Georgia's whistleblower protection laws (Ga. Code Ann. § 45-1-4(d)) and Georgia's payment laws (Ga. Code Ann. § 34-4-1 *et seq.*); (x) any other claim of discrimination, harassment or retaliation in employment (whether based on federal, state or local law, statutory or decisional); (xi) any claim sounding in tort or contract (express or implied); and (xii) any claim for attorneys' fees, costs, disbursements or the like.

(f) Consultant acknowledges and agrees that by virtue of the foregoing but expressly subject to the exceptions and exclusions from applicability hereof, Consultant has waived any relief available to him (including monetary damages, equitable relief and reinstatement) under any of the claims or causes of action waived in this Section 10. Therefore Consultant agrees that he will not accept any award or settlement from any source or proceeding (including any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Section 10.

(g) Nothing herein, however, shall constitute a waiver of claims arising after the Effective Date, or of any rights to accrued, vested benefits under any qualified or non-qualified employee benefit plan of the Company (in accordance with the terms of the official plan documents and applicable law) or claims for benefits under the Company's group medical, dental and vision plans (in accordance with the terms of such plans and applicable law), or any claim that cannot be waived by law.

(h) Nothing set forth in this Section 10 shall prevent Consultant from filing a charge with or participating in an investigation conducted by any governmental agency, including the United States Equal Employment Opportunity Commission ("EEOC"), or applicable state/city fair employment practices agency to the extent required or permitted by law. However, by signing this Agreement, Consultant acknowledges and agrees that he is waiving any entitlement to seek or accept any monetary damages (including attorneys' fees and costs) or equitable relief with respect to any claims or causes of action released or waived in this Section 10.

(i) Consultant understands and agrees that if, hereafter, Consultant discovers facts different from or in addition to those which he now knows or believes to be true, that the waivers and releases of this Section 10 shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of such facts.

(j) Consultant understands and acknowledges the significance and consequences of this Section 10, that it is voluntary, that it has not been given as a result of any coercion, and Consultant expressly confirms that it is to be given full force and effect according to all of its terms, including those relating to unknown claims as specified in Section 10(h). Consultant was hereby advised of his right to seek the advice of an attorney prior to signing this Agreement. Consultant acknowledges that he has signed this Agreement only after full reflection and analysis, that Consultant understands it and is entering into it voluntarily.

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(k) Consultant acknowledges that he: (i) has carefully read this Release in its entirety; (ii) has had an opportunity to consider the terms of this Release for at least 21 days; (iii) has been and hereby is advised by the Company in writing to consult with an attorney of his choice before signing this Agreement (including the Release); (iv) fully understands the significance of all of the terms and conditions of the Release and has discussed them with an attorney of his choice, or has had a reasonable opportunity to do so; and (v) is signing this Agreement (including the Release) voluntarily and of his own free will and agrees to abide by all the terms and conditions contained herein.

(l) After signing this Agreement and initialing below, Consultant shall have seven days (the "Revocation Period") to revoke his decision regarding this Section 10. If the last day of the Revocation Period falls on a Saturday, Sunday or a legal holiday, then the last day of the Revocation Period will be deemed to be the next business day. Consultant may exercise his right to revoke this Release by doing so in writing and sending such written notice of revocation in accordance with the notice provisions in Section 12(g) by no later than the last day of the Revocation Period.

By initialing below, the parties hereby agree to the provisions set forth in this Section 10:

CONSULTANT: /s/ George Vincent West
HOLDINGS: /s/ Trevor Lang

OPERATING COMPANY: /s/ Trevor Lang

11. Section 409A. Notwithstanding anything herein to the contrary,

(a) Although the Company does not guarantee to Consultant any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Consultant for, any liability of Consultant for taxes or penalties under Section 409A.

(b) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Consultant's taxable year following the taxable year in which the expense was incurred.

(c) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten calendar days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid

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in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

12. Miscellaneous.

- (a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of *Delaware* without regard to conflict of law principles.
- (b) Assignment and Transfer. Consultant's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of the Company's assets, any corporate successor to the Company or any assignee thereof.
- (c) Entire Agreement. This Agreement, together with the Fair Competition Agreement, the Plan, the Stock Option Agreements and the Indemnification Agreement contain the entire agreement and understanding between the parties hereto with respect to the transition of Consultant's officer role with the Company from an employee Chief Executive Officer to non-employee officer positions of Founder of the Company and Vice Chairman of the Board on the terms set forth herein and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof. Notwithstanding anything to the contrary herein and only for purposes of amplification and not of limitation, the parties acknowledge that Consultant, as shareholder, is party to a separate Fair Competition Agreement. Consultant agrees that to the extent that Consultant has remaining obligations under the Fair Competition Agreement which have not expired and which are also the subject of this Agreement, then the terms of the Fair Competition Agreement (as amended by Section 1(b) of this Agreement) control.
- (d) Amendment and Waiver: Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Consultant and by a duly authorized representative of Holdings and the Operating Company (other than Consultant). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Consultant). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.
- (e) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

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- (f) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Consultant hereunder, including any breach of Sections 7 or 8, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries' business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 11(h) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. The prevailing party in any action instituted pursuant to this Agreement shall be entitled to recover from the other party its reasonable attorneys' fees and other expenses incurred in such action. In the event Consultant violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Consultant's obligations in Sections 7 or 8 above, and does not cure such violations within 30 days of written notice from the Company to Consultant that such violation has occurred, then any outstanding vested and unvested Options held by Consultant shall immediately terminate and no longer be exercisable. This Section 12(f) shall survive termination of this Agreement and of the Consulting Period.
- (g) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given or which is not a street address shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30a.m. and 5:30p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Consultant:

George Vincent West
378 Pine Tree Drive, NE
Atlanta, Georgia 30305-3415
Telephone: (678) 938-5092
Facsimile (404) 320-9439

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with a copy to:

Wilson Brock & Irby, L.L.C.
2849 Paces Ferry Road
Suite 700
Atlanta, Georgia 30339
Telephone: (404) 853-5050
Facsimile: (404) 853-1812

Attention: Frank L. Wilson, III, Esq.

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, GA 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: General Counsel

with copies to:

FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Telephone: (310) 284-4544
Facsimile: (310) 557-2193
Attention: Monica J. Shilling, Esq.

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(h) Arbitration. Subject to Section 12(f), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the service relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Consultant files a demand for arbitration hereunder, Consultant shall not be required to pay the cost of the filing fees in excess of the amount Consultant would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of the Company or the other parties to the arbitration, provided that notwithstanding the foregoing, Consultant shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Consultant's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Consultant in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in arbitration. This Section 12(h) shall survive the termination of this Agreement and of the Consulting Period.

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By initialing below, the parties hereby agree to the provisions set forth in this Section 12(h):

CONSULTANT: /s/ George Vincent West
HOLDINGS: /s/ Trevor Lang

OPERATING COMPANY: /s/ Trevor Lang

(i) Further Assurances. Consultant shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Consultant's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(j) Interpretation. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Consultant. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such

agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(k) Acknowledgement. Consultant understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Consultant's choice.

(l) Counterparts; Facsimile and Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original. This Agreement may be executed by any party using a facsimile or a PDF or other electronic signature, and such facsimile or PDF or other electronic signature shall be binding and enforceable to the same extent as an original signature by such party.

(m) Each Party the Drafter. Consultant understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Consultant's choice.

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This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(n) Time of Essence. Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

(o) Survival. To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on the date on which this Agreement is terminated by any party, shall survive the termination of this Agreement and all Sections of this Agreement necessary or helpful in connection with the satisfaction or performance of such rights and obligations shall also survive the termination of this Agreement, including, without limitation, Section 1(a)(i)-(iii), the second sentence of Section 1(a), Section 2(c), Sections 6-12.

(p) Terms and Conditions. Wherever "terms and conditions," "term," "provisions" or other the words or phrases of similar import are used in this Agreement, such words and phrases shall be construed to have the same meaning and shall not be construed to have different meanings when used in this Agreement.

(q) Recitals. The Recitals set forth at the beginning of this Agreement are incorporated into the body of this Agreement and made a part hereof by this reference.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

**FLOOR AND DECOR OUTLETS OF AMERICA,
INC.,** a Delaware corporation

By: /s/ Trevor Lang

Name: Trevor Lang

Title: Chief Financial Officer

FDO HOLDINGS, INC., a Delaware corporation

By: /s/ Trevor Lang

Name: Trevor Lang

Title: Chief Financial Officer

GEORGE VINCENT WEST

/s/ George Vincent West

George Vincent West Consulting Agreement Signature Page

EXECUTION VERSION

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into effective as of July 29, 2015 (the "Effective Date") between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings") and, together with the Operating Company, the "Company") and Lisa Laube, the undersigned individual ("Executive").

RECITALS

WHEREAS, Executive is currently employed by the Company pursuant to an employment agreement with the Company, dated February 3, 2012 (the "Prior Agreement");

WHEREAS, pursuant to Section 10(d) of the Prior Agreement, the Prior Agreement may be amended and restated by a writing signed by Executive and a duly authorized representative of the Company (other than Executive); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in its entirety by entering into this Agreement, subject to the terms and provisions herein contained.

AGREEMENT

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment.

(a) Term; Duties and Responsibilities. Beginning on the Effective Date, and during the Employment Period (defined below), Executive shall serve as the Executive Vice President and Chief Merchandising Officer of the Company. The term of employment shall commence on the Effective Date and terminate on the first anniversary of the Effective Date, unless earlier terminated as set forth herein; provided, that commencing on the first anniversary of the Effective Date and each anniversary date thereafter, the term of this Agreement shall automatically be extended for one additional year (subject to earlier termination, as set forth herein) unless, not later than 60 calendar days prior to any such anniversary date, either the Company or Executive, in such party's sole discretion, shall elect that such extension shall not take effect and shall have given timely written notice of such election not to extend. The period of time between the Effective Date and the termination of Executive's employment hereunder shall be referred to herein as the "Employment Period."

(b) Duties and Responsibilities. During the Employment Period, Executive shall at all times, ~~except as expressly set forth below~~: (i) devote substantially all working time and efforts to the business and affairs of the Company and its subsidiaries on a full-time basis, (ii) faithfully, industriously and to the best of Executive's ability, experience and talent, perform all duties that may be reasonably required by the Company, and observe and comply with all rules, regulations, policies and practices in effect on the Effective Date or amended or adopted by the Company in the future and (iii) not engage in any other business activities, as a director, officer, employee or consultant or in any other capacity, whether or not she receives compensation therefor, without the prior written consent of the Board of Directors of Holdings (the "Board"). Notwithstanding the foregoing, Executive may serve on the boards of charitable organizations, engage in charitable and community affairs and activities and manage her personal investments so long as such activities do not interfere with the performance of Executive's Duties and Responsibilities (as defined below) hereunder. Executive will be reporting to the Chief Executive Officer of the Company and shall have all the authority, duties and responsibilities customarily

exercised by an individual serving in the position of an Executive Vice President and Chief Merchandising Officer at an entity engaged in a retail business which is national in scope, set forth in the bylaws of the Company, provided in the Delaware General Corporation Law and such additional duties and responsibilities as may from time to time be assigned or prescribed to her by the Chief Executive Officer of the Company, consistent with the Executive's position (collectively, the "Executive's Duties and Responsibilities").

(c) Location. Executive's principal place of employment shall be at the Company's principal executive offices, currently located in Smyrna, Georgia, with Executive being provided an office and secretarial and administrative support that is customary for a similarly situated executive. Executive acknowledges that the Duties and Responsibilities to be performed by Executive hereunder are such that Executive may be required to travel extensively at times.

2. Compensation.

(a) Base Salary. Executive shall initially be paid a base salary at the annual rate of \$475,000.00 ("Base Salary"), payable in installments consistent with Company's normal payroll practices.

(b) Annual Bonus. In addition to Executive's Base Salary, during the Employment Period, Executive will be eligible to earn an annual bonus ("Bonus") under the Company's Corporate Incentive Compensation Plan (the "Bonus Plan"). The target Bonus for any fiscal year shall be 50% of Executive's Base Salary for such year, with the actual amount of the Bonus being determined based on the level of achievement of certain performance goals in accordance with the Bonus Plan. Executive must be actively employed by the Company on the date the Bonus is paid in order to receive the Bonus for any fiscal year, and Executive's Bonus, if any, shall be paid to her as provided under the Bonus Plan or, if no payment date is provided in the Bonus Plan, no later than March 15 of the calendar year following the fiscal year for which the Bonus is payable. The Company may amend the Bonus Plan at any time.

(c) Payment. Payment of all compensation and other amounts to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes.

3. Other Employment Benefits.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Executive shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Executive in the performance of her Duties and Responsibilities under this Agreement during the Employment Period.

(b) Benefit Plans. During the Employment Period, Executive shall be entitled to participate in the Company's employee benefit plans and programs (sometimes "Benefit Plan" or "Benefit Plans") as they may exist from time to time, in each case as offered by the Company to its executive officers generally, subject to the terms and conditions thereof. Nothing in this Agreement shall require the Company to maintain any Benefit Plan, or shall preclude the Company from terminating or amending any Benefit Plan from time to time.

(c) Vacation. Executive shall be entitled to four weeks of paid vacation annually in accordance with the Company's vacation policy for senior

available and accessible to the Company's senior managers in person or through an electronic means of communication when reasonably possible (the Company acknowledging that some vacation activities may prevent or limit such availability and accessibility).

4. Termination of Employment. Notwithstanding anything herein to the contrary,

(a) For Cause. The Company may terminate Executive's employment For Cause immediately upon written notice for any of the following reasons: (i) Executive's (x) commission of, or being indicted for, a felony under U.S. or applicable state law, or (y) commission of a misdemeanor where imprisonment may be imposed other than for a traffic-related offense, (ii) any act of material misconduct or gross negligence by Executive in the performance of Executive's Duties and Responsibilities or any act of moral turpitude by Executive, (iii) Executive's commission of any act of theft, fraud or material dishonesty, (iv) Executive's willful failure to perform any reasonable duties assigned to her by the Chief Executive Officer of the Company or Executive's refusal or failure to follow the lawful directives of the Company after written notice from the Company of, and 30 calendar days to cure, such refusal or failure, (v) any material breach by Executive of this Agreement or any other written agreement executed by Executive with the Company or any of its affiliates that is not cured within ten calendar days following written notice of such breach, and (vi) Executive's unlawful appropriation of a material corporate opportunity ("For Cause"). Upon termination of Executive's employment For Cause, the Company shall be under no further obligation to Executive, except to pay or provide (A) all accrued but unpaid Base Salary through the date of termination within 30 days following such termination, less all applicable deductions, and (B) any benefits and payments pursuant to the terms of any Benefit Plan, including any rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (the payments and benefits described in subsections (A) and (B) herein shall be referred herein as the "Accrued Benefits").

(b) Without Cause; Company Non-Renewal; Good Reason. The Company may terminate Executive's employment at any time "Without Cause," immediately upon written notice; the Company may terminate Executive's employment by electing not to extend the Employment Period, upon 60 days' written notice, as provided for in Section 1(a) above ("Company Non-Renewal"); and Executive may terminate Executive's employment at any time for "Good Reason." Upon termination of Executive's employment by the Company Without Cause, a Company Non-Renewal or by Executive for Good Reason, Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits, plus (ii) contingent on Executive executing and not revoking a release of any and all claims that the Executive may have against the Company substantially in the form set forth in Exhibit A (the "Separation Agreement"), and subject to Section 11(f) hereof, severance in an amount equal to one times Executive's Base Salary on the date of termination, payable over 12 months in substantially equal installments on the Company's regular pay dates, commencing on the first regular pay date following the 60th calendar day following Executive's termination date. If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(b)(ii). A termination of Executive under this Section 4(b) does not include a termination by reason of Executive's Disability or upon the death of Executive.

"Good Reason" shall mean, without Executive's written consent, (i) a material diminution in Executive's then authority, duties or responsibilities; (ii) a material diminution in Executive's Base Salary; (iii) relocation of Executive's office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of this Agreement by the Company, provided, that Executive must provide the Company with written notice of the existence of the event or change constituting Good Reason within 30 calendar days of any such event or change having

occurred and allow the Company 60 calendar days from receipt of such notice from Executive to cure the same. If the Company so cures the event or change, Executive shall not have a basis for terminating her employment for Good Reason with respect to such cured event or change. If such event or change is not cured within such 60 day period, Executive must resign her employment with the Company within 30 calendar days of the end of the cure period or Executive will be deemed to have waived her right to terminate her employment for Good Reason based upon such event or change.

(c) Resignation; Executive's Election not to Renew.

(i) Resignation. Executive may resign her employment upon 60 calendar days prior written notice to the Company. If Executive fails to provide such notice, such resignation shall constitute a breach of this Agreement for which Executive shall be liable to the Company for any damages the Company sustains. In addition, the Company shall have the right to terminate Executive's employment before the end of the 60 day notice period and such termination shall not be treated as a termination Without Cause. Upon termination of Executive's employment under this Section 4(c)(i), (i) the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits; (ii) all options to purchase shares of Class B non-voting common stock, par value \$0.001 per share, of the Company, granted to Executive on February 3, 2012 pursuant to the Company's 2011 Stock Option Plan (the "Options") that are held by such Executive that are vested and exercisable on the date of Executive's resignation may be exercised by Executive at any time within a period beginning on the date of such resignation and ending on the earlier of (A) 30 days after the date of such resignation, and (B) the expiration date of the stated term of such Options, after which any unexercised Options shall terminate; and (iii) all outstanding unvested Options held by Executive shall immediately terminate and be no longer exercisable.

(ii) Non-Renewal. Executive's timely notice of her option not to extend the term of the Employment Period shall not be considered to be a breach of this Agreement. In the event that Executive elects not to renew this Agreement, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits through the end of the Employment Period.

(d) Disability of Executive. The Company may terminate this Agreement if Executive experiences a Disability (as defined below). "Disability" means an illness, injury or other incapacitating condition as a result of which Executive is unable to perform, with or without reasonable accommodation, the services required to be performed under this Agreement for more than: (i) 90 consecutive calendar days during the Employment Period or (ii) a period or periods aggregating more than 120 calendar days in any 12 consecutive months. If, at the time the question of possible termination for Disability arises, the Company is subject to the Federal Family and Medical Leave Act, any applicable state equivalent, or any federal or state disability discrimination laws, the requirements of those laws shall, to the extent required, supersede the provisions of this paragraph. Executive agrees to submit to such medical examinations as may be reasonably requested by the Company, from time to time, to determine whether a Disability exists. Any determination as to the existence of a Disability shall be made as follows: first, the Company shall be entitled to engage a physician to determine the existence of a Disability; then, if Executive disagrees with such determination, Executive shall give written notice of Executive's disagreement within ten days after Executive is notified in writing of such determination, and Executive shall be entitled to engage a physician to determine the existence of a Disability; and if Executive's physician disagrees with the determination made by the Company's physician, then these two physicians shall mutually agree upon a third physician who shall make a determination whether a Disability exists, and such determination shall be final and binding upon the Company and Executive. The Company and Executive shall share equally in the costs of such third physician. Upon such

termination, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits.

(e) Cooperation. Following termination for any reason, Executive shall (i) reasonably cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive and (ii) cooperate and provide assistance to the Company at its reasonable request in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Executive's acts or omissions while employed by the Company. The Company agrees to promptly reimburse Executive for reasonable expenses incurred by her in connection with assisting the Company in the manner described in the immediately preceding sentence. Reimbursement shall be made in accordance with the applicable policy of the Company then in effect. Upon termination for any reason, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries. Executive's obligations under this Section 4(e) shall survive the termination of Executive's employment and the expiration or termination of the Agreement.

(f) Company Property. All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Executive or any other person during the course of or incident to Executive's employment by the Company or any of its subsidiaries are and shall remain the sole property of Company ("Company Property"). Company Property includes, but is not limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations, and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information, and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage. Following termination of Executive's employment for any reason, Executive must return all Company Property to the Company without demand or request by the Company therefor. Executive shall further permanently delete any Company information from any computers or other electronic storage devices owned by Executive. Upon request of the Company, Executive shall certify in writing that Executive has complied with the requirements of this Section 4(f). Notwithstanding the foregoing, Executive shall be permitted to retain one or more copies of her contacts list and her appointment calendars. Executive's obligations under this Section 4(f) shall survive termination of Executive's employment and the expiration or termination of the Agreement until Executive has returned all Company Property to the Company.

5. Death of Executive. In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, that the Company shall pay to the Executive's personal representatives under Executive's last will and testament, and if none exists, to her heirs at law, the Accrued Benefits.

6. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

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(ii) "Competitive Area" means the 30 mile radius around any location where the Company (A) has a then current location (including the Company's current locations listed on Exhibit B attached hereto) and (B) has a *bona fide* intention to open a new location.

(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Executive's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business. To the extent that a Competitor is engaged in any business activities other than the Business, the term "Competitor" does not restrict Executive's involvement with such other business activities.

(v) "Confidential Information" means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or its any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) "Customer" means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) "Person" means any individual or entity.

(viii) "affiliates" means a Person's subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) "Restricted Period" means the time period beginning on the Effective Date of this Agreement and ending one year after the termination of Executive's employment with the Company for any reason, whether by Executive or Company.

(x) "Supplier" means any Person who supplies products or services to the Company in support of the Company's Business and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Executive shall not, while employed under this Agreement and after the Employment Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of

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Executive's Duties and Responsibilities under this Agreement. In the event that Executive receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Executive shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no expense to Executive, with the Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Whistleblowers. Nothing in this Agreement shall be construed to prohibit Executive, or any officer or director of the Company, from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. Executive and any officer or director of the

Company do not need the prior authorization of the Company to make any such reports or disclosures and are not required to notify the Company that they have made such reports or disclosures.

(d) Noncompete. Executive will not, during the Restricted Period, directly or indirectly, engage in a Competitive Business Activity in a Competitive Area.

(e) Executive's Consent to Reasonable Restrictions. Executive agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Executive represents, warrants, acknowledges and agrees that she has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would employ Executive under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Executive under Sections 6(b) through 6(g) of this Agreement, and without the other agreements by Executive contained herein (collectively, the "Restrictive Covenants and Agreements"). Accordingly, Executive agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(f) Non-Solicitation of Customers and Suppliers. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(g) Non-Solicitation of Employees. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, her employment or other business relationship or affiliation with the Company or any of its affiliates.

(h) Non-Disparagement. Except as occurs performing Executive's Duties and Responsibilities during the Employment Period (such as chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Executive in good faith believes is not in the best interests of the Company and the Business), while employed by the Company and for a period of three years after the Employment Period terminates, Executive will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any

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material respect, to the Company's (or any of its affiliates') goodwill with its Customers, Suppliers, employees, the media or the public. While Executive is employed by the Company and for a period of three years after the Employment Period terminates, the Company shall instruct its officers and directors not to, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise take any actions that disparage Executive's business reputation or take any actions that are harmful, in any material respect, to Executive's goodwill with the Company's Customers, Suppliers, employees, the media or the public, except as occurs performing their duties during the Employment Period (such as chastising or criticizing Executive for performing in a manner such officers or directors in good faith believe are not in the best interests of the Company and the Business). Provided, however, the foregoing shall not prohibit the Executive or any director or officer of the Company from making truthful statements when required, or based upon advice of legal counsel, Executive, or any officer or director of the Company, in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(i) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 6, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Executive acknowledges and agrees that the Restrictive Covenants and Agreements of Executive in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(j) Survival. Executive's obligations under this Section 6 shall survive the termination of Executive's employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

7. Inventions.

(a) Executive acknowledges and agrees that all *ideas, methods*, inventions, discoveries, improvements, work products or developments (collectively, "Inventions"), whether patentable or unpatentable, made or conceived by Executive, solely or jointly with others, that are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Executive understands that the provisions of this Section 7 requiring assignment of Inventions to the Company do not apply to any Invention that Executive developed entirely on her own time without using the Company's equipment, supplies, facilities, or trade secret information except for those Inventions that either (1) relate at the time of conception or reduction to practice of the Invention to the Company's Business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by an employee for the Company (other than Executive). Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Period, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). Executive will, at any time during and for a period of three years subsequent to the Employment Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Executive shall not be obligated to incur any expense in connection therewith. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the

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Company and its attorneys all reasonable assistance (including the giving of testimony), at no expense to Executive, to obtain the Inventions for its benefit, all without additional compensation to Executive from the Company.

(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including all rights of any kind or any nature now or hereafter recognized, including the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the Inventions. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of, or other service provider to the Company. Executive's obligations

under this Section 7 shall survive the termination of employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

8. No Inconsistent Obligations. Executive hereby represents, warrants and agrees that: (a) there are no restrictions or agreements, oral or written, to which Executive is a party or by which Executive is bound that prevent or make unlawful Executive's execution and delivery of, or performance under, this Agreement; (b) to the best actual knowledge and belief of Executive, none of the information supplied by Executive to Company in connection with Executive's employment by Company misstated a material fact or omitted material facts necessary to make the information supplied by Executive not materially misleading; (c) Executive does not have any business or employment relationship that creates a conflict between the interests of Executive and the Company or any of its subsidiaries; and (d) Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

9. Indemnification of Executive. While employed by the Company and for so long thereafter as liability exists with regard to the Executive's activities while employed by the Company, the Company shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive to the extent Executive is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that she, or a person for whom she is the legal representative, is or was an officer of the Company or, while an officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such indemnitee. Notwithstanding the preceding sentence, the Company shall be required to indemnify, or advance expenses to, Executive in connection with a proceeding (or part thereof) commenced by Executive only if the commencement of such proceeding (or part thereof) by Executive was authorized by the Board; provided, that the Company shall be required to advance expenses to Executive in connection with a proceeding (or part thereof) commenced by Executive to enforce indemnification rights. The rights to indemnification and to the

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advance of expenses conferred in this Section 9 shall not be exclusive of any other right that Executive may have or hereafter acquire under FDO Holdings, Inc.'s ("Holdings") Certificate of Incorporation or Bylaws, the Shareholders Agreement, dated November 24, 2010, among Holdings and the investors party thereto, as amended from time to time, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

10. Section 409A. Notwithstanding anything herein to the contrary:

(a) Although the Company does not guarantee to Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Executive for, any liability of Executive for taxes or penalties under Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten calendar days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Notwithstanding any other provision hereof, if Executive is, as of the date of termination, a "specified employee" for purposes of Treas. Reg. § 1.409A-1(i), then any amount payable to Executive pursuant to Section 4 hereof that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of Executive's death. Any payments to which Executive would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to Executive on the first day of the seventh month following such date of termination, or if earlier, within 30 calendar days of Executive's death to her surviving spouse (or to her estate if Executive's spouse does not survive her).

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11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflict of law principles.

(b) Assignment and Transfer. Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of the Company's assets, any corporate successor to the Company or any assignee thereof.

(c) Entire Agreement. This Agreement, any outstanding equity agreements between Executive and Holdings relating to an award under Holdings' 2011 Amended & Restated Stock Incentive Plan, and the Company's policies and procedures, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof, including the Prior Agreement.

(d) Amendment and Waiver; Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Executive and by a duly authorized representative of Holdings and the Operating Company (other than Executive). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Executive). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(e) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance,

shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(f) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Executive hereunder, including any breach of Sections 4(e), 4(f), 6 or 7, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries' business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 11(h) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. The prevailing party in any action instituted pursuant to this Agreement shall be entitled to recover from the other party its reasonable attorneys' fees and other expenses incurred in such action. In the event Executive violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Executive's

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obligations in Sections 4(e) or 4(f) or Section 7 above, and does not cure such violations within 30 days after written notice from the Company to Executive that such violation has occurred, then any obligations to pay amounts to Executive pursuant to Section 4(b) of this Agreement (other than the Accrued Benefits) shall immediately cease. This Section 11(f) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

(g) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30 a.m. and 5:30 p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Executive:

At the address shown
on the records of the Company

with a copy to:

Cole, Schotz, Meisel, Forman & Leonard, P.A.
Court Plaza North
25 Main Street
Hackensack, NJ 07601
Telephone: (201) 489-3000
Facsimile: (201) 489-1536
Attention: Steven I Adler, Esq.

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: General Counsel

with copies to:

FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100

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Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067

(h) Arbitration. Subject to Section 11(f), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the employment relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Executive files a demand for arbitration hereunder, Executive shall not be required to pay the cost of the filing fees in excess of the amount Executive would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of the Company or

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the other parties to the arbitration, provided that notwithstanding the foregoing, Executive shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Executive's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Executive in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in arbitration. This Section 11(h) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

By initialing below, the parties hereby agree to the provisions set forth in this Section 11(h):

EXECUTIVE: /s/ Lisa Laube
HOLDINGS: /s/ Thomas V. Taylor

OPERATINGCOMPANY: /s/ Thomas V. Taylor

(i) Further Assurances. Executive shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Executive's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(j) Interpretation. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(k) Acknowledgement. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice.

(l) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original.

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(m) Each Party the Drafter. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(n) Time of Essence. Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

(o) Survival. To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on the date Executive's employment is terminated, shall survive the termination of Executive's employment and the expiration or termination of the Agreement, including Sections 4, 5, 6, 7, 8, 9 and 11 of the Agreement.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

FDO HOLDINGS, INC.

/s/ Thomas V. Taylor

Name: Thomas V. Taylor

Title: CEO

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

/s/ Thomas V. Taylor

Name: Thomas V. Taylor

Title: CEO

LISA LAUBE

/s/ Lisa Laube

Employment Agreement Signature Page

EXECUTION VERSION

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into effective as of July 29, 2015 (the "Effective Date") between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings") and, together with the Operating Company, the "Company" and Trevor Lang, the undersigned individual ("Executive").

RECITALS

WHEREAS, Executive is currently employed by the Company pursuant to an employment agreement with the Company, dated June 17, 2011 (the "Prior Agreement");

WHEREAS, pursuant to Section 10(d) of the Prior Agreement, the Prior Agreement may be amended and restated by a writing signed by Executive and a duly authorized representative of the Company (other than Executive); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in its entirety by entering into this Agreement, subject to the terms and provisions herein contained.

AGREEMENT

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment.

(a) Term; Duties and Responsibilities. Beginning on the Effective Date, and during the Employment Period (defined below), Executive shall serve as the Executive Vice President and Chief Financial Officer of the Company. The term of employment shall commence on the Effective Date and terminate on the first anniversary of the Effective Date, unless earlier terminated as set forth herein; provided, that commencing on the first anniversary of the Effective Date and each anniversary date thereafter, the term of this Agreement shall automatically be extended for one additional year (subject to earlier termination, as set forth herein) unless, not later than 60 calendar days prior to any such anniversary date, either the Company or Executive, in such party's sole discretion, shall elect that such extension shall not take effect and shall have given timely written notice of such election not to extend. The period of time between the Effective Date and the termination of Executive's employment hereunder shall be referred to herein as the "Employment Period."

(b) Duties and Responsibilities. During the Employment Period, Executive shall at all times, except as expressly set forth below: (i) devote substantially all working time and efforts to the business and affairs of the Company and its subsidiaries on a full-time basis, (ii) faithfully, industriously and to the best of Executive's ability, experience and talent, perform all duties that may be reasonably required by the Company, and observe and comply with all rules, regulations, policies and practices in effect on the Effective Date or amended or adopted by the Company in the future and (iii) not engage in any other business activities, as a director, officer, employee or consultant or in any other capacity, whether or not he receives compensation therefor, without the prior written consent of the Board of Directors of Holdings (the "Board"). Notwithstanding the foregoing, Executive may serve on the boards of charitable organizations, engage in charitable and community affairs and activities and manage his personal investments so long as such activities do not interfere with the performance of Executive's Duties and Responsibilities (as defined below) hereunder. Executive will be reporting to the Chief Executive Officer of the Company and shall have all the authority, duties and responsibilities customarily

exercised by an individual serving in the position of an Executive Vice President and Chief Financial Officer at an entity engaged in a retail business which is national in scope, set forth in the bylaws of the Company, provided in the Delaware General Corporation Law and such additional duties and responsibilities as may from time to time be assigned or prescribed to him by the Chief Executive Officer of the Company, consistent with the Executive's position (collectively, the "Executive's Duties and Responsibilities").

(c) Location. Executive's principal place of employment shall be at the Company's principal executive offices, currently located in Smyrna, Georgia, with Executive being provided an office and secretarial and administrative support that is customary for a similarly situated executive. Executive acknowledges that the Duties and Responsibilities to be performed by Executive hereunder are such that Executive may be required to travel extensively at times.

2. Compensation.

(a) Base Salary. Executive shall initially be paid a base salary at the annual rate of \$400,000.00 ("Base Salary"), payable in installments consistent with Company's normal payroll practices.

(b) Annual Bonus. In addition to Executive's Base Salary, during the Employment Period, Executive will be eligible to earn an annual bonus ("Bonus") under the Company's Corporate Incentive Compensation Plan (the "Bonus Plan"). The target Bonus for any fiscal year shall be 50% of Executive's Base Salary for such year, with the actual amount of the Bonus being determined based on the level of achievement of certain performance goals in accordance with the Bonus Plan. Executive must be actively employed by the Company on the date the Bonus is paid in order to receive the Bonus for any fiscal year, and Executive's Bonus, if any, shall be paid to him as provided under the Bonus Plan or, if no payment date is provided in the Bonus Plan, no later than March 15 of the calendar year following the fiscal year for which the Bonus is payable. The Company may amend the Bonus Plan at any time.

(c) Payment. Payment of all compensation and other amounts to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes.

3. Other Employment Benefits.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Executive shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Executive in the performance of his Duties and Responsibilities under this Agreement during the Employment Period.

(b) Benefit Plans. During the Employment Period, Executive shall be entitled to participate in the Company's employee benefit plans and programs (sometimes "Benefit Plan" or "Benefit Plans") as they may exist from time to time, in each case as offered by the Company to its executive officers generally, subject to the terms and conditions thereof. Nothing in this Agreement shall require the Company to maintain any Benefit Plan, or shall preclude the Company from terminating or amending any Benefit Plan from time to time.

(c) Vacation. Executive shall be entitled to four weeks of paid vacation annually in accordance with the Company's vacation policy for senior

available and accessible to the Company's senior managers in person or through an electronic means of communication when reasonably possible (the Company acknowledging that some vacation activities may prevent or limit such availability and accessibility).

4. Termination of Employment. Notwithstanding anything herein to the contrary,

(a) For Cause. The Company may terminate Executive's employment For Cause immediately upon written notice for any of the following reasons: (i) Executive's (x) commission of, or being indicted for, a felony under U.S. or applicable state law, or (y) commission of a misdemeanor where imprisonment may be imposed other than for a traffic-related offense, (ii) any act of material misconduct or gross negligence by Executive in the performance of Executive's Duties and Responsibilities or any act of moral turpitude by Executive, (iii) Executive's commission of any act of theft, fraud or material dishonesty, (iv) Executive's willful failure to perform any reasonable duties assigned to him by the Chief Executive Officer of the Company or Executive's refusal or failure to follow the lawful directives of the Company after written notice from the Company of, and 30 calendar days to cure, such refusal or failure, (v) any material breach by Executive of this Agreement or any other written agreement executed by Executive with the Company or any of its affiliates that is not cured within ten calendar days following written notice of such breach, and (vi) Executive's unlawful appropriation of a material corporate opportunity ("For Cause"). Upon termination of Executive's employment For Cause, the Company shall be under no further obligation to Executive, except to pay or provide (A) all accrued but unpaid Base Salary through the date of termination within 30 days following such termination, less all applicable deductions, and (B) any benefits and payments pursuant to the terms of any Benefit Plan, including any rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (the payments and benefits described in subsections (A) and (B) herein shall be referred herein as the "Accrued Benefits").

(b) Without Cause; Company Non-Renewal; Good Reason. The Company may terminate Executive's employment at any time "Without Cause," immediately upon written notice; the Company may terminate Executive's employment by electing not to extend the Employment Period, upon 60 days' written notice, as provided for in Section 1(a) above ("Company Non-Renewal"); and Executive may terminate Executive's employment at any time for "Good Reason." Upon termination of Executive's employment by the Company Without Cause, a Company Non-Renewal or by Executive for Good Reason, Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits, plus (ii) contingent on Executive executing and not revoking a release of any and all claims that the Executive may have against the Company substantially in the form set forth in Exhibit A (the "Separation Agreement"), and subject to Section 11(f) hereof, severance in an amount equal to one times Executive's Base Salary on the date of termination, payable over 12 months in substantially equal installments on the Company's regular pay dates, commencing on the first regular pay date following the 60th calendar day following Executive's termination date. If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(b)(ii). A termination of Executive under this Section 4(b) does not include a termination by reason of Executive's Disability or upon the death of Executive.

"Good Reason" shall mean, without Executive's written consent, (i) a material diminution in Executive's then authority, duties or responsibilities; (ii) a material diminution in Executive's Base Salary; (iii) relocation of Executive's office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of this Agreement by the Company, provided, that Executive must provide the Company with written notice of the existence of the event or change constituting Good Reason within 30 calendar days of any such event or change having

occurred and allow the Company 60 calendar days from receipt of such notice from Executive to cure the same. If the Company so cures the event or change, Executive shall not have a basis for terminating his employment for Good Reason with respect to such cured event or change. If such event or change is not cured within such 60 day period, Executive must resign his employment with the Company within 30 calendar days of the end of the cure period or Executive will be deemed to have waived his right to terminate his employment for Good Reason based upon such event or change.

(c) Resignation; Executive's Election not to Renew.

(i) Resignation. Executive may resign his employment upon 60 calendar days prior written notice to the Company. If Executive fails to provide such notice, such resignation shall constitute a breach of this Agreement for which Executive shall be liable to the Company for any damages the Company sustains. In addition, the Company shall have the right to terminate Executive's employment before the end of the 60 day notice period and such termination shall not be treated as a termination Without Cause. Upon termination of Executive's employment under this Section 4(c)(i), (i) the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits; (ii) all options to purchase shares of Class B non-voting common stock, par value \$0.001 per share, of the Company, granted to Executive on August 25, 2011 pursuant to the Company's 2011 Stock Option Plan (the "Options") that are held by such Executive that are vested and exercisable on the date of Executive's resignation may be exercised by Executive at any time within a period beginning on the date of such resignation and ending on the earlier of (A) 30 days after the date of such resignation, and (B) the expiration date of the stated term of such Options, after which any unexercised Options shall terminate; and (iii) all outstanding unvested Options held by Executive shall immediately terminate and be no longer exercisable.

(ii) Non-Renewal. Executive's timely notice of his option not to extend the term of the Employment Period shall not be considered to be a breach of this Agreement. In the event that Executive elects not to renew this Agreement, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits through the end of the Employment Period.

(d) Disability of Executive. The Company may terminate this Agreement if Executive experiences a Disability (as defined below). "Disability" means an illness, injury or other incapacitating condition as a result of which Executive is unable to perform, with or without reasonable accommodation, the services required to be performed under this Agreement for more than: (i) 90 consecutive calendar days during the Employment Period or (ii) a period or periods aggregating more than 120 calendar days in any 12 consecutive months. If, at the time the question of possible termination for Disability arises, the Company is subject to the Federal Family and Medical Leave Act, any applicable state equivalent, or any federal or state disability discrimination laws, the requirements of those laws shall, to the extent required, supersede the provisions of this paragraph. Executive agrees to submit to such medical examinations as may be reasonably requested by the Company, from time to time, to determine whether a Disability exists. Any determination as to the existence of a Disability shall be made as follows: first, the Company shall be entitled to engage a physician to determine the existence of a Disability; then, if Executive disagrees with such determination, Executive shall give written notice of Executive's disagreement within ten days after Executive is notified in writing of such determination, and Executive shall be entitled to engage a physician to determine the existence of a Disability; and if Executive's physician disagrees with the determination made by the Company's physician, then these two physicians shall mutually agree upon a third physician who shall make a determination whether a Disability exists, and such determination shall be final and binding upon the Company and Executive. The Company and Executive shall share equally in the costs of such third physician. Upon such

termination, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits.

(e) Cooperation. Following termination for any reason, Executive shall (i) reasonably cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive and (ii) cooperate and provide assistance to the Company at its reasonable request in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Executive's acts or omissions while employed by the Company. The Company agrees to promptly reimburse Executive for reasonable expenses incurred by him in connection with assisting the Company in the manner described in the immediately preceding sentence. Reimbursement shall be made in accordance with the applicable policy of the Company then in effect. Upon termination for any reason, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries. Executive's obligations under this Section 4(e) shall survive the termination of Executive's employment and the expiration or termination of the Agreement.

(f) Company Property. All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Executive or any other person during the course of or incident to Executive's employment by the Company or any of its subsidiaries are and shall remain the sole property of Company ("Company Property"). Company Property includes, but is not limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations, and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information, and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage. Following termination of Executive's employment for any reason, Executive must return all Company Property to the Company without demand or request by the Company therefor. Executive shall further permanently delete any Company information from any computers or other electronic storage devices owned by Executive. Upon request of the Company, Executive shall certify in writing that Executive has complied with the requirements of this Section 4(f). Notwithstanding the foregoing, Executive shall be permitted to retain one or more copies of his contacts list and his appointment calendars. Executive's obligations under this Section 4(f) shall survive termination of Executive's employment and the expiration or termination of the Agreement until Executive has returned all Company Property to the Company.

5. Death of Executive. In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, that the Company shall pay to the Executive's personal representatives under Executive's last will and testament, and if none exists, to his heirs at law, the Accrued Benefits.

6. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

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(ii) "Competitive Area" means the 30 mile radius around any location where the Company (A) has a then current location (including the Company's current locations listed on Exhibit B attached hereto) and (B) has a *bona fide* intention to open a new location.

(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Executive's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business. To the extent that a Competitor is engaged in any business activities other than the Business, the term "Competitor" does not restrict Executive's involvement with such other business activities.

(v) "Confidential Information" means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or its any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) "Customer" means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) "Person" means any individual or entity.

(viii) "affiliates" means a Person's subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) "Restricted Period" means the time period beginning on the Effective Date of this Agreement and ending one year after the termination of Executive's employment with the Company for any reason, whether by Executive or Company.

(x) "Supplier" means any Person who supplies products or services to the Company in support of the Company's Business and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Executive shall not, while employed under this Agreement and after the Employment Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of

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Executive's Duties and Responsibilities under this Agreement. In the event that Executive receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Executive shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no expense to Executive, with the Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Whistleblowers. Nothing in this Agreement shall be construed to prohibit Executive, or any officer or director of the Company, from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. Executive and any officer or director of the

Company do not need the prior authorization of the Company to make any such reports or disclosures and are not required to notify the Company that they have made such reports or disclosures.

(d) Noncompete. Executive will not, during the Restricted Period, directly or indirectly, engage in a Competitive Business Activity in a Competitive Area.

(e) Executive's Consent to Reasonable Restrictions. Executive agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Executive represents, warrants, acknowledges and agrees that he has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would employ Executive under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Executive under Sections 6(b) through 6(g) of this Agreement, and without the other agreements by Executive contained herein (collectively, the "Restrictive Covenants and Agreements"). Accordingly, Executive agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(f) Non-Solicitation of Customers and Suppliers. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(g) Non-Solicitation of Employees. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, his employment or other business relationship or affiliation with the Company or any of its affiliates.

(h) Non-Disparagement. Except as occurs performing Executive's Duties and Responsibilities during the Employment Period (such as chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Executive in good faith believes is not in the best interests of the Company and the Business), while employed by the Company and for a period of three years after the Employment Period terminates, Executive will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any

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material respect, to the Company's (or any of its affiliates') goodwill with its Customers, Suppliers, employees, the media or the public. While Executive is employed by the Company and for a period of three years after the Employment Period terminates, the Company shall instruct its officers and directors not to, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise take any actions that disparage Executive's business reputation or take any actions that are harmful, in any material respect, to Executive's goodwill with the Company's Customers, Suppliers, employees, the media or the public, except as occurs performing their duties during the Employment Period (such as chastising or criticizing Executive for performing in a manner such officers or directors in good faith believe are not in the best interests of the Company and the Business). Provided, however, the foregoing shall not prohibit the Executive or any director or officer of the Company from making truthful statements when required, or based upon advice of legal counsel, Executive, or any officer or director of the Company, in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(i) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 6, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Executive acknowledges and agrees that the Restrictive Covenants and Agreements of Executive in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(j) Survival. Executive's obligations under this Section 6 shall survive the termination of Executive's employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

7. Inventions.

(a) Executive acknowledges and agrees that all *ideas, methods*, inventions, discoveries, improvements, work products or developments (collectively, "Inventions"), whether patentable or unpatentable, made or conceived by Executive, solely or jointly with others, that are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Executive understands that the provisions of this Section 7 requiring assignment of Inventions to the Company do not apply to any Invention that Executive developed entirely on his own time without using the Company's equipment, supplies, facilities, or trade secret information except for those Inventions that either (1) relate at the time of conception or reduction to practice of the Invention to the Company's Business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by an employee for the Company (other than Executive). Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Period, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). Executive will, at any time during and for a period of three years subsequent to the Employment Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Executive shall not be obligated to incur any expense in connection therewith. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the

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Company and its attorneys all reasonable assistance (including the giving of testimony), at no expense to Executive, to obtain the Inventions for its benefit, all without additional compensation to Executive from the Company.

(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including all rights of any kind or any nature now or hereafter recognized, including the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the Inventions. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of, or other service provider to the Company. Executive's obligations

under this Section 7 shall survive the termination of employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

8. No Inconsistent Obligations. Executive hereby represents, warrants and agrees that: (a) there are no restrictions or agreements, oral or written, to which Executive is a party or by which Executive is bound that prevent or make unlawful Executive's execution and delivery of, or performance under, this Agreement; (b) to the best actual knowledge and belief of Executive, none of the information supplied by Executive to Company in connection with Executive's employment by Company misstates a material fact or omitted material facts necessary to make the information supplied by Executive not materially misleading; (c) Executive does not have any business or employment relationship that creates a conflict between the interests of Executive and the Company or any of its subsidiaries; and (d) Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

9. Indemnification of Executive. While employed by the Company and for so long thereafter as liability exists with regard to the Executive's activities while employed by the Company, the Company shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive to the extent Executive is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer of the Company or, while an officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such indemnitee. Notwithstanding the preceding sentence, the Company shall be required to indemnify, or advance expenses to, Executive in connection with a proceeding (or part thereof) commenced by Executive only if the commencement of such proceeding (or part thereof) by Executive was authorized by the Board; provided, that the Company shall be required to advance expenses to Executive in connection with a proceeding (or part thereof) commenced by Executive to enforce indemnification rights. The rights to indemnification and to the

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advance of expenses conferred in this Section 9 shall not be exclusive of any other right that Executive may have or hereafter acquire under FDO Holdings, Inc.'s ("Holdings") Certificate of Incorporation or Bylaws, the Shareholders Agreement, dated November 24, 2010, among Holdings and the investors party thereto, as amended from time to time, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

10. Section 409A. Notwithstanding anything herein to the contrary:

(a) Although the Company does not guarantee to Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Executive for, any liability of Executive for taxes or penalties under Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten calendar days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Notwithstanding any other provision hereof, if Executive is, as of the date of termination, a "specified employee" for purposes of Treas. Reg. § 1.409A-1(i), then any amount payable to Executive pursuant to Section 4 hereof that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of Executive's death. Any payments to which Executive would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to Executive on the first day of the seventh month following such date of termination, or if earlier, within 30 calendar days of Executive's death to his surviving spouse (or to his estate if Executive's spouse does not survive him).

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11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflict of law principles.

(b) Assignment and Transfer. Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of the Company's assets, any corporate successor to the Company or any assignee thereof.

(c) Entire Agreement. This Agreement, any outstanding equity agreements between Executive and Holdings relating to an award under Holdings' 2011 Amended & Restated Stock Incentive Plan, and the Company's policies and procedures, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof, including the Prior Agreement.

(d) Amendment and Waiver; Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Executive and by a duly authorized representative of Holdings and the Operating Company (other than Executive). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Executive). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(e) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance,

shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(f) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Executive hereunder, including any breach of Sections 4(e), 4(f), 6 or 7, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries' business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 11(h) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. The prevailing party in any action instituted pursuant to this Agreement shall be entitled to recover from the other party its reasonable attorneys' fees and other expenses incurred in such action. In the event Executive violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Executive's

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obligations in Sections 4(e) or 4(f) or Section 7 above, and does not cure such violations within 30 days after written notice from the Company to Executive that such violation has occurred, then any obligations to pay amounts to Executive pursuant to Section 4(b) of this Agreement (other than the Accrued Benefits) shall immediately cease. This Section 11(f) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

(g) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30 a.m. and 5:30 p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Executive:

At the address shown
on the records of the Company

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: General Counsel

with copies to:

FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

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Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Telephone: (310) 284-4544
Facsimile: (310) 557-2193
Attention: Monica J. Shilling, Esq.

(h) Arbitration. Subject to Section 11(f), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the employment relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Executive files a demand for arbitration hereunder, Executive shall not be required to pay the cost of the filing fees in excess of the amount Executive would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be

limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of the Company or the other parties to the arbitration, provided that notwithstanding the foregoing, Executive shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Executive's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Executive in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in

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arbitration. This Section 11(h) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

By initialing below, the parties hereby agree to the provisions set forth in this Section 11(h):

EXECUTIVE: /s/ Trevor Lang
HOLDINGS: /s/ Thomas V. Taylor

OPERATING COMPANY: /s/ Thomas V. Taylor

(i) Further Assurances. Executive shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Executive's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(j) Interpretation. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(k) Acknowledgement. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice.

(l) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original.

(m) Each Party the Drafter. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(n) Time of Essence. Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

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(o) Survival. To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on the date Executive's employment is terminated, shall survive the termination of Executive's employment and the expiration or termination of the Agreement, including Sections 4, 5, 6, 7, 8, 9 and 11 of the Agreement.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

FDO HOLDINGS, INC.

/s/ Thomas V. Taylor
Name: Thomas V. Taylor
Title: CEO

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

/s/ Thomas V. Taylor

Name: Thomas V. Taylor

Title: CEO

TREVOR LANG

/s/ Trevor Lang

Employment Agreement Signature Page

EXECUTION VERSION

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into effective as of July 29, 2015 (the "Effective Date") between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings") and, together with the Operating Company, the "Company" and David Christopherson, the undersigned individual ("Executive").

RECITALS

WHEREAS, Executive is currently employed by the Company pursuant to an employment agreement with the Company, dated June 7, 2013 (the "Prior Agreement");

WHEREAS, pursuant to Section 10(d) of the Prior Agreement, the Prior Agreement may be amended and restated by a writing signed by Executive and a duly authorized representative of the Company (other than Executive); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in its entirety by entering into this Agreement, subject to the terms and provisions herein contained.

AGREEMENT

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment.

(a) Term; Duties and Responsibilities. Beginning on the Effective Date, and during the Employment Period (defined below), Executive shall serve as the Senior Vice President and General Counsel of the Company. The term of employment shall commence on the Effective Date and terminate on the first anniversary of the Effective Date, unless earlier terminated as set forth herein; provided, that commencing on the first anniversary of the Effective Date and each anniversary date thereafter, the term of this Agreement shall automatically be extended for one additional year (subject to earlier termination, as set forth herein) unless, not later than 60 calendar days prior to any such anniversary date, either the Company or Executive, in such party's sole discretion, shall elect that such extension shall not take effect and shall have given timely written notice of such election not to extend. The period of time between the Effective Date and the termination of Executive's employment hereunder shall be referred to herein as the "Employment Period."

(b) Duties and Responsibilities. During the Employment Period, Executive shall at all times, ~~except as expressly set forth below~~: (i) devote substantially all working time and efforts to the business and affairs of the Company and its subsidiaries on a full-time basis, (ii) faithfully, industriously and to the best of Executive's ability, experience and talent, perform all duties that may be reasonably required by the Company, and observe and comply with all rules, regulations, policies and practices in effect on the Effective Date or amended or adopted by the Company in the future and (iii) not engage in any other business activities, as a director, officer, employee or consultant or in any other capacity, whether or not he receives compensation therefor, without the prior written consent of the Board of Directors of Holdings (the "Board"). Notwithstanding the foregoing, Executive may serve on the boards of charitable organizations, engage in charitable and community affairs and activities and manage his personal investments so long as such activities do not interfere with the performance of Executive's Duties and Responsibilities (as defined below) hereunder. Executive will be reporting to the Chief Financial Officer or Chief Executive Officer of the Company and shall have all the authority, duties and

responsibilities customarily exercised by an individual serving in the position of a Senior Vice President and General Counsel at an entity engaged in a retail business which is national in scope, set forth in the bylaws of the Company, provided in the Delaware General Corporation Law and such additional duties and responsibilities as may from time to time be assigned or prescribed to him by the Chief Financial Officer or the Chief Executive Officer of the Company, consistent with the Executive's position (collectively, the "Executive's Duties and Responsibilities").

(c) Location. Executive's principal place of employment shall be at the Company's principal executive offices, currently located in Smyrna, Georgia, with Executive being provided an office and secretarial and administrative support that is customary for a similarly situated executive. Executive acknowledges that the Duties and Responsibilities to be performed by Executive hereunder are such that Executive may be required to travel extensively at times.

2. Compensation.

(a) Base Salary. Executive shall initially be paid a base salary at the annual rate of \$265,000.00 ("Base Salary"), payable in installments consistent with Company's normal payroll practices.

(b) Annual Bonus. In addition to Executive's Base Salary, during the Employment Period, Executive will be eligible to earn an annual bonus ("Bonus") under the Company's Corporate Incentive Compensation Plan (the "Bonus Plan"). The target Bonus for any fiscal year shall be 37.5% of Executive's Base Salary for such year, with the actual amount of the Bonus being determined based on the level of achievement of certain performance goals in accordance with the Bonus Plan. Executive must be actively employed by the Company on the date the Bonus is paid in order to receive the Bonus for any fiscal year, and Executive's Bonus, if any, shall be paid to him as provided under the Bonus Plan or, if no payment date is provided in the Bonus Plan, no later than March 15 of the calendar year following the fiscal year for which the Bonus is payable. The Company may amend the Bonus Plan at any time.

(c) Payment. Payment of all compensation and other amounts to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes.

3. Other Employment Benefits.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Executive shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Executive in the performance of his Duties and Responsibilities under this Agreement during the Employment Period.

(b) Benefit Plans. During the Employment Period, Executive shall be entitled to participate in the Company's employee benefit plans and programs (sometimes "Benefit Plan" or "Benefit Plans") as they may exist from time to time, in each case as offered by the Company to its executive officers generally, subject to the terms and conditions thereof. Nothing in this Agreement shall require the Company to maintain any Benefit Plan, or shall preclude the Company from terminating or amending any Benefit Plan from time to time.

(c) Vacation. Executive shall be entitled to four weeks of paid vacation annually in accordance with the Company's vacation policy for senior

available and accessible to the Company's senior managers in person or through an electronic means of communication when reasonably possible (the Company acknowledging that some vacation activities may prevent or limit such availability and accessibility).

4. Termination of Employment. Notwithstanding anything herein to the contrary,

(a) For Cause. The Company may terminate Executive's employment For Cause immediately upon written notice for any of the following reasons: (i) Executive's (x) commission of, or being indicted for, a felony under U.S. or applicable state law, or (y) commission of a misdemeanor where imprisonment may be imposed other than for a traffic-related offense, (ii) any act of material misconduct or gross negligence by Executive in the performance of Executive's Duties and Responsibilities or any act of moral turpitude by Executive, (iii) Executive's commission of any act of theft, fraud or material dishonesty, (iv) Executive's willful failure to perform any reasonable duties assigned to him by the Chief Financial Officer or Chief Executive Officer of the Company or Executive's refusal or failure to follow the lawful directives of the Company after written notice from the Company of, and 30 calendar days to cure, such refusal or failure, (v) any material breach by Executive of this Agreement or any other written agreement executed by Executive with the Company or any of its affiliates that is not cured within ten calendar days following written notice of such breach, and (vi) Executive's unlawful appropriation of a material corporate opportunity ("For Cause"). Upon termination of Executive's employment For Cause, the Company shall be under no further obligation to Executive, except to pay or provide (A) all accrued but unpaid Base Salary through the date of termination within 30 days following such termination, less all applicable deductions, and (B) any benefits and payments pursuant to the terms of any Benefit Plan, including any rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (the payments and benefits described in subsections (A) and (B) herein shall be referred herein as the "Accrued Benefits").

(b) Without Cause; Company Non-Renewal; Good Reason. The Company may terminate Executive's employment at any time "Without Cause," immediately upon written notice; the Company may terminate Executive's employment by electing not to extend the Employment Period, upon 60 days' written notice, as provided for in Section 1(a) above ("Company Non-Renewal"); and Executive may terminate Executive's employment at any time for "Good Reason." Upon termination of Executive's employment by the Company Without Cause, a Company Non-Renewal or by Executive for Good Reason, Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits, plus (ii) contingent on Executive executing and not revoking a release of any and all claims that the Executive may have against the Company substantially in the form set forth in Exhibit A (the "Separation Agreement"), and subject to Section 11(f) hereof, severance in an amount equal to one times Executive's Base Salary on the date of termination, payable over 12 months in substantially equal installments on the Company's regular pay dates, commencing on the first regular pay date following the 60th calendar day following Executive's termination date. If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(b)(ii). A termination of Executive under this Section 4(b) does not include a termination by reason of Executive's Disability or upon the death of Executive.

"Good Reason" shall mean, without Executive's written consent, (i) a material diminution in Executive's then authority, duties or responsibilities; (ii) a material diminution in Executive's Base Salary; (iii) relocation of Executive's office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of this Agreement by the Company, provided, that Executive must provide the Company with written notice of the existence of the event or change constituting Good Reason within 30 calendar days of any such event or change having

occurred and allow the Company 60 calendar days from receipt of such notice from Executive to cure the same. If the Company so cures the event or change, Executive shall not have a basis for terminating his employment for Good Reason with respect to such cured event or change. If such event or change is not cured within such 60 day period, Executive must resign his employment with the Company within 30 calendar days of the end of the cure period or Executive will be deemed to have waived his right to terminate his employment for Good Reason based upon such event or change.

(c) Resignation; Executive's Election not to Renew.

(i) Resignation. Executive may resign his employment upon 60 calendar days prior written notice to the Company. If Executive fails to provide such notice, such resignation shall constitute a breach of this Agreement for which Executive shall be liable to the Company for any damages the Company sustains. In addition, the Company shall have the right to terminate Executive's employment before the end of the 60 day notice period and such termination shall not be treated as a termination Without Cause. Upon termination of Executive's employment under this Section 4(c)(i), (i) the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits; (ii) all options to purchase shares of Class B non-voting common stock, par value \$0.001 per share, of the Company, granted to Executive on September 13, 2013, May 20, 2014 and April 22, 2015 pursuant to the Company's 2011 Stock Option Plan (the "Options") that are held by such Executive that are vested and exercisable on the date of Executive's resignation may be exercised by Executive at any time within a period beginning on the date of such resignation and ending on the earlier of (A) 30 days after the date of such resignation, and (B) the expiration date of the stated term of such Options, after which any unexercised Options shall terminate; and (iii) all outstanding unvested Options held by Executive shall immediately terminate and be no longer exercisable.

(ii) Non-Renewal. Executive's timely notice of his option not to extend the term of the Employment Period shall not be considered to be a breach of this Agreement. In the event that Executive elects not to renew this Agreement, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits through the end of the Employment Period.

(d) Disability of Executive. The Company may terminate this Agreement if Executive experiences a Disability (as defined below). "Disability" means an illness, injury or other incapacitating condition as a result of which Executive is unable to perform, with or without reasonable accommodation, the services required to be performed under this Agreement for more than: (i) 90 consecutive calendar days during the Employment Period or (ii) a period or periods aggregating more than 120 calendar days in any 12 consecutive months. If, at the time the question of possible termination for Disability arises, the Company is subject to the Federal Family and Medical Leave Act, any applicable state equivalent, or any federal or state disability discrimination laws, the requirements of those laws shall, to the extent required, supersede the provisions of this paragraph. Executive agrees to submit to such medical examinations as may be reasonably requested by the Company, from time to time, to determine whether a Disability exists. Any determination as to the existence of a Disability shall be made as follows: first, the Company shall be entitled to engage a physician to determine the existence of a Disability; then, if Executive disagrees with such determination, Executive shall give written notice of Executive's disagreement within ten days after Executive is notified in writing of such determination, and Executive shall be entitled to engage a physician to determine the existence of a Disability; and if Executive's physician disagrees with the determination made by the Company's physician, then these two physicians shall mutually agree upon a third physician who shall make a determination whether a Disability exists, and such determination shall be final and binding upon the Company and Executive. The Company and Executive shall share equally in the costs of such third physician. Upon such

termination, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits.

(e) Cooperation. Following termination for any reason, Executive shall (i) reasonably cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive and (ii) cooperate and provide assistance to the Company at its reasonable request in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Executive's acts or omissions while employed by the Company. The Company agrees to promptly reimburse Executive for reasonable expenses incurred by him in connection with assisting the Company in the manner described in the immediately preceding sentence. Reimbursement shall be made in accordance with the applicable policy of the Company then in effect. Upon termination for any reason, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries. Executive's obligations under this Section 4(e) shall survive the termination of Executive's employment and the expiration or termination of the Agreement.

(f) Company Property. All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Executive or any other person during the course of or incident to Executive's employment by the Company or any of its subsidiaries are and shall remain the sole property of Company ("Company Property"). Company Property includes, but is not limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations, and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information, and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage. Following termination of Executive's employment for any reason, Executive must return all Company Property to the Company without demand or request by the Company therefor. Executive shall further permanently delete any Company information from any computers or other electronic storage devices owned by Executive. Upon request of the Company, Executive shall certify in writing that Executive has complied with the requirements of this Section 4(f). Notwithstanding the foregoing, Executive shall be permitted to retain one or more copies of his contacts list and his appointment calendars. Executive's obligations under this Section 4(f) shall survive termination of Executive's employment and the expiration or termination of the Agreement until Executive has returned all Company Property to the Company.

5. Death of Executive. In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, that the Company shall pay to the Executive's personal representatives under Executive's last will and testament, and if none exists, to his heirs at law, the Accrued Benefits.

6. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

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(ii) "Competitive Area" means the 30 mile radius around any location where the Company (A) has a then current location (including the Company's current locations listed on Exhibit B attached hereto) and (B) has a *bona fide* intention to open a new location.

(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Executive's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business. To the extent that a Competitor is engaged in any business activities other than the Business, the term "Competitor" does not restrict Executive's involvement with such other business activities.

(v) "Confidential Information" means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) "Customer" means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) "Person" means any individual or entity.

(viii) "affiliates" means a Person's subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) "Restricted Period" means the time period beginning on the Effective Date of this Agreement and ending one year after the termination of Executive's employment with the Company for any reason, whether by Executive or Company.

(x) "Supplier" means any Person who supplies products or services to the Company in support of the Company's Business and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Executive shall not, while employed under this Agreement and after the Employment Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of

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Executive's Duties and Responsibilities under this Agreement. In the event that Executive receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Executive shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no expense to Executive, with the Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Whistleblowers. Nothing in this Agreement shall be construed to prohibit Executive, or any officer or director of the Company, from reporting possible

violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. Executive and any officer or director of the Company do not need the prior authorization of the Company to make any such reports or disclosures and are not required to notify the Company that they have made such reports or disclosures.

(d) Noncompete. Executive will not, during the Restricted Period, directly or indirectly, engage in a Competitive Business Activity in a Competitive Area.

(e) Executive's Consent to Reasonable Restrictions. Executive agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Executive represents, warrants, acknowledges and agrees that he has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would employ Executive under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Executive under Sections 6(b) through 6(g) of this Agreement, and without the other agreements by Executive contained herein (collectively, the "Restrictive Covenants and Agreements"). Accordingly, Executive agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(f) Non-Solicitation of Customers and Suppliers. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(g) Non-Solicitation of Employees. Executive shall not, during the Restricted Period (whether on Executive's own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, his employment or other business relationship or affiliation with the Company or any of its affiliates.

(h) Non-Disparagement. Except as occurs performing Executive's Duties and Responsibilities during the Employment Period (such as chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Executive in good faith believes is not in the best interests of the Company and the Business), while employed by the Company and for a period of three years after the Employment Period terminates, Executive will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any

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material respect, to the Company's (or any of its affiliates') goodwill with its Customers, Suppliers, employees, the media or the public. While Executive is employed by the Company and for a period of three years after the Employment Period terminates, the Company shall instruct its officers and directors not to, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise take any actions that disparage Executive's business reputation or take any actions that are harmful, in any material respect, to Executive's goodwill with the Company's Customers, Suppliers, employees, the media or the public, except as occurs performing their duties during the Employment Period (such as chastising or criticizing Executive for performing in a manner such officers or directors in good faith believe are not in the best interests of the Company and the Business). Provided, however, the foregoing shall not prohibit the Executive or any director or officer of the Company from making truthful statements when required, or based upon advice of legal counsel, Executive, or any officer or director of the Company, in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(i) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 6, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Executive acknowledges and agrees that the Restrictive Covenants and Agreements of Executive in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(j) Survival. Executive's obligations under this Section 6 shall survive the termination of Executive's employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

7. Inventions.

(a) Executive acknowledges and agrees that all *ideas, methods*, inventions, discoveries, improvements, work products or developments (collectively, "Inventions"), whether patentable or unpatentable, made or conceived by Executive, solely or jointly with others, that are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Executive understands that the provisions of this Section 7 requiring assignment of Inventions to the Company do not apply to any Invention that Executive developed entirely on his own time without using the Company's equipment, supplies, facilities, or trade secret information except for those Inventions that either (1) relate at the time of conception or reduction to practice of the Invention to the Company's Business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by an employee for the Company (other than Executive). Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Period, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). Executive will, at any time during and for a period of three years subsequent to the Employment Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Executive shall not be obligated to incur any expense in connection therewith. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the

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Company and its attorneys all reasonable assistance (including the giving of testimony), at no expense to Executive, to obtain the Inventions for its benefit, all without additional compensation to Executive from the Company.

(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including all rights of any kind or any nature now or hereafter recognized, including the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the

Inventions. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of, or other service provider to the Company. Executive's obligations under this Section 7 shall survive the termination of employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

8. No Inconsistent Obligations. Executive hereby represents, warrants and agrees that: (a) there are no restrictions or agreements, oral or written, to which Executive is a party or by which Executive is bound that prevent or make unlawful Executive's execution and delivery of, or performance under, this Agreement; (b) to the best actual knowledge and belief of Executive, none of the information supplied by Executive to Company in connection with Executive's employment by Company misstates a material fact or omits material facts necessary to make the information supplied by Executive not materially misleading; (c) Executive does not have any business or employment relationship that creates a conflict between the interests of Executive and the Company or any of its subsidiaries; and (d) Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

9. Indemnification of Executive. While employed by the Company and for so long thereafter as liability exists with regard to the Executive's activities while employed by the Company, the Company shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive to the extent Executive is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer of the Company or, while an officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such indemnitee. Notwithstanding the preceding sentence, the Company shall be required to indemnify, or advance expenses to, Executive in connection with a proceeding (or part thereof) commenced by Executive only if the commencement of such proceeding (or part thereof) by Executive was authorized by the Board; provided, that the Company shall be required to advance expenses to Executive in connection with a proceeding (or part thereof) commenced by Executive to enforce indemnification rights. The rights to indemnification and to the

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advance of expenses conferred in this Section 9 shall not be exclusive of any other right that Executive may have or hereafter acquire under FDO Holdings Inc.'s ("Holdings") Certificate of Incorporation or Bylaws, the Shareholders Agreement, dated November 24, 2010, among Holdings and the investors party thereto, as amended from time to time, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

10. Section 409A. Notwithstanding anything herein to the contrary:

(a) Although the Company does not guarantee to Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Executive for, any liability of Executive for taxes or penalties under Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten calendar days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Notwithstanding any other provision hereof, if Executive is, as of the date of termination, a "specified employee" for purposes of Treas. Reg. § 1.409A-1(i), then any amount payable to Executive pursuant to Section 4 hereof that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of Executive's death. Any payments to which Executive would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to Executive on the first day of the seventh month following such date of termination, or if earlier, within 30 calendar days of Executive's death to his surviving spouse (or to his estate if Executive's spouse does not survive him).

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11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflict of law principles.

(b) Assignment and Transfer. Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of the Company's assets, any corporate successor to the Company or any assignee thereof.

(c) Entire Agreement. This Agreement, any outstanding equity agreements between Executive and Holdings relating to an award under Holdings' 2011 Amended & Restated Stock Incentive Plan, and the Company's policies and procedures, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof, including the Prior Agreement.

(d) Amendment and Waiver; Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Executive and by a duly authorized representative of Holdings and the Operating Company (other than Executive). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Executive). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(e) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(f) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Executive hereunder, including any breach of Sections 4(e), 4(f), 6 or 7, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries' business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 11(h) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. The prevailing party in any action instituted pursuant to this Agreement shall be entitled to recover from the other party its reasonable attorneys' fees and other expenses incurred in such action. In the event Executive violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Executive's

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obligations in Sections 4(e) or 4(f) or Section 7 above, and does not cure such violations within 30 days after written notice from the Company to Executive that such violation has occurred, then any obligations to pay amounts to Executive pursuant to Section 4(b) of this Agreement (other than the Accrued Benefits) shall immediately cease. This Section 11(f) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

(g) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30 a.m. and 5:30 p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Executive:

At the address shown
on the records of the Company

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: SVP-HR

with copies to:

FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

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Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Telephone: (310) 284-4544
Facsimile: (310) 557-2193
Attention: Monica J. Shilling, Esq.

(h) Arbitration. Subject to Section 11(f), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the employment relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Executive

files a demand for arbitration hereunder, Executive shall not be required to pay the cost of the filing fees in excess of the amount Executive would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of the Company or the other parties to the arbitration, provided that notwithstanding the foregoing, Executive shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Executive's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Executive in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in

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arbitration. This Section 11(h) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

By initialing below, the parties hereby agree to the provisions set forth in this Section 11(h):

EXECUTIVE: /s/ David V. Christopherson OPERATING COMPANY: /s/ Thomas V. Taylor
HOLDINGS: /s/ Thomas V. Taylor

(i) Further Assurances. Executive shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Executive's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(j) Interpretation. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(k) Acknowledgement. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice.

(l) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original.

(m) Each Party the Drafter. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

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(n) Time of Essence. Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

(o) Survival. To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on the date Executive's employment is terminated, shall survive the termination of Executive's employment and the expiration or termination of the Agreement, including Sections 4, 5, 6, 7, 8, 9 and 11 of the Agreement.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

FDO HOLDINGS, INC.

/s/ Thomas V. Taylor

Name: Thomas V. Taylor
Title: CEO

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

/s/ Thomas V. Taylor
Name: Thomas V. Taylor
Title: CEO

DAVID CHRISTOPHERSON

/s/ David V. Christopherson

Employment Agreement Signature Page

EXECUTION VERSION

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is entered into effective as of July 29, 2015 (the "Effective Date") between Floor and Decor Outlets of America, Inc., a Delaware corporation (the "Operating Company"), FDO Holdings, Inc., a Delaware corporation ("Holdings") and, together with the Operating Company, the "Company") and Brian Robbins, the undersigned individual ("Executive").

RECITALS

WHEREAS, the Company desires to employ Executive as the Senior Vice President — Supply Chain of the Company and the Executive desires to accept such employment; and

WHEREAS, the Company and Executive desire to enter into this Agreement setting forth the terms and conditions of Executive's employment with the Company.

AGREEMENT

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment.

(a) Term; Duties and Responsibilities. Beginning on the Effective Date, and during the Employment Period (defined below), Executive shall serve as the Senior Vice President — Supply Chain of the Company. The term of employment shall commence on the Effective Date and terminate on the first anniversary of the Effective Date, unless earlier terminated as set forth herein; provided, that commencing on the first anniversary of the Effective Date and each anniversary date thereafter, the term of this Agreement shall automatically be extended for one additional year (subject to earlier termination, as set forth herein) unless, not later than 60 calendar days prior to any such anniversary date, either the Company or Executive, in such party's sole discretion, shall elect that such extension shall not take effect and shall have given timely written notice of such election not to extend. The period of time between the Effective Date and the termination of Executive's employment hereunder shall be referred to herein as the "Employment Period."

(b) Duties and Responsibilities. During the Employment Period, Executive shall at all times, except as expressly set forth below: (i) devote substantially all working time and efforts to the business and affairs of the Company and its subsidiaries on a full-time basis, (ii) faithfully, industriously and to the best of Executive's ability, experience and talent, perform all duties that may be reasonably required by the Company, and observe and comply with all rules, regulations, policies and practices in effect on the Effective Date or amended or adopted by the Company in the future and (iii) not engage in any other business activities, as a director, officer, employee or consultant or in any other capacity, whether or not he receives compensation therefor, without the prior written consent of the Board of Directors of Holdings (the "Board"). Notwithstanding the foregoing, Executive may serve on the boards of charitable organizations, engage in charitable and community affairs and activities and manage his personal investments so long as such activities do not interfere with the performance of Executive's Duties and Responsibilities (as defined below) hereunder. Executive will be reporting to the Chief Executive Officer of the Company and shall have all the authority, duties and responsibilities customarily exercised by an individual serving in the position of a Senior Vice President — Supply Chain at an entity engaged in a retail business which is national in scope, set forth in the bylaws of the Company, provided in the Delaware General Corporation Law and such additional duties and responsibilities as may from time to time be assigned or prescribed to him by the Chief Executive Officer of the Company, consistent with the Executive's position (collectively, the "Executive's Duties and Responsibilities").

(c) Location. Executive's principal place of employment shall be at the Company's principal executive offices, currently located in Smyrna, Georgia, with Executive being provided an office and secretarial and administrative support that is customary for a similarly situated executive. Executive acknowledges that the Duties and Responsibilities to be performed by Executive hereunder are such that Executive may be required to travel extensively at times.

2. Compensation.

(a) Base Salary. Executive shall initially be paid a base salary at the annual rate of \$334,000.00 ("Base Salary"), payable in installments consistent with Company's normal payroll practices.

(b) Annual Bonus. In addition to Executive's Base Salary, during the Employment Period, Executive will be eligible to earn an annual bonus ("Bonus") under the Company's Corporate Incentive Compensation Plan (the "Bonus Plan"). The target Bonus for any fiscal year shall be 45.0% of Executive's Base Salary for such year, with the actual amount of the Bonus being determined based on the level of achievement of certain performance goals in accordance with the Bonus Plan. Executive must be actively employed by the Company on the date the Bonus is paid in order to receive the Bonus for any fiscal year, and Executive's Bonus, if any, shall be paid to him as provided under the Bonus Plan or, if no payment date is provided in the Bonus Plan, no later than March 15 of the calendar year following the fiscal year for which the Bonus is payable. The Company may amend the Bonus Plan at any time.

(c) Payment. Payment of all compensation and other amounts to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholding, including employment and withholding taxes.

3. Other Employment Benefits.

(a) Business Expenses. Upon timely submission of itemized expense statements and other documentation in conformance with the procedures specified by the Company, Executive shall be entitled to reimbursement for reasonable business and travel expenses duly incurred by Executive in the performance of his Duties and Responsibilities under this Agreement during the Employment Period.

(b) Benefit Plans. During the Employment Period, Executive shall be entitled to participate in the Company's employee benefit plans and programs (sometimes "Benefit Plan" or "Benefit Plans") as they may exist from time to time, in each case as offered by the Company to its executive officers generally, subject to the terms and conditions thereof. Nothing in this Agreement shall require the Company to maintain any Benefit Plan, or shall preclude the Company from terminating or amending any Benefit Plan from time to time.

(c) Vacation. Executive shall be entitled to four weeks of paid vacation annually in accordance with the Company's vacation policy for senior executives. Executive acknowledges that given his position at the Company, Executive will use Executive's best efforts to remain generally available and accessible to the Company's senior managers in person or through an electronic means of communication when reasonably possible (the Company acknowledging that some vacation activities may prevent or limit such availability and accessibility).

4. Termination of Employment. Notwithstanding anything herein to the contrary,

(a) For Cause. The Company may terminate Executive's employment For Cause immediately upon written notice for any of the following reasons: (i) Executive's (x) commission of, or being indicted for, a felony under U.S. or applicable state law, or (y) commission of a misdemeanor where imprisonment may be imposed other than for a traffic-related offense, (ii) any act of material misconduct or gross negligence by Executive in the performance of Executive's Duties and Responsibilities or any act of moral turpitude by Executive, (iii) Executive's commission of any act of theft, fraud or material dishonesty, (iv) Executive's willful failure to perform any reasonable duties assigned to him by the Chief Executive Officer of the Company or Executive's refusal or failure to follow the lawful directives of the Company after written notice from the Company of, and 30 calendar days to cure, such refusal or failure, (v) any material breach by Executive of this Agreement or any other written agreement executed by Executive with the Company or any of its affiliates that is not cured within ten calendar days following written notice of such breach, and (vi) Executive's unlawful appropriation of a material corporate opportunity ("For Cause"). Upon termination of Executive's employment For Cause, the Company shall be under no further obligation to Executive, except to pay or provide (A) all accrued but unpaid Base Salary through the date of termination within 30 days following such termination, less all applicable deductions, and (B) any benefits and payments pursuant to the terms of any Benefit Plan, including any rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (the payments and benefits described in subsections (A) and (B) herein shall be referred herein as the "Accrued Benefits").

(b) Without Cause; Company Non-Renewal; Good Reason. The Company may terminate Executive's employment at any time "Without Cause," immediately upon written notice; the Company may terminate Executive's employment by electing not to extend the Employment Period, upon 60 days' written notice, as provided for in Section 1(a) above ("Company Non-Renewal"); and Executive may terminate Executive's employment at any time for "Good Reason." Upon termination of Executive's employment by the Company Without Cause, a Company Non-Renewal or by Executive for Good Reason, Executive shall be entitled to receive, in each case less all applicable deductions, (i) the Accrued Benefits, plus (ii) contingent on Executive executing and not revoking a release of any and all claims that the Executive may have against the Company substantially in the form set forth in Exhibit A (the "Separation Agreement"), and subject to Section 11(f) hereof, severance in an amount equal to one times Executive's Base Salary on the date of termination, payable over 12 months in substantially equal installments on the Company's regular pay dates, commencing on the first regular pay date following the 60th calendar day following Executive's termination date. If the Separation Agreement fails to become effective and irrevocable prior to the 60th calendar day following Executive's employment termination date because Executive delays, fails or refuses to execute or revokes the Separation Agreement, the Company shall have no obligation to make the payments provided by Section 4(b)(ii). A termination of Executive under this Section 4(b) does not include a termination by reason of Executive's Disability or upon the death of Executive.

"Good Reason" shall mean, without Executive's written consent, (i) a material diminution in Executive's then authority, duties or responsibilities; (ii) a material diminution in Executive's Base Salary; (iii) relocation of Executive's office to a location that is more than 50 miles from the Atlanta, Georgia metropolitan area; or (iv) any material breach of this Agreement by the Company, provided, that Executive must provide the Company with written notice of the existence of the event or change constituting Good Reason within 30 calendar days of any such event or change having occurred and allow the Company 60 calendar days from receipt of such notice from Executive to cure the same. If the Company so cures the event or change, Executive shall not have a basis for terminating his employment for Good Reason with respect to such cured event or change. If such event or change is not cured within such 60 day period, Executive must resign his employment with the Company within 30

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calendar days of the end of the cure period or Executive will be deemed to have waived his right to terminate his employment for Good Reason based upon such event or change.

(c) Resignation; Executive's Election not to Renew.

(i) Resignation. Executive may resign his employment upon 60 calendar days prior written notice to the Company. If Executive fails to provide such notice, such resignation shall constitute a breach of this Agreement for which Executive shall be liable to the Company for any damages the Company sustains. In addition, the Company shall have the right to terminate Executive's employment before the end of the 60 day notice period and such termination shall not be treated as a termination Without Cause. Upon termination of Executive's employment under this Section 4(c)(i), (i) the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits; (ii) all options to purchase shares of Class B non-voting common stock, par value \$0.001 per share, of the Company, granted to Executive on September 13, 2013 and May 20, 2014 pursuant to the Company's 2011 Stock Option Plan (the "Options") that are held by such Executive that are vested and exercisable on the date of Executive's resignation may be exercised by Executive at any time within a period beginning on the date of such resignation and ending on the earlier of (A) 30 days after the date of such resignation, and (B) the expiration date of the stated term of such Options, after which any unexercised Options shall terminate; and (iii) all outstanding unvested Options held by Executive shall immediately terminate and be no longer exercisable.

(ii) Non-Renewal. Executive's timely notice of his option not to extend the term of the Employment Period shall not be considered to be a breach of this Agreement. In the event that Executive elects not to renew this Agreement, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits through the end of the Employment Period.

(d) Disability of Executive. The Company may terminate this Agreement if Executive experiences a Disability (as defined below). "Disability" means an illness, injury or other incapacitating condition as a result of which Executive is unable to perform, with or without reasonable accommodation, the services required to be performed under this Agreement for more than: (i) 90 consecutive calendar days during the Employment Period or (ii) a period or periods aggregating more than 120 calendar days in any 12 consecutive months. If, at the time the question of possible termination for Disability arises, the Company is subject to the Federal Family and Medical Leave Act, any applicable state equivalent, or any federal or state disability discrimination laws, the requirements of those laws shall, to the extent required, supersede the provisions of this paragraph. Executive agrees to submit to such medical examinations as may be reasonably requested by the Company, from time to time, to determine whether a Disability exists. Any determination as to the existence of a Disability shall be made as follows: first, the Company shall be entitled to engage a physician to determine the existence of a Disability; then, if Executive disagrees with such determination, Executive shall give written notice of Executive's disagreement within ten days after Executive is notified in writing of such determination, and Executive shall be entitled to engage a physician to determine the existence of a Disability; and if Executive's physician disagrees with the determination made by the Company's physician, then these two physicians shall mutually agree upon a third physician who shall make a determination whether a Disability exists, and such determination shall be final and binding upon the Company and Executive. The Company and Executive shall share equally in the costs of such third physician. Upon such termination, the Company shall be under no further obligation to Executive, except to pay the Accrued Benefits.

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(e) Cooperation. Following termination for any reason, Executive shall (i) reasonably cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive and (ii) cooperate and provide assistance to the Company at its reasonable request in connection with any action, suit or proceeding brought by or against the Company or any of its affiliates (or in which any of them is or may be a party) or that relates in any way to Executive's acts or omissions while employed by the Company. The Company agrees to promptly reimburse Executive for reasonable expenses incurred by him in connection with assisting the Company in the manner described in the immediately preceding sentence. Reimbursement shall be made in accordance with the applicable policy of the Company then in effect. Upon termination for any reason, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any of its subsidiaries. Executive's obligations under this Section 4(e) shall survive the termination of Executive's employment and the expiration or termination of the Agreement.

(f) Company Property. All assets, property and equipment and all tangible and intangible information relating to the Company, its affiliates and their respective employees, customers or vendors furnished to, obtained by or prepared by Executive or any other person during the course of or incident to Executive's employment by the Company or any of its subsidiaries are and shall remain the sole property of Company ("Company Property"). Company Property includes, but is not limited to, computer equipment, books, manuals, records, reports, notes, correspondence, contracts, customer lists, business cards, advertising, sales, financial, personnel, operations, and manufacturing materials and information, data processing reports, computer programs, software, customer information and records, business records, price lists or information, and samples, and in each case shall include all copies thereof in any medium, including paper, electronic and magnetic media and all other forms of information storage. Following termination of Executive's employment for any reason, Executive must return all Company Property to the Company without demand or request by the Company therefor. Executive shall further permanently delete any Company information from any computers or other electronic storage devices owned by Executive. Upon request of the Company, Executive shall certify in writing that Executive has complied with the requirements of this Section 4(f). Notwithstanding the foregoing, Executive shall be permitted to retain one or more copies of his contacts list and his appointment calendars. Executive's obligations under this Section 4(f) shall survive termination of Executive's employment and the expiration or termination of the Agreement until Executive has returned all Company Property to the Company.

5. Death of Executive. In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, that the Company shall pay to the Executive's personal representatives under Executive's last will and testament, and if none exists, to his heirs at law, the Accrued Benefits.

6. Restrictive Covenants.

(a) Definitions. When capitalized and used herein, the following terms shall have the following meanings set forth below:

(i) "Business" means the business (whether operated in physical locations or online over the internet) of selling hard surface flooring materials.

(ii) "Competitive Area" means the 30 mile radius around any location where the Company (A) has a then current location (including the Company's current locations listed on Exhibit B attached hereto) and (B) has a *bona fide* intention to open a new location.

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(iii) "Competitive Business Activity" shall mean providing services to a Competitor that are the same or similar to Executive's Duties and Responsibilities under this Agreement, whether as an employee, independent contractor or consultant.

(iv) "Competitor" means any Person (other than the Company and its affiliates) engaged in the Business. To the extent that a Competitor is engaged in any business activities other than the Business, the term "Competitor" does not restrict Executive's involvement with such other business activities.

(v) "Confidential Information" means information developed by or on behalf of any of the Company or its affiliates that is not generally known by persons not employed by the Company or its affiliates and that could not easily be determined or learned by someone outside the Company, including information concerning (A) Customers, Suppliers, internal corporate policies and strategies, corporate opportunities, financial and sales information, personnel information, forecasts, business and marketing plans, (B) the affairs or assets of the Company and its affiliates, accounts, or clients for which the Company or its any of its affiliates performs, directly or indirectly, services, or (C) the nature and material terms of business opportunities, investors, business and proposals available to the Company or its affiliates. Confidential Information (x) includes both written information and information not reduced to writing, whether or not explicitly designated as confidential, (y) is of a special and unique nature and value to the Company, its affiliates and their respective businesses and (z) provides the Company or its affiliates with a competitive advantage. Confidential Information does not include information that is publicly available or is readily ascertainable from publicly available information.

(vi) "Customer" means any Person who is a customer or client of the Company or its affiliates that is a professional contractor and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(vii) "Person" means any individual or entity.

(viii) "affiliates" means a Person's subsidiaries, affiliates, successors, transferees or assigns that are engaged in the Business.

(ix) "Restricted Period" means the time period beginning on the Effective Date of this Agreement and ending one year after the termination of Executive's employment with the Company for any reason, whether by Executive or Company.

(x) "Supplier" means any Person who supplies products or services to the Company in support of the Company's Business and with whom Executive had material business-related contact (whether in person, by telephone or by paper or electronic correspondence), on behalf of the Company or its affiliates.

(b) Confidentiality. Executive shall not, while employed under this Agreement and after the Employment Period terminates, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person any Confidential Information, other than in the course and scope of Executive's Duties and Responsibilities under this Agreement. In the event that Executive receives a subpoena or other request having force of law, or reasonably believes that disclosure of Confidential Information is required by law, Executive shall promptly provide the Company, to the extent reasonably possible, with written notice thereof, and shall reasonably cooperate, at no expense to Executive, with the

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Company if the Company elects to seek a judicial protective order or other appropriate judicial protection of such Confidential Information.

(c) Whistleblowers. Nothing in this Agreement shall be construed to prohibit Executive, or any officer or director of the Company, from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. Executive and any officer or director of the Company do not need the prior authorization of the Company to make any such reports or disclosures and are not required to notify the Company that they have made such reports or disclosures.

(d) Noncompete. Executive will not, during the Restricted Period, directly or indirectly, engage in a Competitive Business Activity in a Competitive Area.

(e) Executive's Consent to Reasonable Restrictions. Executive agrees that this covenant is *reasonable with respect to its duration, geographical area and scope*, in light of the nature and geographic scope of the Business subject to this restriction. Executive represents, warrants, acknowledges and agrees that he has been fully advised by counsel in connection with the negotiation, preparation, execution and delivery of this Agreement; and no reasonable Person in the position of the Company would employ Executive under the terms and conditions of this Agreement without the benefit of the restrictive covenants applicable to Executive under Sections 6(b) through 6(g)

of this Agreement, and without the other agreements by Executive contained herein (collectively, the “Restrictive Covenants and Agreements”). Accordingly, Executive agrees to be bound by the Restrictive Covenants and Agreements contained in this Agreement to the maximum extent permitted by law, it being the intent and spirit of the parties that the Restrictive Covenants and Agreements contained herein shall be valid and enforceable in all respects.

(f) Non-Solicitation of Customers and Suppliers. Executive shall not, during the Restricted Period (whether on Executive’s own behalf or on behalf of another Person), directly or indirectly: (a) solicit Customers to purchase products on behalf of a Competitor, or (b) solicit Suppliers to provide products or services to support a Competitor.

(g) Non-Solicitation of Employees. Executive shall not, during the Restricted Period (whether on Executive’s own behalf or on behalf of some other Person), directly or indirectly solicit or attempt to hire any individual who is at that time an employee, independent contractor or other agent of the Company or any of its affiliates or (b) induce or encourage any employee, independent contractor or other agent of the Company or any of its affiliates to terminate or materially reduce, as applicable, his employment or other business relationship or affiliation with the Company or any of its affiliates.

(h) Non-Disparagement. Except as occurs performing Executive’s Duties and Responsibilities during the Employment Period (such as chastising or criticizing store management, suppliers and others doing business with the Company for performing in a manner Executive in good faith believes is not in the best interests of the Company and the Business), while employed by the Company and for a period of three years after the Employment Period terminates, Executive will not directly or indirectly, make or publish any disparaging or derogatory statements or otherwise disparage the business reputation of the Company or any of its affiliates or take any actions that are harmful, in any material respect, to the Company’s (or any of its affiliates’) goodwill with its Customers, Suppliers, employees, the media or the public. While Executive is employed by the Company and for a period of three years after the Employment Period terminates, the Company shall instruct its officers and directors not to, directly or indirectly, make or publish any disparaging or derogatory statements or otherwise take

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any actions that disparage Executive’s business reputation or take any actions that are harmful, in any material respect, to Executive’s goodwill with the Company’s Customers, Suppliers, employees, the media or the public, except as occurs performing their duties during the Employment Period (such as chastising or criticizing Executive for performing in a manner such officers or directors in good faith believe are not in the best interests of the Company and the Business). Provided, however, the foregoing shall not prohibit the Executive or any director or officer of the Company from making truthful statements when required, or based upon advice of legal counsel, Executive, or any officer or director of the Company, in good faith believes is required, by law, rule, regulation or judicial or governmental administrative subpoena, order or process in connection with any legal proceeding, to a governmental agency or body or its representative, or in connection with any governmental administrative proceeding.

(i) Reformation. If any court determines that any of the Restrictive Covenants and Agreements, or any part thereof set forth in this Section 6, is or are unenforceable due to over breadth or any other reason, such court shall have the power to modify such provision to the extent necessary to make it reasonable and enforceable and such modified provision shall then be enforceable to the maximum extent permitted by applicable law. Executive acknowledges and agrees that the Restrictive Covenants and Agreements of Executive in this Agreement are reasonable and valid in geographic and temporal scope and in all other respects. If, however, any court subsequently determines that any of the Restrictive Covenants and Agreements, or any part thereof, is or are invalid or unenforceable and not capable of modification, the remainder of the Restrictive Covenants and Agreements shall not thereby be affected and shall be given full effect without regard to the invalid portions.

(j) Survival. Executive’s obligations under this Section 6 shall survive the termination of Executive’s employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

7. Inventions.

(a) Executive acknowledges and agrees that all *ideas, methods*, inventions, discoveries, improvements, work products or developments (collectively, “Inventions”), whether patentable or unpatentable, made or conceived by Executive, solely or jointly with others, that are related to Executive’s work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. For the avoidance of doubt, Executive understands that the provisions of this Section 7 requiring assignment of Inventions to the Company do not apply to any Invention that Executive developed entirely on his own time without using the Company’s equipment, supplies, facilities, or trade secret information except for those Inventions that either (1) relate at the time of conception or reduction to practice of the Invention to the Company’s Business, or actual or demonstrably anticipated research or development of the Company; or (2) result from any work performed by an employee for the Company (other than Executive). Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Period, together with the right to file, in Executive’s name or in the name of the Company (or its designee), applications for patents and equivalent rights (the “Applications”). Executive will, at any time during and for a period of three years subsequent to the Employment Period, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be reasonably requested from time to time by the Company with respect to the Inventions, provided that Executive shall not be obligated to incur any expense in connection therewith. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony), at no expense to Executive, to obtain the Inventions for its benefit, all without additional compensation to Executive from the Company.

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(b) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including all of Executive’s right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including all rights of any kind or any nature now or hereafter recognized, including the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, including the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called “moral rights” with respect to the Inventions. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including any rights that would otherwise accrue to Executive’s benefit by virtue of Executive being an employee of, or other service provider to the Company. Executive’s obligations under this Section 7 shall survive the termination of employment and the expiration or termination of this Agreement in accordance with the terms and conditions herein.

8. No Inconsistent Obligations. Executive hereby represents, warrants and agrees that: (a) there are no restrictions or agreements, oral or written, to which Executive is a party or by which Executive is bound that prevent or make unlawful Executive’s execution and delivery of, or performance under, this Agreement; (b) to the best actual knowledge and belief of Executive, none of the information supplied by Executive to Company in connection with Executive’s employment by Company misstates a material fact or omitted material facts necessary to make the information supplied by Executive not materially misleading; (c) Executive does not have any business or employment relationship that creates a conflict between the interests of Executive and the Company or any of its subsidiaries; and (d) Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others.

9. Indemnification of Executive. While employed by the Company and for so long thereafter as liability exists with regard to the Executive’s activities while employed by the Company, the Company shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it presently exists

or may hereafter be amended, Executive to the extent Executive is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”), by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer of the Company or, while an officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys’ fees) reasonably incurred by such indemnitee. Notwithstanding the preceding sentence, the Company shall be required to indemnify, or advance expenses to, Executive in connection with a proceeding (or part thereof) commenced by Executive only if the commencement of such proceeding (or part thereof) by Executive was authorized by the Board; provided, that the Company shall be required to advance expenses to Executive in connection with a proceeding (or part thereof) commenced by Executive to enforce indemnification rights. The rights to indemnification and to the advance of expenses conferred in this Section 9 shall not be exclusive of any other right that Executive may have or hereafter acquire under FDO Holdings, Inc.’s (“Holdings”) Certificate of Incorporation or Bylaws, the Shareholders Agreement, dated November 24, 2010, among Holdings and the investors party

thereto, as amended from time to time, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

10. Section 409A. Notwithstanding anything herein to the contrary:

(a) Although the Company does not guarantee to Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations and guidance promulgated thereunder (collectively, “Section 409A”), and all provisions of this Agreement shall be administered, interpreted and construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any other provision hereof, in no event shall the Company be liable for, or be required to indemnify Executive for, any liability of Executive for taxes or penalties under Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Executive’s taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within ten calendar days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Notwithstanding any other provision hereof, if Executive is, as of the date of termination, a “specified employee” for purposes of Treas. Reg. § 1.409A-1(i), then any amount payable to Executive pursuant to Section 4 hereof that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of Executive’s death. Any payments to which Executive would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to Executive on the first day of the seventh month following such date of termination, or if earlier, within 30 calendar days of Executive’s death to his surviving spouse (or to his estate if Executive’s spouse does not survive him).

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflict of law principles.

(b) Assignment and Transfer. Executive’s rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of the Company’s assets, any corporate successor to the Company or any assignee thereof.

(c) Entire Agreement. This Agreement, any outstanding equity agreements between Executive and Holdings relating to an award under Holdings’ 2011 Amended & Restated Stock Incentive Plan, and the Company’s policies and procedures, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter hereof, including the offer letter between Executive and the Operating Company, dated March 11, 2013.

(d) Amendment and Waiver; Rights Cumulative. This Agreement may be amended, waived or discharged only by a writing signed by Executive and by a duly authorized representative of Holdings and the Operating Company (other than Executive). No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of Holdings and the Operating Company, by a duly authorized representative of Holdings and the Operating Company (other than Executive). The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(e) Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

(f) Remedy for Breach. In the event of breach or threatened breach of any Restrictive Covenants and Agreements of Executive hereunder, including any breach of Sections 4(e), 4(f), 6 or 7, the damage or imminent damage to the value and the goodwill of the Company and its subsidiaries’ business would be inestimable and irreparable, and therefore any remedy at law or in damages shall be inadequate. Accordingly, (i) the provisions of Section 11(h) shall not preclude the Company from obtaining provisional relief, including injunctive relief, from a court of appropriate jurisdiction to protect its rights under this Agreement, and (ii) the Company shall be entitled to seek an injunction to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions thereof in addition to any other remedy (including damages) to which they are entitled at law or in equity. Each party agrees and consents to personal jurisdiction, service of process and venue in any federal or state court within the State of Delaware, County of New Castle, in connection with any action brought in connection with a request for any such provisional or injunctive relief, and in connection with any action to enforce this arbitration clause or an award in arbitration. The prevailing party in any action instituted pursuant to this Agreement

shall be entitled to recover from the other party its reasonable attorneys' fees and other expenses incurred in such action. In the event Executive violates (i) the Restrictive Covenants and Agreements (pursuant to the terms thereof) or (ii) Executive's obligations in Sections 4(e) or 4(f) or Section 7 above, and does not cure such violations within 30 days after written notice from the Company to Executive that such violation has occurred, then any obligations to pay amounts to Executive pursuant to Section 4(b) of this Agreement (other than the Accrued Benefits)

shall immediately cease. This Section 11(f) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

(g) Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made by (i) by nationally recognized overnight courier delivery for next business day delivery, (ii) by hand delivery, or (iii) by facsimile or electronic mail transmission followed by overnight delivery the next business day to the addresses listed below; or to such other street address to which hand deliveries may be made as is specified by a party by not less than five days prior notice to the other party given in accordance with the provisions of this Section. Any notice given in accordance with the provisions of this Section shall be deemed given on the date of initial delivery or initial attempted delivery in the event of rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication, provided that such delivery or attempted delivery at the addresses listed below must be on a business day between 8:30 a.m. and 5:30 p.m. in the time zone in which such address is located. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

If to Executive:

At the address shown
on the records of the Company

If to the Company:

Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080
Telephone: (404) 471-1634
Facsimile: (404) 320-9439
Attention: General Counsel

with copies to:

FDO Holdings, Inc.
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 201-4100
Facsimile: (310) 201-4170
Attention: Adam Stein

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Telephone: (310) 284-4544
Facsimile: (310) 557-2193
Attention: Monica J. Shilling, Esq.

(h) Arbitration. Subject to Section 11(f), any dispute, claim, controversy or cause of action, in law (but not in equity), directly or indirectly relating to or arising out of or related to this Agreement, the termination or validity hereof, including the determination of the scope or applicability of this agreement to arbitrate, or the employment relationship, shall, to the fullest extent permitted by law, be exclusively determined by final, binding and confidential arbitration in Wilmington, Delaware conducted by JAMS, Inc. ("JAMS"), or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect as of the Effective Date. If Executive files a demand for arbitration hereunder, Executive shall not be required to pay the cost of the filing fees in excess of the amount Executive would be required to pay to commence a comparable action in the applicable state or federal courts of Delaware and the Company shall be responsible for the payment of any excess. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Delaware law, the arbitrators shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The arbitrator shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1—16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator will have the same, but *no greater, remedial authority than would a court of law* (except that the arbitrator shall not have the power or authority to award punitive damages, consequential damages, lost profits or speculative damages to either party). This agreement to resolve any disputes by binding arbitration extends to claims by or against the Company and claims by or against any of its affiliates, and applies to claims directly or indirectly arising under or out of (i) federal, state and local laws, including claims of alleged discrimination on any basis, or (ii) the common law. In the event of a conflict between this provision and any provision in the applicable rules of JAMS, the provisions of this Agreement will prevail. The parties shall keep confidential the existence of the claim, controversy or disputes from third parties (other than the arbitrator), and the determination thereof, unless otherwise required by law or necessary for the business of

the Company or the other parties to the arbitration, provided that notwithstanding the foregoing, Executive shall be entitled to disclose the existence of, and information and documentation regarding, the claim, controversy or disputes to Executive's accountants, lawyers and financial and other consultants on a "need to know" basis who are assisting or representing such Executive in connection with the arbitration proceeding. **If for any reason this arbitration clause becomes not applicable, then each party, to the fullest extent permitted by applicable law, hereby irrevocably waives all right to trial by jury as to any issue relating hereto in any action, proceeding, or counterclaim arising out of or relating to this Agreement or any other matter involving the parties hereto.** Each of the parties hereto agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the City of Wilmington in the State of Delaware in connection with any action brought to enforce an award in arbitration. This Section 11(h) shall survive Executive's termination of employment and the expiration or termination of this Agreement.

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By initialing below, the parties hereby agree to the provisions set forth in this Section 11(h):

EXECUTIVE: /s/ Brian Robbins OPERATING COMPANY: /s/ Thomas V. Taylor
HOLDINGS: /s/ Thomas V. Taylor

(i) Further Assurances. Executive shall, upon the Company's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement. The Company shall, upon the Executive's reasonable request, execute such further documents and take such other actions as may be permitted or reasonably required by law to implement the purposes, objectives, terms, and provisions of this Agreement.

(j) Interpretation. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein: (i) reference to any gender includes each other gender; (ii) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (iii) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (iv) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (v) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (vii) "or" is used in the inclusive sense of "and/or"; (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (ix) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

(k) Acknowledgement. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice.

(l) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered to have the force and effect of an original.

(m) Each Party the Drafter. Executive understands the terms and conditions set forth in this Agreement and acknowledges having had adequate time to consider whether to agree to the terms and conditions and to consult a lawyer or other advisor of Executive's choice. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party to this Agreement because that party drafted or caused that party's legal representative to draft any of its provisions.

(n) Time of Essence. Time is and shall be of the essence in connection with this Agreement and the terms and conditions contained herein.

(o) Survival. To the extent not otherwise expressly provided in this Agreement, all rights and obligations of any party to this Agreement not fully satisfied or performed, as applicable, on

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the date Executive's employment is terminated, shall survive the termination of Executive's employment and the expiration or termination of the Agreement, including Sections 4, 5, 6, 7, 8, 9 and 11 of the Agreement.

[Remainder of Page Intentionally Left Blank / Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

**FDO
HOLDINGS, INC.**

/s/ Thomas V.
Taylor
Name: Thomas V.
Taylor
Title: CEO

**FLOOR AND
DECOR
OUTLETS OF
AMERICA, INC.**

/s/ Thomas V.
Taylor

Name: Thomas V.
Taylor

Title: CEO

BRIAN ROBBINS

/s/ Brian Robbins

Employment Agreement Signature Page

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of September 30, 2016

among

FLOOR AND DECOR OUTLETS OF AMERICA, INC.,

as the Lead Borrower,

the other Borrowers Named Herein,

the Guarantors Named Herein,

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Administrative Agent, Collateral Agent and Swing Line Lender,

the Lenders Party Hereto,

BANK OF AMERICA, N.A.,

as Syndication Agent

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION, and
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

As Joint Lead Arrangers and Joint Bookrunners

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B	Swing Line Loan Notice
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D	Compliance Certificate
E	Assignment and Assumption
F	Borrowing Base Certificate
G	Credit Card Notification
H	DDA Notification
I	Form of Joinder

AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT ("Agreement") is entered into as of September 30, 2016, among FLOOR AND DECOR OUTLETS OF AMERICA, INC., a Delaware corporation (the "Lead Borrower"), the Persons named on Schedule 1.01 hereto (as such schedule may be updated from time to time), jointly and severally (collectively with the Lead Borrower, the "Borrowers"), FDO ACQUISITION CORP., a Delaware corporation ("Borrower Holdco"), and each of the other Persons named on Schedule 1.02 hereto jointly and severally (collectively with Borrower Holdco, the "Guarantors"), each lender from time to time party hereto (collectively, the "Lenders" and each individually, a "Lender") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Collateral Agent, and Swing Line Lender. This Agreement amends, restates, consolidates and supersedes in its entirety the Credit Agreement, dated as of May 1, 2013 (as amended by the First Amendment to Credit Agreement, dated as of July 2, 2014, and as further amended by the Second Amendment to Credit Agreement, dated as of April 15, 2016), among the Lead Borrower, Borrower Holdco, Wells Fargo Bank, National Association, as administrative agent, collateral agent and L/C issuer, Wells Fargo Bank, National Association, as term loan agent and the lenders from time to time party thereto (the "Existing Credit Agreement").

On the date hereof, the Borrowers are repaying the Term Loan (as defined in the Existing Credit Agreement) in full, together with all interest, fees and expenses payable in connection therewith under the Existing Credit Agreement.

In connection with such repayment and certain other Transactions (as defined herein) to occur on the date hereof, the Borrowers have requested that the Lenders agree to (a) amend and restate the Existing Credit Agreement as set forth herein, and (b) in connection therewith, provide a revolving credit facility to the Borrowers, and the Lenders have indicated their willingness to do so on the terms and conditions set forth herein.

The applicable Lenders have indicated their willingness to lend and the L/C Issuer has indicated its willingness to issue Letters of Credit, in each case on the terms and subject to the conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Accelerated Borrowing Base Delivery Event" means either (a) the occurrence and continuance of any Designated Event of Default, or (b) at the election of the Agent, the failure of the Borrowers to maintain Availability at least equal to twelve and one-half percent (12.5%) of the Loan Cap for any three (3) consecutive Business Days. For purposes of this Agreement, the occurrence of an Accelerated Borrowing Base Delivery Event shall be deemed continuing at the Agent's option (i) until such Designated Event of Default is no longer continuing, and/or (ii) if the Accelerated Borrowing Base Delivery Event arises as a result of the Borrowers' failure to achieve Availability as required hereunder, until Availability has exceeded twelve and one-half percent (12.5%) of the Loan Cap for thirty (30) consecutive calendar days, in which case an Accelerated Borrowing Base Delivery Event shall no longer

be deemed to be continuing for purposes of this Agreement. The termination of an Accelerated Borrowing Base Delivery Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Accelerated Borrowing Base Delivery Event in the event that the conditions set forth in this definition again arise.

"Acceptable Document of Title" means, with respect to any Inventory, a tangible, negotiable bill of lading or other Document (as defined in the UCC) that (a) is issued by a common carrier which is not an Affiliate of the Approved Foreign Vendor or any Loan Party which is in actual possession of such Inventory, (b) is issued to the order of a Loan Party or, if so requested by the Agent, to the order of the Agent, (c) names the Agent as a notify party and bears a conspicuous notation on its face of the Agent's security interest therein, (d) is not subject to any Lien (other than in favor of: (i) the Agent, (ii) the Term Loan Agent to the extent subject to the Intercreditor Agreement, and (iii) Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent and for which the Agent shall have established Reserves in its Permitted Discretion), and (e) is on terms otherwise reasonably acceptable to the Agent.

"Acceptable Transport Document" means, with respect to any Inventory, a tangible, non-negotiable bill of lading or sea waybill that (a) is issued by a common carrier which is not an Affiliate of the Approved Foreign Vendor or any Loan Party which is in actual possession of such Inventory, (b) names a Borrower (or, at its request, the Agent) as consignee, (c) names the Agent as a notify party and bears a conspicuous notation on its face of the Agent's security interest therein, (d) is not subject to any Lien (other than in favor of: (i) the Agent, (ii) the Term Loan Agent to the extent subject to the Intercreditor Agreement, and (iii) Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent and for which the Agent shall have established Reserves in its Permitted Discretion), (e) either (i) contains an express waiver from

the consignor / shipper of its right to alter the named consignee and its right of stoppage in transit, or (ii) for which the consignor / shipper thereunder shall have entered a Customs Broker/Carrier Agreement with the Agent which contains an express waiver from such consignor / shipper of its right to alter the named consignee and its right of stoppage in transit, and (f) is on terms otherwise reasonably acceptable to the Agent.

“Accommodation Payment” has the meaning specified in Section 10.21(d).

“Account” means “accounts” as defined in the UCC, and also means a right to payment of a monetary obligation, whether or not earned by performance, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a policy of insurance issued or to be issued, (d) for a secondary obligation incurred or to be incurred, or (e) arising out of the use of a credit or charge card or information contained on or for use with the card.

“ACH” means automated clearing house transfers.

“Acquisition” means, with respect to any Person (a) a purchase or other acquisition of a Controlling interest in the Equity Interests of any other Person, (b) a purchase or other acquisition of all or substantially all of the assets or properties of another Person or of any business unit of another Person, (c) a merger or consolidation of such Person with any other Person or any other transaction or series of transactions resulting in the acquisition of all or substantially all of the assets or a Controlling interest in the Equity Interests of any Person or (d) any acquisition of any Store locations of any Person, in each case, in any transaction or group of transactions which are part of a common plan.

“Acquisition Indebtedness” means Indebtedness of (A) the Borrowers or any of their Subsidiaries incurred to finance or refinance, or otherwise incurred in connection with, any acquisition of any assets (including Equity Interests), business or person, or any merger, consolidation or amalgamation of any person with or into the Borrowers or any of their Subsidiaries, or (B) any person that is acquired by or

merged or consolidated with or into the Borrowers or any of their Subsidiaries (including Indebtedness thereof incurred in connection with any such acquisition, merger, consolidation or amalgamation).

“Act” has the meaning specified in Section 10.17.

“Additional Commitment Lender” has the meaning specified in Section 2.15(a)(iii).

“Additional Obligations” means senior or subordinated Indebtedness (which Indebtedness may be (k) secured by a Lien ranking pari passu to the Lien securing the Term Loan Obligations, (y) secured by a Lien ranking junior to the Lien securing the Term Loan Obligations or (z) unsecured), including customary bridge financings, in each case issued or incurred by any Loan Party in compliance with Section 7.01.

“Adjusted LIBO Rate” means:

(a) for any Interest Period with respect to any LIBO Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of one percent) equal to (i) the LIBO Rate for such Interest Period multiplied by (ii) the Statutory Reserve Rate; and

(b) for any interest rate calculation with respect to any Base Rate Loan, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of one percent) equal to (i) the LIBO Rate for an Interest Period commencing on the date of such calculation and ending on the date that is thirty (30) days thereafter multiplied by (ii) the Statutory Reserve Rate.

The Adjusted LIBO Rate will be adjusted automatically as of the effective date of any change in the Statutory Reserve Rate.

“Adjustment Date” means the first day of each Fiscal Month, commencing October 28, 2016.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent” means Wells Fargo in its capacity as Administrative Agent and Collateral Agent under any of the Loan Documents, or any successor thereto.

“Agent Parties” has the meaning specified in Section 10.02(c).

“Agent’s Office” means the Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Agent may from time to time notify the Lead Borrower and the Lenders.

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Lenders. As of the Closing Date, the Aggregate Revolving Commitments are \$200,000,000.

“Agreement” has the meaning specified in the preamble.

“Allocable Amount” has the meaning specified in Section 10.21(d).

“Annual Financial Statements” has the meaning specified in Section 6.04(a).

“Applicable Lenders” means the Required Lenders, all affected Lenders, or all Lenders, as the context may require.

“Applicable Margin” means:

(a) From and after the Closing Date until the first Adjustment Date, the percentages set forth in Level I of the pricing grid below; and

(b) From and after the first Adjustment Date and on each Adjustment Date thereafter, the Applicable Margin shall be determined from the following pricing grid based upon the Average Daily Availability for the most recent Fiscal Month ended immediately preceding such Adjustment Date; provided, however, notwithstanding anything to the contrary set forth herein, upon the occurrence of an Event of Default under Sections 8.01(b), (c) or (i) or if an Event of Default arises

based on a breach of Section 6.04(a), (b), (c) or (h), the Agent may, and at the direction of the Required Lenders shall, immediately increase the Applicable Margin to that set forth in Level II (even if the Average Daily Availability requirements for a different Level have been met) and interest shall accrue at the Default Rate; provided further if the foregoing financial statements or any Borrowing Base Certificates are at any time restated or otherwise revised (including as a result of an audit) or if the information set forth in such financial statements or any Borrowing Base Certificates otherwise proves to be false or incorrect such that the Applicable Margin would have been higher than was otherwise in effect during any period, without constituting a waiver of any Default or Event of Default arising as a result thereof, interest due under this Agreement shall be immediately recalculated at such higher rate for any applicable periods and shall be due and payable on demand.

Level	Average Daily Availability	LIBOR Margin	Base Rate Margin	Commercial Letter of Credit Fee	Standby Letter of Credit Fee
I	Greater than or equal to 50% of the Loan Cap	1.25%	0.25%	0.75%	1.25%
II	Less than 50% of the Loan Cap	1.50%	0.50%	1.00%	1.50%

“Applicable Percentage” means, the percentage of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment. If the commitments of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.03 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Revolving Lender shall be determined based on the Applicable Percentage of such Revolving Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Appraisal Percentage” means ninety-two and one-half percent (92.5%) during the months of December, January, February and March, and (ii) ninety percent (90%) at all other times.

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“Appraised Value” means, with respect to Eligible Inventory, the appraised orderly liquidation value, net of costs and expenses to be incurred in connection with any such liquidation, which value is expressed as a percentage of Cost of Eligible Inventory as set forth in the inventory stock ledger of the Lead Borrower, which value shall be determined from time to time by the most recent appraisal undertaken by an independent appraiser engaged by the Agent.

“Approved Foreign Vendor” means a Foreign Vendor which (a) is not located in any country listed on Schedule 1.03 or any such other countries that are referred to in the Trading with the Enemy Act (or similar Laws) as in effect from time to time, (b) has received timely payment or performance of all obligations owed to by the Loan Parties, (c) has not asserted and no event has occurred for which it has a right to assert any reclamation, repossession, diversion, stoppage in transit, Lien or title retention rights in respect of such Inventory, and (d) if so reasonably requested by the Agent, has entered into and is in full compliance with the terms of a Foreign Vendor Agreement.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means, collectively, Wells Fargo and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their capacity as joint lead arrangers and joint book managers.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Agent, in substantially the form of Exhibit E or any other form approved by the Agent.

“Audited Financial Statements” means the audited consolidated balance sheet of the Parent and its Subsidiaries for the Fiscal Year ended December 31, 2015, and the related consolidated statements of income or operations, Shareholders’ Equity and cash flows for such Fiscal Year of the Parent and its Subsidiaries, including the notes thereto.

“Availability” means, as of any date of determination thereof by the Agent, the result, if a positive number, of:

- (a) the Loan Cap
- minus
- (b) the Total Outstandings.

In calculating Availability at any time and for any purpose under this Agreement, the Lead Borrower shall certify to the Agent that all accounts payable and Taxes are being paid on a timely basis as provided in Section 5.13 and Section 6.03.

“Availability Period” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.06(a), and (c) the date of termination of the commitment of each Revolving Lender to make Committed Revolving Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.03.

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“Availability Reserves” means, without duplication of any other Reserves or items to the extent such items are otherwise addressed or excluded through eligibility criteria, such reserves as the Agent from time to time determines in its Permitted Discretion as being appropriate (i) to reflect the impediments to the Agent’s ability to realize upon the Collateral, (ii) to reflect claims and liabilities that the Agent determines will need to be satisfied in connection with the realization upon the Collateral, (iii) to reflect criteria, events, conditions, contingencies or risks which adversely affect any component of the Borrowing Base, or (iv) to reflect that a Default or an Event of Default then exists. Without limiting the generality of the foregoing, Availability Reserves may include, in the Agent’s Permitted Discretion, (but are not limited to) reserves based on: (a) rent; (b) customs duties, and other costs to release Inventory which is being imported into the United States; (c) outstanding Taxes and other governmental charges, including, without limitation, ad valorem, real estate, personal property, sales, claims of the PBGC and other Taxes which may have priority over the interests of the Agent in the Collateral; (d) salaries, wages and benefits due to employees of any Borrower, (e) Customer Credit Liabilities, (f) Customer Deposits, (g) reserves for reasonably anticipated changes in the Appraised Value of Eligible Inventory between appraisals, (h) warehousemen’s or bailee’s charges and other Permitted Encumbrances which may have priority over the interests of the Agent in the Collateral, (i) amounts due to vendors on account of consigned goods, (j) Cash Management Reserves, (k) Bank Products Reserves, and (l) collection handling, agent and other fees, together with any claims or other charge backs, incurred in connection with receivables that are assigned in connection with the CIT Deferred Purchase Factoring Agreement.

“Average Daily Availability” means the average daily Availability for the immediately preceding Fiscal Month.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank Products” means any services or facilities provided to any Loan Party by any Credit Party or any of their respective Affiliates including, without limitation, on account of (a) Swap Contracts, (b) merchant services constituting a line of credit, (c) Factored Receivables, and (d) supply chain finance services including, without limitation, trade payable services and supplier accounts receivable purchases (but, in each case, only to the extent that the applicable Lender, other than Wells Fargo, furnishing such services or facilities notifies the Agent and the Lead Borrower in writing that such services or facilities are to be deemed Bank Products hereunder).

“Bank Products Reserves” means such reserves (i) as the Agent from time to time determines in its discretion as being appropriate to reflect the liabilities and obligations of the Loan Parties with respect to Bank Products then provided or outstanding and (ii) Supply Chain Finance Reserves.

“Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate, as in effect from time to time plus one-half of one percent (0.50%), (b) the Adjusted LIBO Rate plus one percent (1.00%), or (c) the rate of interest in effect for such day as publicly announced from time to time by Wells Fargo as its “prime rate.” The “prime rate” is a rate set by Wells Fargo based upon various factors including Wells Fargo’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Wells Fargo shall take effect at the opening of business on the day specified in the public announcement of such change.

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“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Blocked Account” has the meaning provided in Section 6.11(a)(ii).

“Blocked Account Agreement” means with respect to an account established by a Loan Party, an agreement, in form and substance reasonably satisfactory to the Agent, establishing control (as defined in the UCC) of such account by the Agent and whereby the bank maintaining such account agrees, upon the occurrence and during the continuance of a Cash Dominion Event, to comply only with the instructions originated by the Agent without the further consent of any Loan Party.

“Blocked Account Bank” means each bank with whom deposit accounts are maintained in which any funds of any of the Loan Parties from one or more DDAs are concentrated and with whom a Blocked Account Agreement has been, or is required to be, executed in accordance with the terms hereof.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower Holdco” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 6.04.

“Borrowers” has the meaning specified in the introductory paragraph hereto.

“Borrowing” means a Revolving Credit Borrowing or a Swing Line Borrowing, as the context may require.

“Borrowing Base”, at any time of calculation, an amount equal to:

(a) the face amount of Eligible Credit Card Receivables multiplied by the Credit Card Advance Rate;

plus

(b) the Cost of Eligible Inventory, net of Inventory Reserves, multiplied by the product of Appraisal Percentage multiplied by the Appraised Value of Eligible Inventory; provided, however, that, Inventory constituting Eligible In-Transit Inventory shall be in an amount no greater than twenty-five percent (25%) of Eligible On-Hand Inventory during the months of December, January, February and March, and twenty percent (20%) of Eligible On-Hand Inventory at all other times;

plus

(c) eighty-five percent (85%) multiplied by the face amount of Eligible Trade Receivables (net of Receivables Reserves applicable thereto);

plus

(d) 100% of all Eligible Cash on Hand, provided that Eligible Cash on Hand included in the Borrowing Base may not be withdrawn from the deposit account at Agent, thereby reducing the Borrowing Base, unless and until (i) no Cash Dominion Event exists and is continuing, and (ii) the Lead Borrower furnishes the Agent with (A) notice of such intended withdrawal and (B) a Borrowing Base Certificate as of the date of such proposed withdrawal

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reflecting that, after giving effect to such withdrawal, no Overadvance exists or would result from such withdrawal;

minus

the then amount of all Availability Reserves.

“Borrowing Base Certificate” means a certificate substantially in the form of Exhibit F hereto (with such changes therein as may be reasonably required by the Agent to reflect the components of and reserves against the Borrowing Base as provided for hereunder from time to time), executed and certified as accurate and complete by a Responsible Officer of the Lead Borrower which shall include appropriate exhibits, schedules, supporting documentation, and additional reports as reasonably requested by the Agent.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Agent’s Office is located and, if such day relates to any LIBO Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Capital Expenditures” shall mean, for any person in respect of any period, the aggregate of all expenditures incurred by such person during such period that, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items reflected in the statement of cash flows of such person; provided, however, that Capital Expenditures for Borrower Holdco and its Subsidiaries shall not include:

- (a) expenditures to the extent they are made with (i) Equity Interests of the Parent or (ii) proceeds of the issuance of Equity Interests of, or a cash capital contribution to, the Lead Borrower after the Closing Date;
- (b) expenditures with proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties used or useful in the business of Borrower Holdco and its Subsidiaries within one hundred eighty (180) days of receipt of such proceeds (or, to the extent such proceeds are committed to be used for such purpose pursuant to a binding written agreement during such one hundred (180) day period, expenditures made with such proceeds within two hundred seventy (270) days of receipt thereof);
- (c) expenditures that are accounted for as capital expenditures of such person and that actually are paid for in cash by a third party (excluding Borrower Holdco, the Borrowers and any other Subsidiary) which cash payment by such third party may be made directly or may be made as a cash reimbursement to a Loan Party, and for which none of Borrower Holdco, the Borrowers or any other Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period);
- (d) the purchase price of equipment purchased during such period to the extent the consideration therefor consists of any combination of (i) used or surplus equipment traded in at the time of such purchase and (ii) the proceeds of a concurrent sale of used or surplus equipment, in each case, in the ordinary course of business;

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- (e) Investments in respect of a Permitted Business Acquisition; or
 - (f) the purchase of an asset made within one hundred eighty (180) days of the sale of any asset (to the extent such asset sale is permitted hereunder) to the extent such new asset is purchased with the proceeds of such sale (or, to the extent such proceeds are committed to be used for such purpose pursuant to a binding written agreement during such one hundred eighty (180) day period, purchases made with such proceeds within two hundred seventy (270) days of receipt thereof).

“Capital Lease Obligations” means, with respect to any Person for any period, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as liabilities on a balance sheet of such Person under GAAP and the amount of which obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Captive Insurance Subsidiary” means any Subsidiary of a Borrower that is subject to regulation as an insurance company (or any Subsidiary thereof).

“Cash Collateralize” has the meaning specified in Section 2.03(g). Derivatives of such term have corresponding meanings.

“Cash Dominion Event” means either (i) the occurrence and continuance of any Designated Event of Default, or (ii) if, at any time, Availability is less than ten percent (10%) of the Loan Cap for three (3) consecutive Business Days. For purposes of this Agreement, the occurrence of a Cash Dominion Event shall be deemed continuing at the Agent’s option (i) until such Designated Event of Default is no longer continuing, and/or (ii) if the Cash Dominion Event arises as a result of the Borrowers’ failure to achieve Availability as required hereunder, until Availability has exceeded ten percent (10%) of the Loan Cap for twenty (20) consecutive days, in which case a Cash Dominion Event shall no longer be deemed to be continuing for purposes of this Agreement. The termination of a Cash Dominion Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Cash Dominion Event in the event that the conditions set forth in this definition again arise.

“Cash Management Reserves” means such reserves as the Agent, from time to time, determines in its Permitted Discretion as being appropriate to reflect the reasonably anticipated liabilities and obligations of the Loan Parties with respect to Cash Management Services then provided or outstanding.

“Cash Management Services” means any cash management services or facilities provided to any Loan Party by any Credit Party or any of their respective Affiliates, including, without limitation: (a) ACH transactions, (b) controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) credit or debit cards, (d) credit card processing services, and (e) purchase cards.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, however, for the purposes of this Agreement: (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to

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Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means (i) at any time prior to the consummation of a Public Offering, (x) the Permitted Holders shall in the aggregate be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) of (A) so long as Borrower Holdco is a Subsidiary of any Parent Entity, shares or units of Voting Stock having less than 35.00% of the total voting power of all outstanding shares of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (B) if Borrower Holdco is not a Subsidiary of any Parent Entity, shares or units of Voting Stock having less than 35.00% of the total voting power of all outstanding shares of Borrower Holdco, or (y) any other “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders, (A) so long as Borrower Holdco is a Subsidiary of any Parent Entity, shall be the “beneficial owner” of shares or units of Voting Stock constituting a greater percentage of the total voting power of all outstanding shares of such Parent Entity than the total voting power of all outstanding shares or units of Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) held by the Permitted Holders and (B) if Borrower Holdco is not a Subsidiary of any Parent Entity, shall be the “beneficial owner” of shares or units of Voting Stock having constituting a greater percentage of the total voting power of all outstanding shares of Borrower Holdco than the total voting power of all outstanding shares or units of Voting Stock of Borrower Holdco held by the Permitted Holders, (ii) at any time on or after the consummation of a Public Offering, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders, shall be the “beneficial owner” of (x) so long as Borrower Holdco is a Subsidiary of any Parent Entity, shares or units of Voting Stock having more than the greater of (A) 35.00% of the total voting power of all outstanding shares of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (B) the total voting power of all outstanding shares or units of Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) held by the Permitted Holders and (y) if Borrower Holdco is not a Subsidiary of any Parent Entity, shares or units of Voting Stock having more than the greater of (A) 35.00% of the total voting power of all outstanding shares of Borrower Holdco and (B) the total voting

power of all outstanding shares or units of Voting Stock of Borrower Holdco held by the Permitted Holders; (iii) Borrower Holdco shall cease to own, directly or indirectly, 100.00% of the capital stock of the Borrowers, or (iv) a "Change of Control" (or comparable term) as defined in the Term Loan Agreement relating to Indebtedness and any unused commitments thereunder in an aggregate principal amount equal to or greater than \$25,000,000. Notwithstanding anything to the contrary in the foregoing, the Transactions shall not constitute or give rise to a Change of Control.

"CIT Deferred Purchase Factoring Agreement" means that certain Deferred Purchase Factoring Agreement dated as of March 28, 2014, among the Lead Borrower and The CIT Group/Commercial Services, Inc. ("CIT").

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"Closing Date Dividend" has the meaning specified in Section 7.06(f).

"Code" means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as amended and in effect.

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"Collateral" means any and all "Collateral" as defined in any applicable Security Document and all other property that is or is intended under the terms of the Security Documents to be subject to Liens in favor of the Agent.

"Collateral Access Agreement" means an agreement reasonably satisfactory in form and substance to the Agent executed by (a) a bailee or other Person in possession of Collateral, or (b) any landlord of Real Estate leased by any Loan Party.

"Collateral and Guaranty Requirements" means to cause any such Person (a) to (i) become a Loan Party by executing and delivering to the Agent a Joinder to this Agreement or a Joinder to the Facility Guaranty or such other documents as the Agent shall deem appropriate for such purpose, (ii) grant a Lien to the Agent on such Person's assets of the same type that constitute Collateral to secure the Obligations, and (iii) deliver to the Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a) and, if reasonably requested by Agent, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)), and (b) if any Equity Interests or Indebtedness of such Person are owned by or on behalf of any Loan Party, to pledge such Equity Interests and promissory notes evidencing such Indebtedness, in each case in form, content and scope reasonably satisfactory to the Agent in accordance with the provisions of the Security Agreement. In no event shall compliance with these requirements waive or be deemed a waiver or Consent to any transaction giving rise to the need to comply with these requirements if such transaction was not otherwise expressly permitted by this Agreement or constitute or be deemed to constitute, with respect to any Subsidiary, an approval of such Person as a Borrower or permit the inclusion of any acquired assets in the computation of the Borrowing Base.

"Commercial Letter of Credit" means any Letter of Credit issued for the purpose of providing the primary payment mechanism in connection with the purchase of any materials, goods or services by a Loan Party in the ordinary course of business of such Loan Party.

"Commercial Letter of Credit Agreement" means the Commercial Letter of Credit Agreement relating to the issuance of a Commercial Letter of Credit in the form from time to time in use by the L/C Issuer.

"Commitment" means, as to each Lender, such Lender's Revolving Commitment.

"Commitment Increase" has the meaning specified in Section 2.15(a)(i).

"Committed Loan Notice" means a notice of (a) a Revolving Credit Borrowing, (b) a conversion of Committed Revolving Loans from one Type to the other, or (c) a continuation of LIBO Rate Loans, pursuant to Section 2.02, which, if in writing, shall be substantially in the form of Exhibit A.

"Committed Revolving Loan" has the meaning specified in Section 2.01.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under "common control" with a Loan Party within the meaning of Section 4001 of ERISA or is part of a group which includes a Loan Party and which is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Sections 414(m) and (o) of the Code.

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"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Concentration Account" has the meaning provided in Section 6.11(c).

"Confidential Information" has the meaning specified in Section 10.07.

"Confirmation Agreement" means that certain Confirmation and Ratification of Ancillary Loan Documents dated as of the Closing Date among the Loan Parties and the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced.

"Consent" means actual consent given by a Lender from whom such consent is sought; or the passage of ten (10) Business Days from receipt of written notice to a Lender from the Agent of a proposed course of action to be followed by the Agent without such Lender's giving the Agent written notice of that Lender's objection to such course of action; provided, however, with respect to any modifications or consents addressed in Sections 10.01(a) through (k), in each case, with respect to the Loans owed to any particular Lender, such Lender shall be deemed to have rejected the request for its consent after the passage of such ten (10) Business Day period if it has not provided its actual consent for same.

"Consolidated" means, when used to modify a financial term, test, statement, or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with GAAP, of the financial condition or operating results of such Person and its Subsidiaries.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income for such period plus, in each case without duplication, (x) the following to the extent deducted in calculating such Consolidated Net Income: (i) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) including state, franchise, excise and similar taxes and foreign withholding taxes and state taxes in lieu of business fees (including business license fees) and payroll tax credits, income tax credits and similar tax credits, and including an amount equal to the amount of tax distributions actually made to the holders of capital stock of the Borrowers or any Parent Entity in respect of such period (in each case, to the extent attributable to the operations of the Borrowers and their respective Subsidiaries), which will be included as though such amounts had been paid as income taxes directly by the Lead Borrower, (ii) Consolidated Interest Charges, all items excluded from the definition of Consolidated Interest Charges pursuant to clause (ii) thereof and to the extent not reflected in Consolidated Interest Charges, costs of surety bonds in connection with financing activities, (iii) depreciation, (iv) amortization (including but not limited to amortization of goodwill and intangibles and amortization and

write-off of financing costs), (v) any non-cash charges, losses and expenses, including any write-offs or write-downs; provided that if any such non-cash charge represents an accrual or reserve for potential cash items in any future four-fiscal quarter period (a) the Lead Borrower may determine not to add back such non-cash charge in the period for which Consolidated EBITDA is being calculated and (b) to the extent the Lead Borrower does decide to add back such non-cash charge, the cash payment in respect thereof in such future four-fiscal quarter period will be subtracted from Consolidated EBITDA for such future four-fiscal quarter period, (vi) reasonable out-of-pocket transaction fees, expenses or charges (including legal, advisory and brokerage or other financing fees), or, without duplication, any amortization or write-off thereof, related to any transaction that is out of the ordinary course of business including equity offerings (to the extent the proceeds thereof were intended to be contributed to the equity capital of the Lead Borrower or its Subsidiaries), Investments, acquisitions, dispositions, recapitalizations, mergers, option buyouts or Indebtedness permitted to be consummated or incurred by this Agreement (including any Permitted Refinancing in respect thereof) or any amendments, waivers or other modifications under the agreements relating to such Indebtedness or similar transactions

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(in each case whether or not consummated or incurred), (vii) the amount of any loss or expense attributable to non-controlling interests, (viii) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Swap Obligations or other derivative instruments, (ix) any management, monitoring, consulting, transaction and advisory fees (including termination fees) and related indemnities, charges and expenses paid to or accrued to or on behalf of any Parent Entity or any of the Permitted Holders in each case to the extent permitted hereunder, (x) interest and investment income, (xi) [reserved], (xii) any costs or expenses pursuant to any management or employee stock option or other equity-related plan, program or arrangement, or other benefit plan, program or arrangement, or any equity subscription or equityholder agreement, to the extent funded with cash proceeds contributed to the capital of the Borrowers or an issuance of capital stock of the Borrowers (other than Disqualified Stock), (xiii) all fees, costs and expenses related to the Transactions, (xiv) non-operating professional fees, costs and expenses, (xv) [reserved], (xvi) expense or charges to the extent paid or reimbursed by a third party, (xvii) earn-out obligations incurred in connection with any acquisition or other Investment permitted under this Agreement, (xviii) all charges, costs, expenses, accruals or reserves in connection with the rollover, acceleration or payout of capital stock held by Management Investors and all losses, charges and expenses related to payments made to holders of options or other derivative capital stock in the common equity of the Lead Borrower or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or any of its direct or indirect parents, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, (xix) all losses, charges and expenses in connection with the pre-opening and opening of stores, distribution centers and other facilities and operating losses attributable to any store, distribution center or other facility to the extent such losses, charges or expenses were incurred before or within twelve (12) months after the opening of such store, distribution center or other facility, (xx) [reserved], (xxi) payments in the nature of compensation or expense reimbursement to independent board members, (xxii) the excess of GAAP rent expense over actual cash rent paid due to the use of straight line rent for GAAP purposes and (xxiii) business optimization expenses (including expenses related to consolidation initiatives), relocation and integration expenses, costs, charges, expenses, accruals and reserves related to cost savings initiatives, strategic initiatives and initiatives aimed at profitability improvement, and other restructuring costs, charges, expenses, accruals and reserves (which, for the avoidance of doubt, shall include the effect of inventory optimization programs, consolidation, relocation and closing of stores, distribution centers, warehouses and other facilities and exiting lines of business, operating expense reductions, personnel relocation, restructuring, redundancy, recruiting, severance, termination, settlement and judgment, one-time compensation charges, the amount of any signing, retention and completion bonuses, new systems design and implementation costs, software development costs and curtailments and project startup costs); provided that the aggregate amount added pursuant to this clause (xxiii) for any period of twelve (12) consecutive Fiscal Months shall not exceed the greater of (i) \$15,000,000 and (ii) 15% of Consolidated EBITDA (calculated prior to giving effect to any increase pursuant to this clause (xxiii)), plus (y) the amount of net cost savings, operating expense reductions and synergies projected by the Lead Borrower in good faith to be realized as the result of actions taken or to be taken on or prior to the date that is 18 months after the Closing Date, or 18 months after the consummation of any operational change, respectively (which costs savings, operating expense reductions and synergies shall be reasonably identifiable and factually supportable, certified by a Responsible Officer of the Lead Borrower and calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments may be incremental to pro forma adjustments made pursuant to the proviso to the definition of "Secured Leverage Ratio" or "Total Leverage Ratio"); provided that the aggregate amount added pursuant to this clause (y) for any period of twelve (12) consecutive Fiscal Months shall not exceed the greater of (i) \$15,000,000 and (ii) 15% of Consolidated EBITDA (calculated prior to giving effect to any increase pursuant to this clause (y)).

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"Consolidated Fixed Charge Coverage Ratio" means, on any date, the ratio of (a) (i) Consolidated EBITDA for the most recent period of twelve (12) consecutive Fiscal Months for which Required Financial Statements have been provided as required hereunder minus (ii) non-financed Capital Expenditures of Borrower Holdco and its Subsidiaries during such period (it being understood that Capital Expenditures funded with proceeds of Committed Revolving Loans shall not be deemed to be "financed" for the purpose of this clause (ii)) minus (iii) taxes of Borrower Holdco and its Subsidiaries based on income that are paid in cash during such period (including tax distributions paid in cash during such period) to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges" means, for any period, the sum, without duplication, of the following for such period:

- (a) Consolidated Interest Charges paid or payable currently in cash;
- (b) scheduled principal amortization payments of Indebtedness for borrowed money of Borrower Holdco and its Subsidiaries, including payments in respect of Capitalized Lease Obligations, but excluding payments of intercompany Indebtedness; and
- (c) Restricted Payments made pursuant to Section 7.06 (other than pursuant to clauses (a) (other than Restricted Payments to Borrower Holdco), (c), (f) and (p) thereof), in each case paid or payable currently in cash.

"Consolidated Interest Charges" means, with respect to Borrower Holdco and its Subsidiaries for any period, the sum, without duplication, of (i) the total interest expense of the Borrower Holdco and its Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Borrower Holdco and its Subsidiaries, including any such interest expense consisting of (A) interest expense attributable to Capital Lease Obligations, (B) amortization of debt discount, (C) interest in respect of Indebtedness of any other Person that has been Guaranteed by Borrower Holdco or any Subsidiary, but only to the extent that such interest is actually paid by the Borrower Holdco or any Subsidiary, (D) non-cash interest expense, (E) the interest portion of any deferred payment obligation, (F) commissions, discounts and other fees and charges owed with respect to letters of credit, bankers' acceptance financing bridge commitments or other financing fees, (G) movement in the mark-to-market valuation of hedging obligations or (H) interest expense associated with Equity Interests, minus (ii) to the extent otherwise included in such interest expense referred to in clause (i) above, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness in conjunction with recapitalization or purchase accounting, and any "additional interest" in respect of registration rights arrangements for any securities, amortization or write-off of financing costs, in each case under clauses (i) through (ii) above as determined on a Consolidated basis in accordance with GAAP; provided that gross interest expense shall be determined after giving effect to any net payments made or received by the Borrower Holdco and its Subsidiaries with respect to interest rate Swap Contracts.

"Consolidated Net Income" means, for any period, the net income (loss) of the Borrowers and their Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP (adjusted to reflect any charge, tax or expense incurred or accrued by Borrower Holdco or any Parent Entity during such period attributable to the operations of the Borrowers and their respective Subsidiaries as though such charge, tax or expense had been incurred by the Borrowers, to the extent that the Borrowers have made or would be entitled under the Loan Documents to make any Restricted Payment or other payment to or for the account of Borrower Holdco in respect thereof) and before any reduction in respect of Preferred Stock dividends; provided that, without duplication, there shall not be included in such Consolidated Net Income:

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(i) any net income (loss) of any Person if such Person is not a Borrower or a Subsidiary, except that (A) such Borrower's or any Subsidiary's net income for such period shall be increased by the aggregate amount actually distributed by such Person during such period to such Borrower or a Subsidiary as a dividend or other distribution, to the extent not already included therein, and (B) any Borrower's or any Subsidiary's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of such Borrower or any of its Subsidiaries in such Person,

(ii) [reserved],

(iii) (x) any net after-tax gain or loss realized upon the sale, abandonment or other disposition of any asset of the Borrowers or any Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined by the Lead Borrower in good faith) and (y) any net after-tax gain or loss realized upon the disposal, abandonment, closure or discontinuation of operations of the Borrowers or any Subsidiary, and any net after-tax income (loss) from disposed, abandoned or discontinued operations (but if such operations are classified as discontinued because they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of),

(iv) any net after-tax extraordinary, unusual or nonrecurring gain, loss or charge,

(v) the cumulative effect of a change in accounting principles,

(vi) any net after-tax income or loss (less all fees, expenses and charges related thereto) attributable to the extinguishment of Indebtedness or Swap Obligations or other derivative instruments,

(vii) any non-cash gain, loss, expense or charge attributable to the movement in the mark-to-market valuation in respect of Swap Contracts,

(viii) any unrealized foreign currency translation gains or losses, including in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person,

(ix) any non-cash expenses realized or resulting from stock option plans, employee benefit plans or agreements or post-employment benefit plans or agreements, or grants or sale of limited liability company interests, stock, stock appreciation, stock options, restricted stock, preferred stock or other equity based awards,

(x) any costs or expenses incurred in connection with the payment of dividend equivalent rights to option holders pursuant to any management equity plan, stock option plan or any other management or employee benefit plan or agreement or post-employment benefit plan or agreement will be excluded;

(xi) any non-cash charge, expense or other impact attributable to application of the purchase, fair value or recapitalization method of accounting (including the total amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-downs and write-offs of assets to the extent resulting from such purchase or recapitalization accounting adjustments), non-cash charges for deferred tax valuation allowances and non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP,

(xii) expenses related to the conversion of various employee benefit programs in connection with the Transactions, and non-cash compensation related expenses, and

(xiii) to the extent covered by insurance and actually reimbursed (or the Lead Borrower has determined that there exists reasonable evidence that such amount will be reimbursed by the insurer and such amount is not denied by the applicable insurer in writing within 180 days and is reimbursed within 365 days of the date of such evidence (with a deduction in any future calculation of

Consolidated Net Income for any amount so added back to the extent not so reimbursed within such 365 day period)), any expenses with respect to liability or casualty events or business interruption.

"Consolidated Total Assets" means, as of any date of determination, the total assets, in each case reflected on the consolidated balance sheet of Borrower Holdco as at the end of the most recently ended fiscal quarter for which a balance sheet is available, determined on a Consolidated basis in accordance with GAAP (and, in the case of any determination relating to any incurrence of Indebtedness or Liens or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith).

"Consolidated Total Indebtedness" means, as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Indebtedness of the Borrowers and their Subsidiaries as of such date consisting of (without duplication) Indebtedness for borrowed money (including purchase money Indebtedness and unreimbursed outstanding drawn amounts under funded letters of credit; Capital Lease Obligations; and debt obligations evidenced by bonds, debentures, notes or similar instruments, determined on a Consolidated basis in accordance with GAAP (excluding items eliminated in Consolidation, and for the avoidance of doubt, excluding Swap Obligations) minus (ii) Unrestricted Cash of the Borrowers and their Subsidiaries.

"Contractual Obligation" means, as to any Person, any provision of any material security issued by such Person or of any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Contribution Indebtedness" means Indebtedness of any Borrower or any Subsidiary in an aggregate principal amount not greater than twice the aggregate amount of cash contributions (other than Excluded Contributions, the proceeds from the issuance of Disqualified Stock or contributions by any Borrower or any Subsidiary) made to the capital of such Borrower or such Subsidiary after the Closing Date (whether through the issuance or sale of Equity Interests or otherwise); provided that such Contribution Indebtedness (a) is incurred within 180 days after the receipt of the related cash contribution and (b) is so designated as Contribution Indebtedness pursuant to a certificate of a Responsible Officer of the Lead Borrower on the date of incurrence thereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Cost" means the lower of cost or market value of Inventory, based upon the Borrowers' accounting practices, known to the Agent, which practices are in effect on the Closing Date or with any changes permitted hereunder as such calculated cost is determined from invoices received by the Borrowers, the Borrowers' purchase journals or the Borrowers' stock ledger.

"Covenant Compliance Event" means Availability at any time is less than or equal to ten percent (10%) of the Loan Cap. For purposes hereof, the occurrence of a Covenant Compliance Event shall be deemed continuing at the Agent's option until Availability has exceeded ten percent (10%) of the Loan Cap for twenty (20) consecutive calendar days, in which case a Covenant Compliance Event shall no longer be deemed to be continuing for purposes of this Agreement. The termination of a Covenant Compliance Event as provided herein shall in no way limit, waive or delay the occurrence of a subsequent Covenant Compliance Event in the event that the conditions set

forth in this definition again arise.

“Credit Card Advance Rate” means 90%.

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“Credit Card Issuer” means any person (other than a Borrower or other Loan Party) who issues or whose members issue credit cards, including, without limitation, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., Visa, U.S.A., Inc. or Visa International and American Express, Discover, Diners Club, Carte Blanche and other non-bank credit or debit cards, including, without limitation, credit or debit cards issued by or through American Express Travel Related Services Company, Inc., and Novus Services, Inc. and other issuers approved by the Agent in its reasonable discretion.

“Credit Card Processor” means any servicing or processing agent or any factor or financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any Borrower’s sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer.

“Credit Card Receivables” means each “Account” (as defined in the UCC) together with all income, payments and proceeds thereof, owed by a Credit Card Issuer or Credit Card Processor to a Loan Party resulting from charges by a customer of a Loan Party on credit or debit cards issued by such issuer in connection with the sale of goods by a Loan Party, or services performed by a Loan Party, in each case in the ordinary course of its business.

“Credit Card Notifications” has the meaning specified in Section 6.11(a)(i).

“Credit Extensions” mean each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“Credit Party” or “Credit Parties” means (a) individually, (i) each Lender and its Affiliates, (ii) the Agent, (iii) each L/C Issuer, (iv) each Arranger, (v) any other Person to whom Obligations under this Agreement and other Loan Documents are owing, and (vi) the successors and assigns of each of the foregoing, and (b) collectively, all of the foregoing.

“Credit Party Expenses” means, without limitation, (a) all reasonable and documented out-of-pocket expenses incurred by the Agent and its respective Affiliates, in connection with this Agreement and the other Loan Documents, including without limitation (i) the reasonable fees, charges and disbursements of (A) counsel for the Agent, (B) outside consultants for the Agent, (C) appraisers, (D) commercial finance examinations, and (E) all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Obligations, (ii) in connection with (A) the syndication of the credit facilities provided for herein, (B) the preparation, negotiation, administration, management, execution and delivery of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (C) the enforcement or protection of their rights in connection with this Agreement or the Loan Documents or efforts to preserve, protect, collect, or enforce the Collateral, or (D) any workout, restructuring or negotiations in respect of any Obligations, and (b) with respect to the L/C Issuer, and its Affiliates, all reasonable out-of-pocket expenses incurred in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder; and (c) all customary and reasonable and invoiced fees and charges (as adjusted from time to time) of Agent with respect to the disbursement of funds (or the receipt of funds) to or for the account of Loan Parties (whether by wire transfer or otherwise), together with any reasonable out-of-pocket costs and expenses incurred in connection therewith; and (d) all reasonable and documented out-of-pocket expenses incurred by the Credit Parties who are not the Agent or the L/C Issuer, after the occurrence and during the continuance of an Event of Default, provided that such Credit Parties shall be entitled to reimbursement for no more than one counsel (plus any local counsel) representing the Agent

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and one counsel representing all other Credit Parties (absent a conflict of interest in which case the Credit Parties may engage and be reimbursed for additional counsel).

“Cure Amount” has the meaning specified in Section 8.02.

“Cure Right” has the meaning specified in Section 8.02.

“Customer Credit Liabilities” means at any time, the aggregate remaining value at such time of (a) outstanding gift certificates and gift cards of the Borrowers entitling the holder thereof to use all or a portion of the certificate or gift card to pay all or a portion of the purchase price for any Inventory, (b) outstanding merchandise credits of the Borrowers, and (c) liabilities in connection with frequent shopping programs of the Borrowers.

“Customer Deposits” means at any time, the aggregate amount at such time of (a) deposits made by customers with respect to the purchase of goods or the performance of services and (b) layaway obligations of the Borrowers.

“Customs Broker/Carrier Agreement” means an agreement in form and substance satisfactory to the Agent among a Borrower, a customs broker, freight forwarder, consolidator or carrier, and the Agent.

“DDA” means each checking, savings or other demand deposit account maintained by any of the Loan Parties. All funds in each DDA shall be conclusively presumed to be Collateral and proceeds of Collateral and the Agent and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in any DDA.

“DDA Notification” has the meaning specified in Section 6.11(a)(ii).

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Margin, if any, applicable to Base Rate Loans, plus (iii) 2% per annum; provided, however, that with respect to a LIBO Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus 2% per annum and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin for Standby Letters of Credit or Commercial Letters of Credit, as applicable, plus 2% per annum.

“Defaulting Lender” means any Revolving Lender that (a) has failed to fund any portion of the Committed Revolving Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within three (3) Business Days of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Agent or any other Revolving Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, (c) has failed or refused to abide by any of its obligations under this Agreement, or (d) has been deemed insolvent or become the subject of a bankruptcy or insolvency

“Designated Event of Default” means any Event of Default under (a) Section 8.01(a) (solely with respect to the accuracy of any Borrowing Base Certificate), 8.01(b), 8.01(c), 8.01(d) (solely with respect to failure to comply with Section 6.04(h), 6.11 or 7.10) or 8.01(i), or (b) Section 8.01(d) (solely with respect to failure to comply with Section 6.04(a), (b) or (c) at any time a Covenant Compliance Event has occurred and is continuing or failure to comply with Section 6.04(a), (b) or (c) for the most recent reporting period immediately prior to the occurrence of a Covenant Compliance Event).

“Disinterested Director” means, with respect to any Person and transaction, a member of the board of directors of such Person who does not have any material direct or indirect financial interest in or with respect to such transaction. A member of any such board of directors shall not be deemed to have such a financial interest by reason of such member’s holding Equity Interests of such Person or any options, warrants or other rights in respect of such Equity Interests.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction and any sale, transfer, license or other disposition) of any property (including, without limitation, any Equity Interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Institution” means (i) any person identified by the Lead Borrower to the Agent in writing by name that is or becomes an operating company competitor of the Lead Borrower and/or any its Subsidiaries, (ii) any person that is identified by the Lead Borrower to the Agent in writing by name on or prior to the Closing Date; and (iii) any Affiliate of any person described in clauses (i) or (ii) above that are either (x) reasonably identifiable solely on the basis of such Affiliate’s name or (y) identified in writing by name by the Lead Borrower to the Agent from time to time, other than, with respect to this clause (iii), any bank, financial institution or fund that regularly invests in commercial loans or similar extensions of credit in the ordinary course of business and for which no personnel directly involved with the relevant Person (A) makes investment decisions or (B) has access to non-public information relating to the Lead Borrower and/or its Subsidiaries; provided, that the Agent shall not have any duty to verify whether such potential assignee or participant is a Disqualified Institution, nor shall the Agent incur any liability as a result of an assignment or the granting of a participation to any Disqualified Institution. Any such written notice shall become effective two Business Days after delivery to the Agent, and shall not apply retroactively to disqualify the transfer of an interest in the Loans and Commitments in accordance that was effective prior to the effective date of such notice.

“Disqualified Stock” means any Equity Interest 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 thereof), or upon the happening of any event, matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Loans and all other Obligations (other than Obligations in respect of Bank Products, Cash Management Services and contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted) are paid in full; provided, however, that (i) only the portion of such Equity Interests which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock and (ii) with respect to any Equity Interests issued to any employee or to any plan for the benefit of employees of the Lead Borrower or its Subsidiaries or by any such plan to such employees, such Equity Interest shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Lead Borrower or one of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of

such employee’s termination, resignation, death or disability and if any class of Equity Interest of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of an Equity Interest that is not Disqualified Stock, such Equity Interests shall not be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Equity Interest that would constitute Disqualified Stock solely because the holders thereof have the right to require a Loan Party to repurchase such Equity Interest upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that the Lead Borrower and its Subsidiaries may become obligated to pay upon maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock or portion thereof, plus accrued dividends.

“Dollars” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary of a Borrower other than a Foreign Subsidiary.

“EEA Financial Institution” means: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means (a) a Lender or any of its Affiliates; (b) in the case of an assignment of a Revolving Commitment, a bank, insurance company, or company engaged in the business of making commercial loans, which Person, together with its Affiliates, has a combined capital and surplus in excess of \$250,000,000; (c) an Approved Fund; (d) any Person to whom a Credit Party assigns its rights and obligations under this Agreement as part of an assignment and transfer of such Credit Party’s rights in and to a material portion of such Credit Party’s portfolio of asset based credit facilities, and (e) any other Person (other than a natural person) approved by (i) the Agent, the L/C Issuer and the Swing Line Lender, and (ii) unless an Event of Default has occurred and is continuing, the Lead Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include (A) a Loan Party or any of the Loan Parties’ Affiliates or Subsidiaries or (B) any Disqualified Institution.

“Eligible Cash on Hand” means cash or Permitted Cash Equivalent Investments owned by a Borrower, which are (a) available for use by a Borrower, without condition or restriction (other than in favor of Agent), (b) free and clear of any pledge or other Lien (other than (i) in favor of Agent, (ii) Liens permitted pursuant to Section 7.02(c) hereof, and (iii) in favor of the securities intermediary or depository bank where the investment account or deposit account referred to below is maintained for its customary fees and charges), (c) subject to the first priority perfected security interest of Agent (subject to the Liens of the securities intermediary or depository bank where the investment account or deposit account referred to below is maintained for its customary fees and charges), (d) in an investment account or deposit account specifically and solely used for purposes of holding such cash or Permitted Cash Equivalent Investments and which account is subject to a Blocked Account Agreement, and (e) for which

Agent shall have received a certificate from the Lead Borrower evidencing the amount of such cash or cash equivalents held in such investment account as of the applicable date of the calculation.

“Eligible Credit Card Receivables” means at the time of any determination thereof, each Credit Card Receivable that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Credit Card Receivable (i) has been earned by performance and represents the bona fide amounts due to a Borrower from a Credit Card Issuer or Credit Card Processor, and in each case originated in the ordinary course of business of such Borrower, and (ii) in each case is acceptable to the Agent in its Permitted Discretion, and is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (j) below. Without limiting the foregoing, to qualify as an Eligible Credit Card Receivable, such Credit Card Receivable shall indicate no Person other than a Borrower as payee or remittance party. In determining the amount to be so included, the face amount of such Credit Card Receivable shall be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer, a Credit Card Issuer or Credit Card Processor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Credit Card Receivable but not yet applied by the Loan Parties to reduce the amount of such Credit Card Receivable. Except as otherwise agreed by the Agent, any Credit Card Receivable included within any of the following categories shall not constitute an Eligible Credit Card Receivable:

- (a) Credit Card Receivables which do not constitute a “payment intangible” (as defined in the UCC);
- (b) Credit Card Receivables that have been outstanding for more than six (6) Business Days from the date of sale;
- (c) Credit Card Receivables (i) that are not subject to a perfected first priority and exclusive Lien in favor of the Agent, or (ii) with respect to which a Borrower does not have good, valid and marketable title thereto, free and clear of any Lien (in each case, other than (1) Liens granted to the Agent pursuant to the Security Documents, (2) Liens granted to the Term Loan Agent pursuant to the Term Loan Documents, Liens securing any Pari Passu Indebtedness (as defined in the Term Loan Agreement as in effect on the date hereof) and, in each case, are subject to the Intercreditor Agreement, (3) Liens permitted under Section 7.02(c) for which the Agent has established Reserves and (4) Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent for which the Agent has established Reserves in its Permitted Discretion);
- (d) Credit Card Receivables which are disputed, are with recourse, or with respect to which a claim, counterclaim, offset or chargeback has been asserted (to the extent of such claim, counterclaim, offset or chargeback);
- (e) Credit Card Receivables as to which the Credit Card Issuer or Credit Card Processor has the right under certain circumstances to require a Loan Party to repurchase the Credit Card Receivables from such Credit Card Issuer or Credit Card Processor;
- (f) Credit Card Receivables due from Credit Card Issuer or Credit Card Processor of the applicable credit card which is the subject of any bankruptcy or insolvency proceedings;
- (g) Credit Card Receivables which are not a valid, legally enforceable obligation of the applicable Credit Card Issuer or Credit Card Processor with respect thereto;

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- (h) Credit Card Receivables which do not conform to all representations, warranties or other provisions in the Loan Documents relating to Credit Card Receivables;
 - (i) Credit Card Receivables which are evidenced by “chattel paper” or an “instrument” of any kind unless, to the extent required under the Security Agreement, such “chattel paper” or “instrument” is in the possession of the Agent, and to the extent necessary or appropriate, endorsed to the Agent; or
 - (j) Credit Card Receivables which the Agent determines in its Permitted Discretion to be uncertain of collection or which do not meet such other reasonable eligibility criteria for Credit Card Receivables as the Agent may determine in its Permitted Discretion.

“Eligible In-Transit Inventory” means, as of any date of determination thereof, without duplication of other Eligible Inventory, items of In-Transit Inventory deemed by the Agent in its Permitted Discretion to be eligible for inclusion in the calculation of the Borrowing Base which will, subject to the proviso, include the In-Transit Inventory which meets each of the following criteria:

- (a) which has been shipped from a foreign port (FOB shipping point) for receipt by a Borrower, but which has not yet been delivered to such Borrower, which In-Transit Inventory has been in transit for sixty (60) days or less from the date of shipment of such Inventory;
- (b) for which the purchase order is in the name of a Borrower and title and risk of loss has passed to such Borrower;
- (c) for which an Acceptable Document of Title or Acceptable Transport Document has been issued, and in each case as to which the Agent has control (as defined in the UCC) over the documents of title which evidence ownership of the subject Inventory (such as, if requested by the Agent, by the delivery of a Customs Broker/Carrier Agreement);
- (d) which is insured to the reasonable satisfaction of the Agent (including, without limitation, marine cargo insurance);
- (e) the Foreign Vendor with respect to such In-Transit Inventory is an Approved Foreign Vendor; and
- (f) which otherwise would constitute Eligible Inventory;

provided that the Agent may, in its Permitted Discretion, exclude any particular Inventory from the definition of “Eligible In-Transit Inventory” in the event the Agent reasonably determines that such Inventory is subject to any Person’s right of reclamation, repudiation, stoppage in transit or any event has occurred or is reasonably anticipated by the Agent to arise which may otherwise adversely impact the ability of the Agent to realize upon such Inventory.

“Eligible Inventory” means, as of the date of determination thereof, without duplication, (i) Eligible In-Transit Inventory, and (ii) items of Inventory of a Borrower that are finished goods, merchantable and readily saleable to the public in the ordinary course of the Borrowers’ business and deemed by the Agent in its Permitted Discretion to be eligible for inclusion in the calculation of the Borrowing Base, except as otherwise agreed by the Agent, (A) complies with each of the representations and warranties respecting Inventory made by the Borrowers in the Loan Documents, and (B) is not excluded as ineligible by virtue of one or more of the criteria set forth below. Except as otherwise agreed

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by the Agent, in its discretion, the following items of Inventory shall not be included in Eligible Inventory:

- (a) Inventory that is not solely owned by a Borrower or a Borrower does not have good and valid title thereto;
- (b) Inventory that is leased by or is on consignment to a Borrower or which is consigned by a Borrower to a Person which is not a Loan Party;
- (c) Inventory (other than Eligible In-Transit Inventory) that is not located in the United States of America (excluding territories or possessions of the United States);
- (d) Inventory that is not located at a location that is owned or leased by a Borrower, except (i) Inventory in transit between such owned or leased locations or locations which meet the criteria set forth in clause (ii) below, or (ii) to the extent that the Borrowers have furnished the Agent with (A) any UCC financing statements or other documents that the Agent may determine to be necessary to perfect its security interest in such Inventory at such location, and (B) a Collateral Access Agreement executed by the Person owning any such location on terms reasonably acceptable to the Agent, or, with respect to Inventory located at third party-operated warehouses located in the United States of America (excluding territories or possessions of the United States) where the Loan Parties' obligations to such third party operator are subject to a use and occupancy arrangement under which there is a monthly fee charged for such usage, to the extent, the Borrowers have used commercially reasonable efforts to deliver any such Collateral Access Agreements and are unable to do so, and the Agent has implemented Reserves for such location in its Permitted Discretion (which, for the avoidance of doubt, shall consist of two (2) months of rent and shall consist of three (3) months for all other usage amounts due to such third party operator, plus all unpaid rent or usage fees due and payable at the time such Reserve is established;
- (e) Inventory that is located: (i) in a distribution center or warehouse leased by a Borrower unless the applicable lessor has delivered to the Agent a Collateral Access Agreement or, to the extent the Borrowers have used commercially reasonable efforts to deliver any such Collateral Access Agreements and are unable to do so, the Agent has implemented Reserves for such location in the amount of two (2) months' rent, plus all unpaid rent fees due and payable at the time such Reserve is established, or (ii) at any leased location in a Landlord Lien State unless the applicable lessor has delivered to the Agent a Collateral Access Agreement or the Agent has implemented Reserves for such location;
- (f) Inventory that is comprised of goods which (i) are damaged, defective, "seconds," or otherwise unmerchantable, (ii) are to be returned to the vendor, (iii) are obsolete or slow moving (i.e. beyond what was recognized on the most recent appraisal delivered to the Agent hereunder), or custom items, work in process, raw materials, or that constitute samples, spare parts, promotional, marketing, labels, bags and other packaging and shipping materials or supplies used or consumed in a Borrower's business, (iv) are seasonal in nature and which have been packed away for sale in the subsequent season, (v) are not in compliance with all standards imposed by any Governmental Authority having regulatory authority over such Inventory, its use or sale, or (vi) are bill and hold goods;
- (g) Inventory that is not subject to a perfected first priority and exclusive Lien in favor of the Agent (other than (1) Liens granted to the Agent pursuant to the Security Documents, (2) Liens granted to the Term Loan Agent pursuant to the Term Loan Documents, Liens securing

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any Pari Passu Indebtedness (as defined in the Term Loan Agreement as in effect on the date hereof) and, in each case, are subject to the Intercreditor Agreement, (3) Liens permitted under Section 7.02(c) for which the Agent has established Reserves and (4) Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent for which the Agent has established Reserves in its Permitted Discretion);

- (h) Inventory that is not insured in compliance with the provisions of Section 6.02 hereof;
- (i) to the extent not reserved for as a customer deposit, Inventory that has been sold but not yet delivered or as to which a Borrower has accepted a deposit;
- (j) Inventory that is subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third party from which any Borrower or any of its Subsidiaries has received notice of a dispute in respect of any such agreement; or
- (k) Inventory acquired in a Permitted Business Acquisition or which is not of the type usually sold in the ordinary course of the Borrowers' business, unless and until the Agent has completed or received (A) an appraisal of such Inventory from appraisers satisfactory to the Agent and establishes an advance rate therefor and Inventory Reserves (if applicable) therefor, and otherwise agrees that such Inventory shall be deemed Eligible Inventory, and (B) such other due diligence as the Agent may require, all of the results of the foregoing to be reasonably satisfactory to the Agent; provided that (1) as long as the Lead Borrower reasonably cooperates with the Agent in connection with the completion of such due diligence and all other eligibility criteria are satisfied with respect to such Inventory, seventy-five percent (75%) of the Cost of such Inventory shall be deemed Eligible Inventory pending the completion of such due diligence, and (2) as long as the Lead Borrower reasonably cooperates with the Agent in connection with the completion of such due diligence, if such due diligence is not completed within ninety (90) days after the date of the Permitted Business Acquisition, as long as all other eligibility criteria are satisfied with respect to such Inventory, 100% of the Cost of such Inventory shall be deemed Eligible Inventory until such time as the due diligence shall be completed.

"Eligible On-Hand Inventory" means all Eligible Inventory other than Eligible In-Transit Inventory.

"Eligible Trade Receivables" means Accounts deemed by the Agent in its Permitted Discretion to be eligible for inclusion in the calculation of the Borrowing Base arising from the sale of the Borrowers' Inventory (other than those consisting of Credit Card Receivables) that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Account (i) has been earned by performance and represents the bona fide amounts due to a Borrower from an account debtor, and in each case originated in the ordinary course of business of such Borrower, and (ii) in each case is acceptable to the Agent in its Permitted Discretion, and is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (v) below. Without limiting the foregoing, to qualify as an Eligible Trade Receivable, an Account shall indicate no Person other than a Borrower as payee or remittance party. In determining the amount to be so included, the face amount of an Account shall be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Borrowers to reduce the amount of such Eligible Trade Receivable.

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Except as otherwise agreed by the Agent, any Account included within any of the following categories shall not constitute an Eligible Trade Receivable:

- (a) Accounts that are not evidenced by an invoice;
- (b) Accounts that have been outstanding for more than ninety (90) days from the date of sale or more than sixty (60) days past the due date;
- (c) Accounts due from any account debtor which is obligated on any accounts described in clause (b), above.

(d) from and after the time when Eligible Trade Receivables first equal the greater of \$5,000,000 and five percent (5%) of the Borrowing Base, the aggregate amount of Accounts owed by an account debtor and/or its Affiliates exceed such percentage as may be established by the Agent in its Permitted Discretion from time to time for any account debtor (but the portion of the Accounts not in excess of the applicable percentages may be deemed Eligible Trade Receivables, in the Agent's Permitted Discretion);

(e) Accounts (i) that are not subject to a perfected first priority and exclusive Lien in favor of the Agent, (ii) with respect to which a Borrower does not have good, valid and marketable title thereto, free and clear of any Lien (other than (1) Liens granted to the Agent pursuant to the Security Documents, (2) Liens granted to the Term Loan Agent pursuant to the Term Loan Documents, Liens securing any Pari Passu Indebtedness (as defined in the Term Loan Agreement as in effect on the date hereof) and, in each case, are subject to the Intercreditor Agreement, (3) Liens permitted under Section 7.02(c) for which the Agent has established Reserves and (4) Permitted Encumbrances which are junior in priority to the Liens in favor of the Agent for which the Agent has established Reserves in its Permitted Discretion), or (iii) that have been sold to CIT, or on which CIT has a Lien, pursuant to the terms of the CIT Deferred Purchase Factoring Agreement;

(f) Accounts which are disputed or with respect to which a claim, counterclaim, offset or chargeback has been asserted, but only to the extent of such dispute, counterclaim, offset or chargeback;

(g) Accounts which arise out of any sale made not in the ordinary course of business, made on a basis other than upon credit terms usual to the business of the Borrowers or are not payable in Dollars;

(h) Accounts which are owed by any account debtor whose principal place of business is not within the continental United States;

(i) Accounts which are owed by any Affiliate or any employee of a Loan Party;

(j) Accounts for which all consents, approvals or authorizations of, or registrations or declarations with any Governmental Authority required to be obtained, effected or given in connection with the performance of such Account by the account debtor or in connection with the enforcement of such Account by the Agent have been duly obtained, effected or given and are in full force and effect;

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(k) Accounts due from an account debtor which is the subject of any bankruptcy or insolvency proceeding, has had a trustee or receiver appointed for all or a substantial part of its property, has made an assignment for the benefit of creditors or has suspended its business;

(l) Accounts due from any Governmental Authority except to the extent that the subject account debtor is the federal government of the United States of America and has complied with the Federal Assignment of Claims Act of 1940 and any similar state legislation;

(m) Accounts (i) owing from any Person that is also a supplier to or creditor of a Loan Party or any of its Subsidiaries unless such Person has waived any right of setoff in a manner acceptable to the Agent or (ii) representing any manufacturer's or supplier's credits, discounts, incentive plans or similar arrangements entitling a Loan Party or any of its Subsidiaries to discounts on future purchase therefrom;

(n) Accounts arising out of sales on a bill-and-hold, guaranteed sale, sale-or-return, sale on approval or consignment basis or subject to any right of return, set off or charge back;

(o) Accounts arising out of sales to account debtors outside the United States unless such Accounts are fully backed by an irrevocable letter of credit on terms, and issued by a financial institution, acceptable to the Agent and such irrevocable letter of credit is in the possession of the Agent;

(p) Reserved;

(q) Accounts evidenced by a promissory note or other instrument;

(r) Accounts consisting of amounts due from vendors as rebates or allowances;

(s) Accounts which are in excess of the credit limit for such account debtor established by the Borrowers in the ordinary course of business and consistent with past practices;

(t) Accounts which include extended payment terms (datings) beyond those generally furnished to other account debtors in the ordinary course of business;

(u) Accounts which constitute Credit Card Receivables;

(v) Accounts which the Agent determines in its Permitted Discretion to be unacceptable for borrowing; and

(w) all Accounts owed by an account debtor and/or its Affiliates that have outstanding Accounts sold to CIT, or on which CIT has a Lien, pursuant to the terms of the CIT Deferred Purchase Factoring Agreement.

"Enforcement Action" means the exercise by the Agent in good faith of any of its enforcement rights and remedies as a secured creditor hereunder or under the other Loan Documents, applicable law or otherwise at any time upon the occurrence and during the continuance of an Event of Default (including, without limitation, the solicitation of bids from third parties to conduct the liquidation of the Collateral, the engagement or retention of sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers or other third parties for the purposes of valuing, marketing, promoting and selling the Collateral, the commencement of any action to foreclose on the security interests or Liens of Agent in or on all or any material portion of the Collateral, notification of account debtors to make payments to the

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Agent, any action to take possession of all or any portion of the Collateral or commencement of any legal proceedings or actions against or with respect to all or any portion of the Collateral, but excluding, for the avoidance of doubt, notification from the Agent pursuant to a Blocked Account Agreement upon the occurrence of a Cash Dominion Event).

"Environmental Costs" means any and all costs or expenses (including attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, fines, penalties, damages, settlement payments, judgments and awards), of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to, any actual or alleged violation of, noncompliance with or liability under any Environmental Laws. Environmental Costs include any and all of the foregoing, without regard to whether they arise out of or are related to any past, pending or threatened proceeding of any kind.

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any Hazardous Materials into the environment.

“Environmental Liability” means any liability, obligation, damage, loss, claim, action, suit, judgment, order, fine, penalty, fee, expense, or cost, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal or presence of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permits” means any and all permits, licenses, registrations, notifications, exemptions and any other authorization required under any Environmental Law.

“Equipment” has the meaning specified in the UCC.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities (other than debt securities) convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“EU Bail-In Legislation Schedule”: EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Event of Default” has the meaning specified in Section 8.01.

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“Excluded Contribution” means Net Proceeds, or the fair market value of property or assets, received by the Lead Borrower as capital contributions to the Lead Borrower after the Closing Date or from the issuance or sale (other than to a Subsidiary) of Equity Interests (other than Disqualified Stock) of the Lead Borrower, in each case to the extent designated as an Excluded Contribution pursuant to a certificate of a Responsible Officer of the Lead Borrower.

“Excluded Subsidiary” means, at any date of determination, any Subsidiary of a Borrower:

- (a) that is an Immaterial Subsidiary;
- (b) that is prohibited by Requirement of Law or Contractual Obligations existing on the Closing Date (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition but not entered into in contemplation thereof) from Guaranteeing the Obligations or if Guaranteeing the Obligations would require governmental (including regulatory) consent, approval, license or authorization unless such consent, approval, license or authorization has been received;
- (c) with respect to which the Lead Borrower and the Agent reasonably agree that the burden or cost or other consequences of providing a guarantee of the Obligations shall be excessive in view of the benefits to be obtained by the Lenders therefrom;
- (d) with respect to which the provision of such guarantee of the Obligations would result in material adverse tax consequences to any Borrower or any of its Subsidiaries (as reasonably determined by the Lead Borrower and notified in writing to the Agent by the Lead Borrower);
- (e) that is a Subsidiary of a Foreign Subsidiary;
- (f) that is a joint venture or non-wholly owned Subsidiary;
- (g) that is an Unrestricted Subsidiary;
- (h) that is a Captive Insurance Subsidiary;
- (i) that is a Subsidiary formed solely for the purpose of (x) becoming a Parent Entity, or (y) merging with a Borrower or any Parent Entity in connection with another Subsidiary becoming a Parent Entity, in each case to the extent such entity becomes a Parent Entity or is merged with a Borrower or any Parent Entity within 60 days of the formation thereof, or otherwise creating or forming a Parent Entity; or
- (j) that is a not for profit Subsidiary;

provided that, notwithstanding the foregoing, any Subsidiary that Guarantees the payment of the Term Loan Agreement shall not be an Excluded Subsidiary.

Subject to the proviso in the preceding sentence, any Subsidiary that fails to meet the foregoing requirements as of the last day of the period of the most recent four consecutive fiscal quarters for which consolidated financial statements of Parent have been delivered pursuant to Section 6.04 shall continue to be deemed an Excluded Subsidiary hereunder until the date that is 60 days following the date on which such annual or quarterly financial statements were required to be delivered pursuant to Section 6.04 with

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respect to such period. If reasonably requested by the Agent, the Lead Borrower shall provide to the Agent a list of all Excluded Subsidiaries promptly following such request.

“Excluded Swap Obligation” means any Swap Obligation that arises from any guaranty or collateral pledge with respect to the Obligations that becomes impermissible under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time this Guaranty becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one (1) swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty or collateral pledge becomes illegal.

“Excluded Taxes” means, with respect to the Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of the Loan Parties hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), in each case (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which any Loan Party is located, (c) in the case of a Foreign Lender, (i) any withholding tax that is imposed on amounts payable to such Foreign Lender (A) at the time such Foreign Lender becomes a party hereto (other than as an assignee pursuant to a request by the Lead Borrower under Section 10.13) or (B) designates a new Lending Office, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Loan Parties with respect to such withholding tax pursuant to Section 3.01(a) or (ii) is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 3.01(e), and (d) any U.S. federal, state or local backup withholding tax, and (e) any U.S. federal withholding tax imposed under FATCA.

“Executive Order” has the meaning set forth in Section 10.18.

“Existing Credit Agreement” has the meaning specified in the introductory paragraph hereto.

“Existing Indebtedness” means all obligations under the Existing Credit Agreement and all obligations under the Existing Term Loan Agreement and the documents executed in connection therewith.

“Existing Letters of Credit” means those letters of credit referenced on Schedule 1.04 attached hereto.

“Existing Term Loan Agreement” means that certain Credit Agreement, dated as of May 1, 2013, among the Lead Borrower, Borrower Holdco, the GCI Capital Markets LLC and the lenders party thereto.

“Exiting Lender” means each “Lender” (as defined in the Existing Credit Agreement) without any Commitment hereunder.

“Extended Revolving Commitment” has the meaning specified in Section 2.16(a).

“Extension” has the meaning specified in Section 2.16(a).

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“Extension Amendment” has the meaning specified in Section 2.16(c).

“Extension Offer” has the meaning specified in Section 2.16(a).

“Extraordinary Receipt” means any cash received by or paid to or for the account of any Person not in the ordinary course of business, including tax refunds, pension plan reversions, proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings), condemnation awards (and payments in lieu thereof), indemnity payments and any purchase price adjustments.

“Facility Guaranty” means the Amended and Restated Guarantee dated as of the Closing Date made by the Guarantors in favor of the Agent and the other Credit Parties, in form reasonably satisfactory to the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced (including, without limitation, through any joinder agreements).

“Factored Receivables” means any Accounts originally owed or owing by a Loan Party to another Person which have been purchased by or factored with Wells Fargo or any of its Affiliates pursuant to a factoring arrangement or otherwise with the Person that sold the goods or rendered the services to the Loan Party which gave rise to such Account.

“FATCA” means current Section 1471 through 1474 of the Code or any amended version or successor provision that is substantively similar to and, in each case, any regulations promulgated thereunder and any interpretation and other guidance issued in connection therewith, any agreements entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreements entered into in connection with any of the foregoing and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Wells Fargo on such day on such transactions as determined by the Agent.

“Fee Letter” means the amended and restated fee letter agreement, dated September 19, 2016, among the Lead Borrower, the Agent and Wells Fargo Securities, LLC.

“Financial Performance Covenant” shall mean the covenant set forth in Section 7.10.

“Fiscal Month” means any fiscal month of any Fiscal Year, which month shall generally end on the last Thursday of each calendar month in accordance with the fiscal accounting calendar of the Loan Parties.

“Fiscal Quarter” means any fiscal quarter of any Fiscal Year, which quarters shall generally end on the last Thursday of each March, June, September, and December of such Fiscal Year in accordance with the fiscal accounting calendar of the Loan Parties.

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“Fiscal Year” means any period of twelve (12) consecutive months ending on the last Thursday of any calendar year.

“Fixed GAAP Date” means the Closing Date, provided that at any time after the Closing Date, the Lead Borrower may by written notice to the Agent 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 @ the definitions of the terms “Borrowing Base”, “Capital Expenditures”, “Capital Lease Obligation”, “Consolidated EBITDA”, “Consolidated Interest Charges”, “Consolidated Net Income”, “Foreign Borrowing Base”, “Secured Leverage Ratio”, “Consolidated Total Assets”, “Consolidated Total Indebtedness”, “Total Leverage Ratio”, “Consolidated” or “Inventory”, (b) all defined terms in this Agreement 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 this Agreement or the Loan Documents that, at the Lead Borrower's election, may be specified by the Lead Borrower by written notice to the Agent from time to time.

"Foreign Asset Control Regulations" has the meaning specified in Section 10.18.

"Foreign Borrowing Base" means the sum of (1) 92.50% of the net ordinary liquidation value of inventory held by the Borrowers' Foreign Subsidiaries, (2) 90.00% of all Receivables of the Borrowers' Foreign Subsidiaries, and (3) Unrestricted Cash of the Borrowers' Foreign Subsidiaries (in each case, determined as of the end of the most recently ended fiscal month for which internal consolidated financial statements of the Borrowers are available, and, in the case of any determination relating to any incurrence of Indebtedness, on a pro forma basis including (x) any property or assets of a type described above acquired since the end of such fiscal month and (y) any property or assets of a type described above being acquired in connection therewith).

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Lead Borrower is organized. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Pension Plan" means a registered pension plan which is subject to applicable pension legislation other than ERISA or the Code, which any Loan Party or any Subsidiary sponsors or maintains, or to which it makes or is obligated to make contributions.

"Foreign Plan" means each Foreign Pension Plan, deferred compensation or other retirement or superannuation plan, fund, program, agreement, commitment or arrangement whether oral or written, funded or unfunded, sponsored, established, maintained or contributed to, or required to be contributed to, or with respect to which any liability is borne, outside the United States of America, by any Loan Party or any of its Subsidiaries, other than any such plan, fund, program, agreement or arrangement sponsored by a Governmental Authority.

"Foreign Subsidiary" means any Subsidiary of a Borrower (a) that is organized under the laws of any jurisdiction outside of the United States of America and any Subsidiary of such Foreign Subsidiary or (b) that is a Foreign Subsidiary Holdco. Any subsidiary of a Borrower which is organized and existing under the laws of Puerto Rico or any other territory of the United States of America shall be a Foreign Subsidiary.

"Foreign Subsidiary Holdco" means any Subsidiary of a Borrower, so long as such Subsidiary has no material assets other than securities or indebtedness of one or more Foreign Subsidiaries (or

Subsidiaries thereof). Any Subsidiary which is a Foreign Subsidiary Holdco that fails to meet the foregoing requirements as of any date of determination shall continue to be deemed a "Foreign Subsidiary Holdco" hereunder until the date that is 60 days following such date (or such later date as the Agent may reasonably agree).

"Foreign Vendor" means a Person that sells In-Transit Inventory to a Borrower.

"Foreign Vendor Agreement" means an agreement between a Foreign Vendor and the Agent in form and substance reasonably satisfactory to the Agent and pursuant to which, among other things, the parties shall agree upon their relative rights with respect to In-Transit Inventory of a Borrower purchased from such Foreign Vendor.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fronting Fee" has the meaning specified in Section 2.03(j).

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means generally accepted accounting principles in the United States of America 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 this Agreement), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, and subject to the following sentence. If at any time the SEC permits or requires U.S. domiciled companies subject to the reporting requirements of the Exchange Act to use IFRS in lieu of GAAP for financial reporting purposes, the Lead Borrower may elect by written notice to the Administrative Agent to so use IFRS in lieu of GAAP 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 this Agreement) and (b) for prior periods, GAAP as defined in the first sentence of this definition. All ratios and computations based on GAAP contained in this Agreement shall be computed in conformity with GAAP.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such

Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided, however, that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" has the meaning specified in the introductory paragraph hereto, and each other Subsidiary of Borrower Holdco that shall be required to execute and deliver a Facility Guaranty pursuant to Section 6.10(c).

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature, in each case, that are regulated pursuant to any Environmental Law.

“Honor Date” has the meaning specified in Section 2.03(c)(i).

“Immaterial Subsidiaries” means any Subsidiary that (a) did not, as of the last day of the fiscal quarter of Parent most recently ended, have assets with a value in excess of 5.0% of the Consolidated Total Assets or revenues representing in excess of 5.0% of total revenues of Borrower Holdco and its Subsidiaries on a Consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of the last day of the fiscal quarter of Parent most recently ended, did not have assets with a value in excess of 10.0% of Consolidated Total Assets or revenues representing in excess of 10.0% of total revenues of Borrower Holdco and its Subsidiaries on a Consolidated basis as of such date. All Accounts and Inventory of the Immaterial Subsidiaries shall be segregated or otherwise identifiable in a manner sufficient to distinguish ownership of such Accounts and Inventory from the Accounts and Inventory of the Borrowers.

“Increase Effective Date” has the meaning specified in Section 2.15(a)(iv).

“Indebtedness” means, with respect to any person, without duplication, (a) the principal of indebtedness of such person for borrowed money, (b) the principal of obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all reimbursement obligations of such person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers’ acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed), (d) all obligations of such person issued or assumed as the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto, (e) all Capital Lease Obligations of such person, (f) the redemption, repayment or other repurchase amount of such person with respect to any Disqualified Stock of such person or (if such person is a Subsidiary of a Borrower other than a Subsidiary Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Equity

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Interest, or if less (or if such Equity Interest has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Equity Interest, such fair market value shall be as determined in good faith by senior management of the Lead Borrower, the board of directors of the Lead Borrower or the board of directors of the issuer of such Equity Interests), (g) all Indebtedness of other persons secured by a Lien on any asset of such person, whether or not such Indebtedness is assumed by such person; provided that the amount of Indebtedness of such person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by the Lead Borrower) and (B) the amount of such Indebtedness of such other persons, (h) all Guarantees by such person of Indebtedness of other persons, to the extent so Guaranteed by such person and (i) to the extent not otherwise included in this definition, net Swap Obligations of such person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Swap Obligation that would be payable by such Person at such time); provided that amount of Indebtedness of any person at any date shall be determined as set forth above or as otherwise provided for in this Agreement, or otherwise shall equal the amount thereof that would appear as a liability on a balance sheet of such person (excluding any notes thereto) prepared in accordance with GAAP. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof.

“Indemnified Taxes” means Taxes other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document.

“Indemnities” has the meaning specified in Section 10.04(b).

“Information” has the meaning specified in Section 5.14(a).

“Insolvency” means, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

“Intellectual Property” means all present and future: trade secrets, know-how and other proprietary information; trademarks, trademark applications, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights and copyright applications; (including copyrights for computer programs) and all tangible and intangible property embodying the copyrights, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

“Intercreditor Agreement” means that certain Intercreditor Agreement entered into as of the Closing Date by and between the Agent and the Term Loan Agent, as amended, restated, or otherwise modified from time to time.

“Interest Payment Date” means, (a) as to any LIBO Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date provided, however, that if any Interest Period for a

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LIBO Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the first day after the end of each quarter and the Maturity Date.

“Interest Period” means, as to each LIBO Rate Loan, the period commencing on the date such LIBO Rate Loan is disbursed or converted to or continued as a LIBO Rate Loan and ending on the date one, two, or three or six months thereafter, as selected by the Lead Borrower in its Committed Loan Notice; provided that:

- (i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;
- (ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;
- (iii) no Interest Period shall extend beyond the Maturity Date; and

(iv) notwithstanding the provisions of clause (iii) no Interest Period shall have a duration of less than one (1) month, and if any Interest Period applicable to a LIBO Borrowing would be for a shorter period, such Interest Period shall not be available hereunder.

For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“In-Transit Inventory” means Inventory of a Borrower which is in the possession of a common carrier and is in transit from a Foreign Vendor of a Borrower from a location outside of the continental United States to a location of a Borrower that is within the continental United States.

“Internal Control Event” means a material weakness in, or fraud that involves management or other employees who have a significant role in, the Parent’s and/or its Subsidiaries’ internal controls over financial reporting, in each case as described in the Securities Laws.

“Inventory” has the meaning specified in the UCC, and shall also include, without limitation, all: (a) goods which (i) are leased by a Person as lessor, (ii) are held by a Person for sale or lease or to be furnished under a contract of service, (iii) are furnished by a Person under a contract of service, or (iv) consist of raw materials, work in process, finished goods or materials used or consumed in a business; (b) goods of said description in transit; (c) goods of said description which are returned, repossessed or rejected; and (d) packaging, advertising, and shipping materials related to any of the foregoing.

“Inventory Reserves” means such reserves as may be established from time to time by the Agent in its Permitted Discretion with respect to the determination of the saleability, at retail, of the Eligible Inventory, which reflect such other factors as affect the market value of the Eligible Inventory or which reflect claims and liabilities that the Agent determines will need to be satisfied in connection with the realization upon the Inventory. Without limiting the generality of the foregoing, Inventory Reserves may, in the Agent’s Permitted Discretion, include (but are not limited to) reserves based on:

(a) obsolescence;

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(b) seasonality;

(c) Shrink;

(d) imbalance;

(e) change in Inventory character;

(f) change in Inventory composition;

(g) change in Inventory mix;

(h) markdowns (both permanent and point of sale);

(i) purchase price and freight variances;

(j) consigned inventory;

(k) retail markons and markups inconsistent with prior period practice and performance, industry standards, current business plans or advertising calendar and planned advertising events; and

(l) out-of-date and/or expired Inventory.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, (c) any Acquisition, or (d) any other investment of money or capital. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, but adjusted for any dividends or other return of capital upon such Investment.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, the Standby Letter of Credit Agreement or Commercial Letter of Credit Agreement, as applicable, and any other document, agreement and instrument entered into by the L/C Issuer and a Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to any such Letter of Credit.

“Joinder” means an agreement, substantially in the form attached hereto as Exhibit I, pursuant to which, among other things, a Person becomes a party to, and bound by the terms of, this Agreement and/or the other Loan Documents in the same capacity and to the same extent as either a Borrower or a Guarantor, as applicable.

“Junior Capital” means, collectively, any Indebtedness of any Parent Entity or any Borrower that (a) is not secured by any asset of any Loan Party or any Subsidiary, (b) has a final maturity date that is not earlier than, and provides for no scheduled payments of principal prior to, the date that is 91 days after the Outside Maturity Date (other than through conversion or exchange of any such Indebtedness for Equity Interests (other than Disqualified Stock) of the Borrowers, Equity of Parent or Borrower Holdco, or any

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other Junior Capital), (c) has no mandatory redemption or prepayment obligations other than obligations that are subject to the prior payment in full in cash of the Obligations and (d) does not require the payment of cash interest until the date that is 91 days after the Outside Maturity Date.

“Landlord Lien State” means such state(s) in which a landlord’s claim for rent may have priority over the Lien of the Agent in any of the Collateral.

“Laws” means each international, foreign, Federal, state and local statute, treaty, rule, guideline, regulation, ordinance, code and administrative or judicial precedent or authority, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and each applicable administrative order, directed duty, request, license, authorization and permit of, and agreement with, any Governmental Authority, in each case whether or

not having the force of law.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means (a) Wells Fargo in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder (which successor may only be a Revolving Lender reasonably acceptable to the Agent) and (b) with respect to the Existing Letters of Credit and until such Existing Letters of Credit expires or is returned undrawn, Wells Fargo. The L/C Issuer may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the L/C Issuer and/or for such Affiliate to act as an advising, transferring, confirming and/or nominated bank in connection with the issuance or administration of any such Letter of Credit, in which case the term “L/C Issuer” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“L/C Obligations” means, as at any date of determination, the aggregate undrawn amount available to be drawn under all outstanding Letters of Credit. For purposes of computing the amounts available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of any “rule” under the ISP or any article of UCP 600, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lead Borrower” has the meaning specified in the preamble of this Agreement.

“Lease” means any agreement, whether written or oral, no matter how styled or structured, pursuant to which a Loan Party is entitled to the use or occupancy of any space in a structure, land, improvements or premises for any period of time.

“Lender” means, individually, a Revolving Lender (and, as the context requires, includes the Swing Line Lender).

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Lead Borrower and the Agent.

“Letter of Credit” means each Standby Letter of Credit and each Commercial Letter of Credit issued hereunder and shall include the Existing Letters of Credit.

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“Letter of Credit Application” means an application for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven (7) days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

“Letter of Credit Fee” has the meaning specified in Section 2.03(i).

“Letter of Credit Sublimit” means an amount equal to \$30,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments. A permanent reduction of the Aggregate Revolving Commitments shall not require a corresponding pro rata reduction in the Letter of Credit Sublimit; provided, however, that if the Aggregate Revolving Commitments are reduced to an amount less than the Letter of Credit Sublimit, then the Letter of Credit Sublimit shall be reduced to an amount equal to (or, at Lead Borrower’s option, less than) the Aggregate Revolving Commitments.

“LIBO Borrowing” means a Revolving Credit Borrowing or Term Borrowing comprised of LIBO Rate Loans.

“LIBO Rate” means for any Interest Period with respect to a LIBO Rate Loan, the rate per annum which appears on the Reuters Screen LIBOR01 page (or any successor page) as of 11:00 a.m., London time, on the second London Business Day preceding the first day of such Interest Period (or if such rate does not appear on the Reuters Screen LIBOR01 page (or any successor page), then the rate as determined by the Agent from another recognized source or interbank quotation and consented to by the Lead Borrower), for a term, and in an amount comparable to the Interest Period and the amount of the LIBO Rate Loan requested (whether as an initial LIBO Rate Loan or as a continuation of a LIBO Rate Loan or as a conversion of a Base Rate Loan to a LIBO Rate Loan) by the Borrowers in accordance with this Agreement (and, if such rate is below zero, the LIBO Rate shall be deemed to be zero), which determination shall be made by Agent and shall be conclusive in the absence of manifest error. If such rate is not available at such time for any reason, then the “LIBO Rate” for such Interest Period shall be the rate per annum determined by the Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBO Rate Loan being made, continued or converted by Wells Fargo and with a term equivalent to such Interest Period would be offered to Wells Fargo by major banks in the London interbank eurodollar market in which Wells Fargo participates at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period (and, if such rate is below zero, the LIBO Rate shall be deemed to be zero).

“LIBO Rate Loan” means a Committed Revolving Loan that bears interest at a rate based on the Adjusted LIBO Rate.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Liquidation” means the exercise by the Agent of those rights and remedies accorded to the Agent under the Loan Documents and applicable Law as a creditor of the Loan Parties with respect to the realization on the Collateral, including (after the occurrence and during the continuation of an Event of Default) the conduct by the Loan Parties acting with the consent of the Agent, of any public, private or “going out of business”, “store closing”, or other similarly themed sale or other disposition of the Collateral for the purpose of liquidating the Collateral. Derivations of the word “Liquidation” (such as “Liquidate”) are used with like meaning in this Agreement.

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“Loan” means an extension of credit by a Lender to the Borrowers under Article II in the form of a Committed Revolving Loan or a Swing Line Loan.

“Loan Account” has the meaning specified in Section 2.11(a).

“Loan Cap” means, at any time of determination, the lesser of (a) the Aggregate Revolving Commitments and (b) the Borrowing Base.

“Loan Documents” means this Agreement, each Note, each Issuer Document, the Fee Letter, all Borrowing Base Certificates, the Blocked Account Agreements, the DDA Notifications, the Credit Card Notifications, the Security Documents, the Confirmation Agreement, the Facility Guaranty, and any other instrument or agreement now or hereafter executed and delivered in connection herewith, or in connection with any transaction arising out of any Cash Management Services and Bank Products provided by a Lender or any of their Affiliates, each as amended and in effect from time to time.

“Loan Parties” means, collectively, the Borrowers and each Guarantor.

“Management Advances” means (1) loans or advances made to directors, management members, officers, employees or consultants of any Parent Entity, any Borrower or any Subsidiary (x) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (y) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility, or (z) in the ordinary course of business and (in the case of this clause (z)) not exceeding \$7,500,000 in the aggregate outstanding at any time, (2) promissory notes of Management Investors acquired in connection with the issuance of Management Stock to such Management Investors, (3) Management Guarantees, or (4) Management Guarantees.

“Management Guarantees” means Guarantees (a) of up to an aggregate principal amount outstanding at any time of \$15,000,000 of borrowings by Management Investors in connection with their purchase of Management Stock or (b) made on behalf of, or in respect of loans or advances made to, directors, officers, employees or consultants of Parent, Borrower Holdco, the Borrowers or any Subsidiary (i) in respect of travel, entertainment and moving related expenses incurred in the ordinary course of business, or (ii) in the ordinary course of business and (in the case of this clause (ii)) not exceeding \$7,500,000 in the aggregate outstanding at any time.

“Management Indebtedness” means Indebtedness incurred to (a) any Person other than a Management Investor of up to an aggregate principal amount outstanding at any time of \$15,000,000, and (b) any Management Investor, in each case, to finance the repurchase or other acquisition of Equity Interests of Parent, any Parent Entity, Borrower Holdco, the Borrowers or any Subsidiary (including any options, warrants or other rights in respect thereof) from any Management Investor, which repurchase or other acquisition of Equity Interests is permitted by Section 7.06.

“Management Investors” means the management members, officers, directors, employees and other members of the management of Parent, any Parent Entity, Borrower Holdco, the Borrowers or any Subsidiary, or family members or relatives of any of the foregoing, or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Equity Interests of Parent, any Parent Entity, Borrower Holdco, the Borrowers or any Subsidiary.

“Management Stock” means Equity Interests of Parent, Borrower Holdco, the Borrowers or any Subsidiary (including any options, warrants or other rights in respect thereof) held by any of the Management Investors.

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“Margin Stock” has the meaning specified in Regulation U.

“Material Adverse Effect” means a material adverse change in, or a material adverse effect upon, (a) the operations, business, assets, liabilities (actual or contingent) or financial condition of the Loan Parties and their Subsidiaries (taken as a whole), (b) the ability of the Loan Parties (taken as a whole) to perform their obligations under the Loan Documents (taken as a whole), or (c) the legality, validity or enforceability of the Loan Documents (taken as a whole) or the rights and remedies of the Agent and the Lenders (taken as a whole) under the Loan Documents (taken as a whole). In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event in and of itself does not have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other than existing events would result in a Material Adverse Effect.

“Material Contract” means, with respect to any Person, each contract to which such Person is a party, the loss of which is reasonably likely to result in a Material Adverse Effect. Schedule 5.24 annexed hereto sets forth, as of the Closing Date, each of the Loan Parties’ Material Contracts.

“Material Indebtedness” means Indebtedness (other than the Obligations) of the Loan Parties in an aggregate principal amount exceeding \$25,000,000. For purposes of determining the amount of Material Indebtedness at any time, (a) the amount of the obligations in respect of any Swap Contract at such time shall be calculated at the Swap Termination Value thereof and (b) available yet undrawn committed amounts shall be included.

“Materials of Environmental Concern” means any pollutants, contaminants, hazardous or toxic substances or materials or wastes defined, listed, or regulated as such in or under, or which may give rise to liability under, any applicable Environmental Law, including gasoline, petroleum (including crude oil or any fraction thereof), petroleum products or by-products, asbestos, pesticides, herbicides, fungicides and polychlorinated biphenyls.

“Maturity Date” means the earliest of (a) the Outside Maturity Date and (b) in the event that there are outstanding obligations under the Term Loan Facility or any Permitted Refinancing thereof, the date that is 90 days prior to the then scheduled maturity date of the Term Loan Facility or any Permitted Refinancing thereof.

“Maximum Rate” has the meaning specified in Section 10.09.

“Minimum Extension Condition” has the meaning specified in Section 2.16(b).

“Monthly Financial Statements” has the meaning specified in Section 6.04(b).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Mortgage Policies” has the meaning specified in Section 6.10(b).

“Multiemployer Plan” means a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Proceeds” means:

(a) with respect to any Disposition by any Loan Party or any of its Subsidiaries, or any Extraordinary Receipt received or paid to the account of any Loan Party or any of its Subsidiaries, the

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excess, if any, of (i) the sum of cash and cash equivalents received in connection with such transaction (including any cash or cash equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or to be accrued as a liability under GAAP, in each case, as a consequence of, or in respect of, such Disposition, (B) all payments made, and all installment payments required to be made, on any Indebtedness (x) that is secured by any assets subject to such, in accordance with the terms of any Lien upon such assets, or (y) that must by its terms, or in order to obtain a necessary consent to such Disposition, or by applicable law, be repaid out of the proceeds from such Disposition, including but not limited to any payments required to be made to increase borrowing availability under any revolving credit facility, (C) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Disposition, or to any other Person (other than Parent or a Subsidiary) owning a beneficial interest in the assets disposed of in such Disposition, (D) any liabilities or obligations associated with the assets disposed of in such Disposition and retained, indemnified or insured by a Borrower or any Subsidiary after such Disposition, including pension and other post-employment benefit liabilities, liabilities related to environmental matters, and liabilities relating to any indemnification obligations associated with such Disposition and (E) the amount of any purchase price or similar adjustment (x) claimed by any Person to be owed by a Borrower or any Subsidiary, until such time as such claim shall have been settled or otherwise finally resolved, or (y) paid or payable by a Borrower or any Subsidiary, in either case in respect of such Disposition; and

(b) with respect to the sale or issuance of any Equity Interest by Parent or any Loan Party or any of its Subsidiaries, or any capital contributions, or the incurrence or issuance of any Indebtedness by Parent or any Loan Party or any of its Subsidiaries, the excess of (i) the sum of the cash and cash equivalents received in connection with such transaction over (ii) attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such transactions, and all taxes paid or payable as a result, or in respect, thereof.

"Non-Consenting Lender" has the meaning provided therefor in Section 10.01.

"Note" means (a) a Revolving Note and (b) the Swing Line Note, as each may be amended, restated, supplemented or modified from time to time.

"Obligations" means (a) all advances to, and debts (including principal, interest, fees, costs, and expenses), liabilities, obligations, covenants, indemnities, and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit (including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral therefor), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, fees, costs, expenses and indemnities that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, fees, costs, expenses and indemnities are allowed claims in such proceeding, and (b) any Other Liabilities; provided, however, the "Obligations" shall exclude all Excluded Swap Obligations.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture,

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trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed on overall net income however denominated and franchise leases imposed (in lieu of net income taken) as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Liabilities" means (a) any obligation on account of (i) any Cash Management Services furnished to any of the Loan Parties or any of their Subsidiaries and/or (ii) any transaction with any Credit Party that arises out of any Bank Product entered into with any Loan Party and any such Person, as each may be amended from time to time.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment pursuant to Section 10.13).

"Outside Maturity Date" means September 30, 2021.

"Outstanding Amount" means (i) with respect to Committed Revolving Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Revolving Loans and Swing Line Loans, as the case may be, occurring on such date and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date.

"Overadvance" means a Credit Extension to the extent that, immediately after its having been made, Availability is less than zero.

"Parent" means FDO Holdings, Inc., a Delaware corporation.

"Parent Entity" means any of Parent, Borrower Holdco, any Other Parent, and any other Person that is a Subsidiary of Parent, Borrower Holdco, or any Other Parent and of which Borrower is a Subsidiary. As used herein, "Other Parent" means a Person of which the Lead Borrower becomes a Subsidiary after the Closing Date that is designated by the Lead Borrower as an "Other Parent"; provided that either (x) immediately after the Lead Borrower first becomes a Subsidiary of such Person, more than 50.00% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50.00% of the Voting Stock of a Parent Entity of the Lead Borrower immediately prior to the Lead Borrower first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Lead Borrower first becoming a Subsidiary of such Person. In no event shall the Lead Borrower be deemed to be a "Parent Entity".

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"Participant" has the meaning specified in Section 10.06(d).

"Participation Register" has the meaning specified in Section 10.06(d).

"Payment Conditions" means no Event of Default shall have occurred and be continuing or would result from the taking of the relevant action as to which the satisfaction of the Payment Conditions is being determined, (A) in the case of any Investment or Permitted Business Acquisition, either (1) Availability is greater than 17.5% of the Loan Cap after giving effect to such payment or transaction and for the preceding 30 days or (2) (x) Availability is greater than 12.5% of the Loan Cap after giving effect to such payment or transaction and for the preceding 30 days and (y) the Consolidated Fixed Charge Coverage Ratio, on a Pro Forma Basis, is at least 1.0 to 1.0 after giving effect to such payment or transaction; and (B) in the case of any Restricted Payment or any prepayment of any Subordinated Indebtedness or Term Loan Obligations, either (1) Availability is greater than 20.0% of the Loan Cap after giving effect to such payment and for the preceding 30 days or (2) (x) Availability is greater than 15.0% of the Loan Cap after giving effect to such payment or transaction and for the preceding 30 days and (y) the Consolidated Fixed Charge Coverage Ratio, on a Pro Forma Basis, is at least 1.0 to 1.0 after giving effect to such payment or transaction.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

"PCAOB" means the Public Company Accounting Oversight Board.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to

Title IV of ERISA and is sponsored or maintained by the Lead Borrower or any ERISA Affiliate or to which the Lead Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

“Perfection Certificate” shall mean a perfection certificate with respect to the Loan Parties in a form reasonably satisfactory to the Agent.

“Permitted Asset Disposition” means:

(i) any Financing Disposition (as defined in the Term Loan Agreement as in effect on the date hereof),

(ii) any “fee in lieu” or other disposition of assets to any Governmental Authority that continue in use by a Borrower or any Subsidiary, so long as a Borrower or any Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee,

(iii) any exchange of property pursuant to or intended to qualify under Section 1031 (or any successor section) of the Code, or any exchange of equipment to be leased, rented or otherwise used in a Related Business,

(iv) any disposition arising from foreclosure, condemnation, eminent domain, or similar action with respect to any property or other assets, or exercise of termination rights under any lease, license, concession or other agreement or necessary or advisable (as determined by the Lead Borrower in good faith) in order to consummate any acquisition of any Person, business or assets or pursuant to buy/sell arrangements under any joint venture or similar agreement or arrangement,

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(v) any Disposition of Equity Interests, Indebtedness or other securities of an Unrestricted Subsidiary,

(vi) a Disposition of Equity Interests of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than a Borrower or a Subsidiary) from whom such Subsidiary was acquired, or from whom such Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), entered into in connection with such acquisition,

(vii) a Disposition of not more than 5.00% of the outstanding Equity Interests of a Foreign Subsidiary that has been approved by the board of directors of the Lead Borrower,

(viii) any Disposition or series of related Dispositions for aggregate consideration not to exceed the greater of (A) \$10,000,000 and (B) 10.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04; provided that if (x) more than five percent (5%) of assets of the type which may be included in the Borrowing Base (regardless of eligibility) are Disposed of pursuant to a single transaction or a series of related transactions under this clause (viii), the Borrowers shall deliver an updated Borrowing Base Certificate to the Agent, prepared on a pro forma basis after giving effect to such Disposition and/or (y) more than ten percent (10%) of assets of the type which may be included in the Borrowing Base (regardless of eligibility) are Disposed of pursuant to a single transaction or a series of related transactions under this clause (viii), the Agent shall have the ability to conduct an updated appraisal of the assets included on the Borrowing Base at the expense of the Loan Parties (but which appraisal shall not, for the avoidance of doubt, be counted as one of the appraisals performed pursuant to Section 6.07 hereof for purposes of determining reimbursement of the costs and expenses thereof by the Loan Parties),

(ix) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the reasonable judgment of the Lead Borrower, no longer economically practicable to maintain or useful in the conduct of the business of the Borrowers and their Subsidiaries taken as a whole,

(x) any Exempt Sale and Leaseback Transaction (as defined in the Term Loan Agreement as in effect on the date hereof), or

(xi) to the extent constituting a Disposition, a Public Offering.

“Permitted Business Acquisition” means an Acquisition in which all of the following conditions are satisfied:

(a) no Event of Default then exists, nor would any Default or Event of Default arise from the consummation of such Acquisition;

(b) such Acquisition shall have been approved by the board of directors of the Person (or similar governing body if such Person is not a corporation) which is the subject of such Acquisition and such Person shall not have announced that it will oppose such Acquisition or shall not have commenced any action which alleges that such Acquisition shall violate applicable Law;

(c) any assets acquired shall be utilized in, and if the Acquisition involves a merger, consolidation or Acquisition of Equity Interests, the Person which is the subject of such Acquisition shall be engaged in, a business otherwise permitted to be engaged in by a Borrower under this Agreement;

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(d) if the Person which is the subject of such Acquisition will be maintained as a Subsidiary of a Loan Party (other than an Excluded Subsidiary), or if the assets acquired in an acquisition will be transferred to a Subsidiary (other than an Excluded Subsidiary) which is not then a Loan Party, such Subsidiary shall have been joined as a “Borrower” or as a “Guarantor” hereunder, as applicable, pursuant to the requirements of Section 6.10;

(e) after giving effect to the Acquisition, if the Acquisition is an Acquisition of the Equity Interests, a Loan Party shall acquire and own, directly or indirectly, a majority of the Equity Interests in the Person being acquired and shall Control a majority of any voting interests or shall otherwise Control the governance of the Person being acquired; and

(f) the total consideration paid for all such Acquisitions (whether in cash, tangible property, notes or other property) after the Closing Date shall not exceed in the aggregate the sum of \$15,000,000, provided additional Acquisitions may be consummated in excess of the foregoing cap so long as both immediately before such Acquisition is consummated and immediately after giving effect thereto, the Payment Conditions are satisfied.

“Permitted Cash Equivalent Investments” means:

(a) direct obligations of the United States of America or any agency thereof or obligations guaranteed by the United States of America or any agency thereof, in each case, with maturities not exceeding two years;

(b) time deposits, eurodollar time deposits, certificates of deposit and money market deposits, in each case, with maturities not exceeding one year from the date of acquisition thereof, and overnight bank deposits, in each case, with any commercial bank having capital, surplus and undivided profits of not less than

\$250.0 million and whose long term debt, or whose parent holding company's long term debt, is rated at least "A-2" by Moody's or at least "A" by S&P (or reasonably equivalent ratings of another internationally recognized rating agency);

(c) repurchase obligations for underlying securities of the types described in clauses (a) and (b) above entered into with a bank meeting the qualifications described in clause (b) above;

(d) commercial paper maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time any investment therein is made of at least "P-1" by Moody's or at least "A-1" by S&P (or reasonably equivalent ratings of another internationally recognized rating agency);

(e) securities with maturities of two years or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, having one of the two highest rating categories obtainable from either Moody's or S&P (or reasonably equivalent ratings of another internationally recognized rating agency);

(f) Indebtedness issued by persons (other than any Permitted Holder) with a rating of at least "A-2" by Moody's or "A" by S&P (or reasonably equivalent ratings of another internationally recognized rating agency), in each case with maturities not exceeding one year from the date of acquisition;

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(g) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (a) through (g) above;

(h) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated "Aaa" by Moody's and "AAA" by S&P (or reasonably equivalent ratings of another internationally recognized rating agency) and (iii) have portfolio assets of at least \$5,000.0 million; and

(i) instruments equivalent to those referred to in clauses (a) through (i) above denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

"Permitted Debt Exchange Notes" has the meaning assigned to such term in the Term Loan Agreement as in effect on the date hereof.

"Permitted Discretion" means a determination made in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

"Permitted Disposition" has the meaning specified in Section 7.05.

"Permitted Encumbrances" has the meaning specified in Section 7.02.

"Permitted Holders" means any of the following: (i) any member of the Sponsor Group; (ii) any of the Management Investors and their respective Affiliates, (iii) any investment fund or vehicle managed, sponsored or advised by any member of the Sponsor Group or any Affiliate thereof, and any Affiliate of or successor to any such investment fund or vehicle; (iv) any limited or general partners of, or other investors in, any member of the Sponsor Group or any Affiliate thereof, or any such investment fund or vehicle; (v) any "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date) of which any of the Persons specified in clause (i), (ii), (iii) or (iv) above is a member (provided that (without giving effect to the existence of such "group" or any other "group") one or more of such Persons collectively have beneficial ownership, directly or indirectly, of more than 50.00% of the total voting power of the voting stock of the Lead Borrower or the Parent Entity held by such "group"), and any other Person that is a member of such "group"; and (vi) any Person acting in the capacity of an underwriter (solely to the extent that and for so long as such Person is acting in such capacity) in connection with a public or private offering of capital stock of any Parent Entity or the Borrower. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) constitutes or results in a Change of Control (whether or not in connection with any repayment or repurchase of Indebtedness outstanding pursuant to Junior Indebtedness), together with its Affiliates, shall thereafter constitute Permitted Holders.

"Permitted Indebtedness" has the meaning specified in Section 7.01.

"Permitted Investments" has the meaning provided in Section 7.04.

"Permitted Overadvance" means an Overadvance made by the Agent, in its Permitted Discretion, which:

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(a) is made to maintain, protect or preserve the Collateral and/or the Credit Parties' rights under the Loan Documents or which is otherwise for the benefit of the Credit Parties;

(b) is made to enhance the likelihood of, or to maximize the amount of, repayment of any Obligation;

(c) is made to pay any other amount chargeable to any Loan Party hereunder; and

(d) together with all other Permitted Overadvances then outstanding, shall not (i) exceed ten percent (10%) of the Borrowing Base at any time or (ii) unless a Liquidation is occurring, remain outstanding for more than forty-five (45) consecutive Business Days, unless in each case, the Required Lenders otherwise agree.

provided, however, that the foregoing shall not (i) modify or abrogate any of the provisions of Section 2.03 regarding the Revolving Lenders' obligations with respect to Letters of Credit or Section 2.04 regarding the Revolving Lenders' obligations with respect to Swing Line Loans, or (ii) result in any claim or liability against the Agent (regardless of the amount of any Overadvance) for Unintentional Overadvances and such Unintentional Overadvances shall not reduce the amount of Permitted Overadvances allowed hereunder; provided further that in no event shall the Agent make an Overadvance, if after giving effect thereto, the principal amount of the Credit Extensions would exceed the Aggregate Revolving Commitments (as in effect prior to any termination of the Revolving Commitments pursuant to Section 2.06(a) hereof).

"Permitted Refinancing" means, with respect to any Person, any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting a Permitted Refinancing); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing does not exceed the sum of (x) the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced and (y) an amount equal to any unutilized commitment relating to the Indebtedness being so Refinanced or otherwise then

outstanding under the financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with Section 7.01 immediately prior to such Refinancing (plus unpaid accrued interest and premiums thereon and underwriting discounts, defeasance costs, fees, commissions and expenses), (b) the weighted average life to maturity of such Permitted Refinancing is greater than or equal to the weighted average life to maturity of the Indebtedness being Refinanced (c) such Permitted Refinancing shall not require any scheduled principal payments due prior to the Maturity Date in excess of, or prior to, the scheduled principal payments due prior to such Maturity Date for the Indebtedness being Refinanced, (d) if the Indebtedness being Refinanced is subordinated in right of payment or liens to the Obligations under this Agreement (whether through an intercreditor agreement or otherwise), such Permitted Refinancing shall be subordinated in right of payment or liens, as applicable, to such Obligations on terms at least as favorable to the Credit Parties as those contained in the documentation governing the Indebtedness being Refinanced, and, to the extent such Indebtedness is subject to an intercreditor agreement, such Permitted Refinancing will be subject to the provisions of such intercreditor agreement and (e) no Permitted Refinancing shall have direct or indirect obligors who were not also obligors of the Indebtedness being Refinanced, or greater guarantees or security, than the Indebtedness being Refinanced.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority or other entity.

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“Plan” means at a particular time, any employee benefit plan which is covered by ERISA and in respect of which any Loan Party, any Subsidiary or any Commonly Controlled Entity is an “employer” as defined in Section 3(5) of ERISA.

“Platform” has the meaning specified in Section 6.04.

“Portal” has the meaning specified in Section 2.02.

“Post-Closing Letter” means the letter agreement, dated the date hereof, among the Loan Parties and the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced.

“Preferred Stock” means, as applied to the capital stock of any corporation or company, capital stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation or company, over capital stock of any other class of such corporation or company.

“Pro Forma Basis” means, for purposes of calculating compliance with any test or financial covenant under this Agreement for any period, that the applicable Permitted Business Acquisition, Restricted Payment, Disposition or Investment (and all other Permitted Business Acquisitions, Restricted Payments, Dispositions or Investments that have been consummated during the applicable period) and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant: (a) income statement items (whether positive or negative) attributable to or projected from the property or Person subject to such Permitted Business Acquisition, Restricted Payment, Disposition or Investment, (i) in the case of a Disposition shall be excluded, and (ii) in the case of a Permitted Business Acquisition, shall be included; (b) any retired Indebtedness; and (c) any Indebtedness incurred or assumed by the Lead Borrower or any of the Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination; provided, however, that the foregoing pro forma adjustments may be applied to any such test or financial covenant solely to the extent that such adjustments are approved by Agent (other than adjustments described in clause (ix) of the definition of “Consolidated EBITDA” and give effect to events (including operating expense reductions) that are (1) attributable to such transaction, (2) expected to have a continuing impact on the Lead Borrower and its Subsidiaries, and (3) are reasonably deemed in good faith to be achievable based on reasonable assumptions and information then available to the Lead Borrower and Agent.

“Public Lender” has the meaning specified in Section 6.04.

“Public Offering” means the issuance by the Lead Borrower or any Parent Entity of its common equity interests or the sale by selling stockholders of common equity interests of the Lead Borrower or any Parent Entity, in either case, in an underwritten public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act (whether the offering is primary or secondary) and such equity interests are listed on a nationally-recognized stock exchange in the U.S.

“Purchase” has the meaning specified in the definition of “Secured Leverage Ratio”.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, the Borrower, the Guarantor (if applicable) or any other guarantor of the Obligations that has total assets exceeding

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\$10,000,000 at the time such Swap Obligation is incurred or such other person as constitutes an “Eligible Contract Participant” (an “ECP”) as that term is defined under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Qualified Equity Interests” shall mean any Equity Interests other than Disqualified Stock.

“Real Estate” means all Leases and all land, together with the buildings, structures, parking areas, and other improvements thereon, now or hereafter owned by any Loan Party, including all easements, rights-of-way, and similar rights relating thereto and all leases, tenancies, and occupancies thereof.

“Receipts and Collections” has the meaning specified in Section 6.11(c).

“Receivables Reserves” means such Reserves as may be established from time to time by the Agent in the Agent’s Permitted Discretion with respect to the determination of the collectability in the ordinary course of Eligible Trade Receivables, including, without limitation, dilution reserves.

“Register” has the meaning specified in Section 10.06(c).

“Registered Public Accounting Firm” means a firm of independent public accountants of recognized national or regional standing reasonably acceptable to the Agent.

“Regulation U” means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Businesses” means those businesses in which any Borrower or any of its Subsidiaries is engaged on the Closing Date, or that are reasonably similar, related, complementary, incidental or ancillary thereto or reasonable extensions, developments or expansions thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating in, into, upon, onto or through the environment.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the 30 day notice period is waived under Section 21, 22, 23, 24, 25, 27 or 28 of PBGC Regulation Section 4043 or any successor regulation thereto.

“Reports” has the meaning provided in Section 9.12(b).

“Request for Credit Extension” means (a) with respect to a Borrowing, conversion or continuation of Committed Revolving Loans, an electronic notice via the Portal or Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application and, if required by the L/C Issuer, a Standby Letter of Credit Agreement or Commercial Letter of Credit Agreement, as applicable, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

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“Required Financial Statements” has the meaning specified in Section 6.04(b).

“Required Lenders” means, as of any date of determination, Lenders holding more than fifty percent (50%) of the Aggregate Revolving Commitments or, if the Aggregate Revolving Commitments and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.03, Lenders holding in the aggregate more than fifty percent (50%) of the sum of the Total Outstandings (with the aggregate amount of each Revolving Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Revolving Lender for purposes of this definition); provided, that the Revolving Commitment of, and the portion in the aggregate of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided, further, that if there are two or more Lenders that are not Defaulting Lenders, “Required Lenders” must consist of at least two Lenders that are not Defaulting Lenders.

“Requirement of Law” means, as to any Person, the Organization Documents of such Person, and any law, statute, ordinance, code, decree, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its material property or to which such Person or any of its material property is subject, including laws, ordinances and regulations pertaining to zoning, occupancy and subdivision of real properties; provided that the foregoing shall not apply to any non-binding recommendation of any Governmental Authority.

“Reserves” means all Inventory Reserves, Availability Reserves, and Receivables Reserves.

“Responsible Officer” means the chief executive officer, president, chief financial officer, vice president of finance, controller, treasurer or assistant treasurer of a Loan Party or any of the other individuals designated in writing to the Agent by an existing Responsible Officer of a Loan Party as an authorized signatory of any certificate or other document to be delivered hereunder. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Person or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to such Person’s stockholders, partners or members (or the equivalent of any thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment. Without limiting the foregoing, “Restricted Payments” with respect to any Person shall also include all payments made by such Person with any proceeds of a dissolution or liquidation of such Person.

“Revolving Commitment” means, as to each Revolving Lender, its obligation to (a) make Committed Revolving Loans to the Borrowers pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. For the avoidance of doubt, “Revolving Commitment” shall include any Extended Revolving Commitment.

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“Revolving Credit Borrowing” means a borrowing consisting of simultaneous Committed Revolving Loans of the same Type and, in the case of LIBO Rate Loans which are Committed Revolving Loans, having the same Interest Period made by each of the Revolving Lenders pursuant to Section 2.01.

“Revolving Lender” means each Lender having a Revolving Commitment as set forth on Schedule 2.01 hereto or in the Assignment and Assumption by which such Person becomes a Revolving Lender.

“Revolving Note” a promissory note made by the Borrowers in favor of a Revolving Lender evidencing Committed Revolving Loans made by such Revolving Lender, substantially in the form of Exhibit C-1.

“Rollover Indebtedness” means Indebtedness of the Borrowers and their Subsidiaries issued to any lender under the Term Loan Facility in lieu of such lender’s pro rata portion of any repayment of Term Loans made pursuant to the Term Loan Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“Sale” has the meaning specified in the definition of “Secured Leverage Ratio”.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Secured Leverage Ratio” means as of any date of determination, the ratio of (i) Consolidated Total Indebtedness secured by a Lien on property or assets of the Loan Parties and their Subsidiaries (other than property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby) as at such date (after giving effect to any incurrence or discharge of Indebtedness on such date) to (ii) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Lead Borrower have been delivered pursuant to Section 6.04, provided that:

(1) if, since the beginning of such period, any Loan Party or any Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business, including any such disposition occurring in connection with a transaction causing a calculation to be made hereunder, or designated any Subsidiary as an Unrestricted Subsidiary (any such disposition or designation, a “Sale”), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, any Loan Party or any Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder, or designated any Unrestricted Subsidiary as a Subsidiary (any such Investment, acquisition or designation, “Purchase”), Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and

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(3) if, since the beginning of such period, any Person became a Subsidiary or was merged or consolidated with or into any Borrower or any Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by any Borrower or a Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period;

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the pro forma calculations in respect thereof (including in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer or another Responsible Officer of the Lead Borrower; provided that with respect to cost savings or synergies relating to any Sale, Purchase or other transaction, the related actions are expected by the Lead Borrower to be taken no later than 18 months after the date of determination.

“Securities Laws” means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the PCAOB.

“Security Agreement” means the Amended and Restated Security Agreement dated as of the Closing Date among the Loan Parties and the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced (including, without limitation, through any joinder agreements).

“Security Documents” means the Security Agreement, the Blocked Account Agreements, the DDA Notifications, the Credit Card Notifications, and each other security agreement or other instrument or document executed and delivered to the Agent pursuant to this Agreement or any other Loan Document granting a Lien to secure any of the Obligations.

“Settlement Date” has the meaning specified in Section 2.14(a).

“Shareholders’ Equity” means, as of any date of determination, consolidated shareholders’ equity of the Lead Borrower and its Subsidiaries as of that date determined in accordance with GAAP.

“Shrink” means Inventory which has been lost, misplaced, stolen, or is otherwise unaccounted for.

“Single Employer Plan” means any Plan which is covered by Title IV or Section 302 of ERISA or Section 412 of the Code, but which is not a Multiemployer Plan.

“Solvent” and “Solvency” means, with respect to the Loan Parties and their Subsidiaries on a consolidated basis after giving effect to the Transactions on the Closing Date, (a) the Fair Value and Present Fair Salable Value of the assets of the Loan Parties and their Subsidiaries taken as a whole exceed their Stated Liabilities and Identified Contingent Liabilities; (b) the Loan Parties and their Subsidiaries taken as a whole do not have Unreasonably Small Capital; and (c) the Loan Parties and their Subsidiaries taken as a whole will be able to pay their Stated Liabilities and Identified Contingent Liabilities as they mature (all capitalized terms used in this definition (other than “Closing Date”, “Transactions”, “Loan Parties” and “Subsidiaries” which have the meanings set forth in this Agreement) shall have the meanings assigned to such terms in the certificate delivered on the Closing Date pursuant to Section 4.01(a)(vi)).

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“Sponsor Group” means Ares Corporate Opportunities Fund III, L.P., FS Equity Partners VI, L.P. and FS Affiliates VI, L.P. and each of their respective Affiliates, other than the Loan Parties and their respective Subsidiaries.

“Spot Rate” has the meaning specified in Section 1.07 hereof.

“Standby Letter of Credit” means any Letter of Credit that is not a Commercial Letter of Credit and that (a) is used in lieu or in support of performance guaranties or performance, surety or similar bonds (excluding appeal bonds) arising in the ordinary course of business, (b) is used in lieu or in support of stay or appeal bonds, (c) supports the payment of insurance premiums for reasonably necessary casualty insurance carried by any of the Loan Parties, or (d) supports payment or performance for identified purchases or exchanges of products or services in the ordinary course of business.

“Standby Letter of Credit Agreement” means the Standby Letter of Credit Agreement relating to the issuance of a Standby Letter of Credit in the form from time to time in use by the L/C Issuer.

“Stated Amount” means at any time the maximum amount for which a Letter of Credit may be honored.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the FRB to which the Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBO Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Store” means any retail store (which may include any real property, fixtures, equipment, inventory and other property related thereto) operated, or to be operated, by any Loan Party.

“Subordinated Indebtedness” means Indebtedness which is expressly subordinated in right of payment to the prior payment in full of the Obligations pursuant to a

written agreement.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of a Loan Party. Notwithstanding the foregoing, except for purposes of the definition of “Unrestricted Subsidiary”, an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of a Loan Party for purposes of this Agreement, other than with respect to the provisions related to ERISA, for which it shall constitute a Subsidiary.

“Subsidiary Redesignation” shall have the meaning specified in the definition of “Unrestricted Subsidiary”.

“Supply Chain Finance Reserves” means such reserves as the Agent from time to time determines in its Permitted Discretion as being appropriate to reflect the liabilities and obligations of the Loan Parties

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with respect to supply chain finance services provided by any Credit Party or any of their respective Affiliates.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement, and (c) any other Swap Obligations.

“Swap Obligation” means any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.04.

“Swing Line Lender” means Wells Fargo, in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Loan Notice” means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

“Swing Line Note” means the promissory note of the Borrowers substantially in the form of Exhibit C-2, payable to the order of the Swing Line Lender, evidencing the Swing Line Loans made by the Swing Line Lender.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$20,000,000 and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Syndication Agent” means SunTrust Bank and its successors and assigns.

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“Taxes” or “taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Loan Agent” means UBS AG, Stamford Branch.

“Term Loan Agreement” means that certain Credit Agreement, dated as of the date hereof, among the Lead Borrower, Borrower Holdco, the Term Loan Agent and the lenders party thereto.

“Term Loan Facility” means the \$350,000,000 term loan facility under the Term Loan Agreement.

“Term Loan Lender” means “Lender” as defined in the Term Loan Agreement.

“Term Loan Obligations” means “Term Loan Facility Obligations” as defined in the Term Loan Agreement as in effect on the date hereof.

“Term Loan Security Documents” means the “Security Documents” as defined in the Term Loan Agreement.

“Term Priority Accounts” has the meaning specified in the Intercreditor Agreement.

“Term Priority Collateral” has the meaning specified in the Intercreditor Agreement.

“Termination Date” means the earliest to occur of (i) the Maturity Date, (ii) the date on which the maturity of the Obligations is accelerated (or deemed accelerated) and the Commitments are irrevocably terminated (or deemed terminated) in accordance with Article VIII, or (iii) the termination of the Revolving Commitments in accordance with the provisions of Section 2.06(a) hereof.

“Total Leverage Ratio” means the ratio of (i) Consolidated Total Indebtedness as at such date (after giving effect to any incurrence or discharge of Indebtedness on

such date) to (ii) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of Parent have been delivered pursuant to Section 6.04, provided that:

- (1) if, since the beginning of such period, any Loan Party or any Subsidiary shall have made a Sale (including any Sale occurring in connection with a transaction causing a calculation to be made hereunder), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) if, since the beginning of such period, any Loan Party or any Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and
- (3) if, since the beginning of such period, any Person became a Subsidiary or was merged or consolidated with or into any Borrower or any Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by any Borrower or a Subsidiary since the beginning of such period,

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Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period;

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the pro forma calculations in respect thereof (including in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer or another Responsible Officer of the Lead Borrower; provided that with respect to cost savings or synergies relating to any Sale, Purchase or other transaction, the related actions are expected by the Lead Borrower to be taken no later than 18 months after the date of determination.

“Total Outstandings” means the aggregate Outstanding Amount of all Committed Revolving Loans, all Swing Line Loans, and all L/C Obligations.

“Trading with the Enemy Act” has the meaning specified in Section 10.18.

“Transactions” means, collectively, (a) the execution and delivery of the Term Loan Agreement and the extension of credit under the Term Loan Facility, (b) the execution and delivery of this Agreement and the funding of the Loans on the Closing Date, (c) repaying and release of the obligations of the Lead Borrower and the Guarantor under the Existing Term Loan Agreement, (d) repaying the Term Loan (as defined in the Existing Credit Agreement), together with all interest, fees and expenses payable in connection therewith under the Existing Credit Agreement, (e) the Closing Date Dividend, (f) the consummation of any other transactions in connection with the foregoing, and (g) the payment of the fees and expenses incurred in connection with the foregoing.

“Type” means, with respect to a Committed Revolving Loan, its character as a Base Rate Loan or a LIBO Rate Loan.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the New York provided, however, that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning specified in Article 9; provided further that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “Uniform Commercial Code” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

“UCP 600” means the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce and in effect as of July 1, 2007 (or such later version thereof as may be in effect at the time of issuance).

“UFCA” has the meaning specified in Section 10.21(d).

“UFTA” has the meaning specified in Section 10.21(d).

“Unintentional Overadvance” means an Overadvance which, to the Agent’s knowledge, did not constitute an Overadvance when made but which has become an Overadvance resulting from changed circumstances beyond the control of the Credit Parties, including, without limitation, a reduction in the Appraised Value of property or assets included in the Borrowing Base or misrepresentation by the Loan Parties.

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“United States” and “U.S.” mean the United States of America.

“Unrestricted Cash” means, at any date of determination, the aggregate amount of cash, cash equivalents and Permitted Cash Equivalent Investments included in the cash accounts that would be listed on the consolidated balance sheet of the Borrowers prepared in accordance with GAAP as of the end of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrowers are available to the extent such cash is not classified as “restricted” for financial statement purposes (unless so classified solely because of any provision under the Loan Documents or any other agreement or instrument governing other Indebtedness that is subject to the Intercreditor Agreement or any other intercreditor agreement governing the application thereof or because they are subject to a Lien securing Indebtedness that is subject to the Intercreditor Agreement or any other intercreditor agreement) excluding, however, the proceeds from any incurrence of Indebtedness borrowed on the date of such determination that are not (in the good faith judgment of the Lead Borrower) intended to be used for working capital purposes.

“Unrestricted Subsidiary” means (i) any Subsidiary of Borrower Holdco (other than a Borrower) that at the time of determination is an Unrestricted Subsidiary, as designated by the board of directors of Borrower Holdco in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary (other than a Borrower). The board of directors of Borrower Holdco may designate any Subsidiary of Borrower Holdco (other than a Borrower) (including any newly acquired or newly formed Subsidiary of Borrower Holdco) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on any property of, Borrower Holdco or any other Restricted Subsidiary of Borrower Holdco that is not a Subsidiary of the Subsidiary to be so designated; provided, that (A) such designation was made at or prior to the Closing Date, or (B) (i) immediately after such designation, no Event of Default under Sections 8.01(b), (c), or (i) shall have occurred and be continuing and (ii) on a pro forma basis, the Total Leverage Ratio is less than or equal to (x) 3.70:1.00 or (y) the Total Leverage Ratio immediately prior to giving effect to such designation. The board of directors of Borrower Holdco may designate any Unrestricted Subsidiary to be a “restricted” Subsidiary; provided, that (A) such Unrestricted Subsidiary, both before and immediately after giving effect to such designation, shall be a wholly owned Subsidiary of Borrower Holdco, (B) immediately after such designation, no Event of Default under Sections 8.01(b), (c), or (i) shall have occurred and be continuing and (C) on a pro forma basis, the Total Leverage Ratio is less than or equal to (x) 3.70:1.00 or (y) the Total Leverage Ratio immediately prior to giving effect to such designation. Any such designation by the board of directors of Borrower Holdco shall be evidenced to the Agent by promptly filing with the Agent a copy of the resolution of Borrower Holdco’s board of directors giving effect to such designation and a certificate of a Responsible Officer of the Lead Borrower certifying that such designation complied with the foregoing provisions.

“Wells Fargo” means Wells Fargo Bank, National Association and its successors.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including”

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shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in Dollars in full in cash or immediately available funds (or, in the case of contingent reimbursement obligations with respect to Letters of Credit and Bank Products (other than Swap Contracts) and any other contingent Obligations, providing Cash Collateralization or other collateral as may be requested by the Agent) of all of the Obligations (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) under Swap Contracts) other than (i) unasserted contingent indemnification Obligations, (ii) any Obligations relating to Bank Products (other than Swap Contracts) that, at such time, are allowed by the applicable Bank Product provider to remain outstanding without being required to be repaid or Cash Collateralized or otherwise collateralized as may be requested by the Agent, and (iii) any Obligations relating to Swap Contracts that, at such time, are allowed by the applicable provider of such Swap Contracts to remain outstanding without being required to be repaid.

1.03 Accounting Terms Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis.

1.04 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

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1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Letter of Credit Amounts. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to be the Stated Amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms of any Issuer Documents related thereto, provides for one or more automatic increases in the Stated Amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum Stated Amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum Stated Amount is in effect at such time.

1.07 Currency Equivalents Generally. Any amount specified in this Agreement (other than in Article II, Article IX and Article X) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount thereof in the applicable currency to be determined by the Agent at such time on the basis of the Spot Rate (as defined below) for the purchase of such currency with Dollars. For purposes of this Section 1.07, the “Spot Rate” for a currency means the rate determined by the Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date of such determination; provided that the Agent may obtain such spot rate from another financial institution designated by the Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans; Reserves.

(a) Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make loans (each such loan, a “Committed Revolving Loan”) to the Borrowers from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the lesser of (x) the amount of such Lender’s Revolving Commitment, or (y) such Revolving Lender’s Applicable Percentage of the Borrowing Base; subject in each case to the following limitations:

(i) after giving effect to any Revolving Credit Borrowing, the Total Outstandings shall not exceed the Loan Cap,

(ii) after giving effect to any Revolving Credit Borrowing, the aggregate Outstanding Amount of the Committed Revolving Loans of any Lender, plus such Lender’s Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender’s Applicable Percentage of the Outstanding

Amount of all Swing Line Loans shall not exceed the lesser of (x) such Lender's Revolving Commitment, and (y) such Lender's Applicable Percentage of the Borrowing Base, and

- (iii) The Outstanding Amount of all L/C Obligations shall not at any time exceed the Letter of Credit Sublimit.

Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.05, and reborrow

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Committed Revolving Loans under this Section 2.01. Committed Revolving Loans may be Base Rate Loans or LIBO Rate Loans, as further provided herein.

(b) The Inventory Reserves, Receivables Reserves, and Availability Reserves as of the Closing Date are set forth in the Borrowing Base Certificate delivered pursuant to Section 4.01(c) hereof.

(c) The Agent shall have the right, at any time and from time to time after the Closing Date in its Permitted Discretion to establish, modify or eliminate Reserves upon three (3) Business Days' prior notice to the Lead Borrower (during which period the Agent shall be available to discuss any such proposed Reserve with the Borrowers); provided that no such prior notice shall be required (1) at any time that an Event of Default is continuing, (2) for changes to any Reserves resulting solely by virtue of mathematical calculations of the amount of the Reserve in accordance with the methodology of calculation previously utilized (such as, but not limited to, rent and Customer Credit Liabilities), or (3) for changes to Reserves or establishment of additional Reserves if a Material Adverse Effect has occurred or it would be reasonably likely that a Material Adverse Effect to the Lenders would occur were such Reserve not changed or established prior to the expiration of such three (3) Business Day period.

2.02 Borrowings, Conversions and Continuations of Committed Revolving Loans.

(a) Committed Revolving Loans (other than Swing Line Loans) shall be either Base Rate Loans or LIBO Rate Loans as the Lead Borrower may request subject to and in accordance with this Section 2.02. All Swing Line Loans shall be only Base Rate Loans. Subject to the other provisions of this Section 2.02, Revolving Credit Borrowings of more than one Type may be incurred at the same time.

(b) Each request for a Committed Revolving Loan consisting of a Base Rate Loan shall be made by electronic request of the Lead Borrower through Agent's Commercial Electronic Office Portal or through such other electronic portal provided by Agent (the "Portal"). The Borrowers hereby acknowledge and agree that any request made through the Portal shall be deemed made by a Responsible Officer of the Borrowers. Each request for a Committed Revolving Loan consisting of a LIBO Rate Loan shall be made pursuant to the Lead Borrower's submission of a Committed Loan Notice, which must be received by the Agent not later than 1:00 p.m. three (3) Business Days prior to the requested date of any Borrowing or continuation of LIBO Rate Loans. Each Committed Loan Notice shall specify (i) the requested date of the Borrowing or continuation, as the case may be (which shall be a Business Day), (ii) the principal amount of LIBO Rate Loans to be borrowed or continued (which shall be in a principal amount of \$500,000 or a whole multiple of \$250,000 in excess thereof), and (iii) the duration of the Interest Period with respect thereto. If the Lead Borrower fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. On the requested date of any LIBO Rate Loan, (i) in the event that Base Rate Loans are outstanding in an amount equal to or greater than the requested LIBO Rate Loan, all or a portion of such Base Rate Loans shall be automatically converted to a LIBO Rate Loan in the amount requested by the Lead Borrower, and (ii) if Base Rate Loans are not outstanding in an amount at least equal to the requested LIBO Rate Loan, the Lead Borrower shall make an electronic request via the Portal for additional Base Rate Loans in an such amount, when taken with the outstanding Base Rate Loans (which shall be converted automatically at such time), as is necessary to satisfy the requested LIBO Rate Loan. If the Lead Borrower fails to make such additional request via the Portal as required pursuant to clause (ii) of the foregoing sentence, then the Borrowers shall be responsible for all amounts due pursuant to Section 3.05 hereof arising on account of such failure. If the Lead Borrower fails to give a timely notice with respect to any continuation of a LIBO Rate Loan, then the applicable Committed Revolving Loans shall be converted to Base Rate Loans, effective as of the last day of the Interest Period then in effect with respect to the applicable LIBO Rate Loans.

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(c) Following receipt of a Committed Loan Notice, the Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Revolving Loans, and if no timely notice of a conversion or continuation is provided by the Lead Borrower, the Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in Section 2.02(b). In the case of a Committed Revolving Loan, each Lender shall make the amount of its Committed Revolving Loan available to the Agent in immediately available funds at the Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Agent shall use reasonable efforts to make all funds so received available to the Borrowers in like funds by no later than 3:00 p.m. on the day of receipt by the Agent either by (i) crediting the account of the Lead Borrower on the books of Wells Fargo with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Agent by the Lead Borrower.

(d) The Agent, without the request of the Lead Borrower, may advance as a Revolving Loan any interest, fee, service charge (including direct wire fees), Credit Party Expenses, or other payment to which any Credit Party is entitled from the Loan Parties pursuant hereto or any other Loan Document and may charge the same to the Loan Account notwithstanding that an Overadvance may result thereby. The Agent shall advise the Lead Borrower of any such advance or charge promptly after the making thereof. Such action on the part of the Agent shall not constitute a waiver of the Agent's rights and the Borrowers' obligations under Section 2.05(c). Any amount which is added to the principal balance of the Loan Account as provided in this Section 2.02(d) shall bear interest at the interest rate then and thereafter applicable to Base Rate Loans.

(e) Except as otherwise provided herein, a LIBO Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBO Rate Loan. During the existence of a Default or an Event of Default, no Committed Revolving Loans may be requested as, converted to or continued as LIBO Rate Loans without the Consent of the Required Lenders.

(f) The Agent shall promptly notify the Lead Borrower and the Lenders of the interest rate applicable to any Interest Period for LIBO Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Agent shall notify the Lead Borrower and the Lenders of any change in Wells Fargo's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(g) After giving effect to all Revolving Credit Borrowings, all conversions of Committed Revolving Loans from one Type to the other, and all continuations of Committed Revolving Loans as the same Type, there shall not be more than nine (9) Interest Periods in effect with respect to LIBO Rate Loans.

(h) The Agent, the Revolving Lenders, the Swing Line Lender and the L/C Issuer shall have no obligation to make any Revolving Loan or to provide any Letter of Credit if an Overadvance would result. The Agent may, in its discretion, make Permitted Overadvances without the consent of the Borrowers, the Lenders, the Swing Line Lender and the L/C Issuer and the Borrowers and each Lender and L/C Issuer shall be bound thereby. Any Permitted Overadvance may constitute a Swing Line Loan. A Permitted Overadvance is for the account of the Borrowers and shall constitute a Revolving Loan which is a Base Rate Loan and an Obligation and shall be repaid by the Borrowers in accordance with the provisions of Section 2.05(c). The making of any such Permitted Overadvance on any one occasion shall not obligate the Agent or any Revolving Lender to make or permit any Permitted Overadvance on any other occasion or to permit such Permitted Overadvances to remain outstanding. The making by the Agent of a Permitted Overadvance shall not modify or abrogate any of the provisions of

Section 2.03 regarding the Revolving Lenders' obligations to purchase participations with respect to Letters of Credit or of Section 2.04 regarding the Revolving Lenders' obligations to purchase participations with respect to Swing Line Loans. The Agent shall have no liability for, and no Loan Party or Credit Party shall have the right to, or shall, bring any claim of any kind whatsoever against the Agent with respect to Unintentional Overadvances regardless of the amount of any such Overadvance(s).

2.03 Letters of Credit.

(a) The Letter of Credit Commitment

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Revolving Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrowers, and to amend or extend Letters of Credit previously issued by it, in accordance with Section 2.03(b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Revolving Lenders severally agree to participate in Letters of Credit issued for the account of the Borrowers and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Outstandings shall not exceed Loan Cap, (y) the aggregate Outstanding Amount of the Committed Revolving Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment or such Lender's Applicable Percentage of the Borrowing Base, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Lead Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrowers that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrowers' ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrowers may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. The Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) No Letter of Credit shall be issued if:

(A) subject to Section 2.03(a)(iii), the expiry date of such requested Standby Letter of Credit would occur more than twelve (12) months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(B) subject to Section 2.03(a)(iii), the expiry date of such requested Commercial Letter of Credit would occur more than one hundred twenty (120) days after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless either such Letter of Credit is Cash Collateralized on or prior to the date of issuance of such Letter of Credit (or such later date as to which the Agent may agree) or all the Revolving Lenders have approved such expiry date.

(iii) No Letter of Credit shall be issued without the prior consent of the Agent if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Agent and the L/C Issuer, such Letter of Credit is in an initial Stated Amount less than \$100,000, in the case of a Commercial Letter of Credit, or \$250,000, in the case of a Standby Letter of Credit;

(D) such Letter of Credit is to be denominated in a currency other than Dollars; provided that if the L/C Issuer, in its discretion, issues a Letter of Credit denominated in a currency other than Dollars, all reimbursements by the Borrowers of the honoring of any drawing under such Letter of Credit shall be paid in Dollars based on the Spot Rate;

(E) such Letter of Credit contains any provisions for automatic reinstatement of the Stated Amount after any drawing thereunder; or

(F) a default of any Revolving Lender's obligations to fund under Section 2.03(c) exists or any Revolving Lender is at such time a Defaulting Lender hereunder, unless the Agent or L/C Issuer has entered into satisfactory arrangements with the Borrowers or such Revolving Lender to eliminate the L/C Issuer's risk with respect to such Revolving Lender.

(iv) The L/C Issuer shall not amend any Letter of Credit if (A) the L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) The L/C Issuer shall act on behalf of the Revolving Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Lead Borrower delivered to the L/C Issuer

(with a copy to the Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Lead Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Agent not later than 11:00 a.m. at least two Business Days (or such other date and time as the Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the Agent and the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Agent or L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the Agent and the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Agent or the L/C Issuer may reasonably require. Additionally, the Lead Borrower shall furnish to the L/C Issuer and the Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, and any Issuer Documents (including, if requested by the L/C Issuer, a Standby Letter of Credit Agreement or Commercial Letter of Credit Agreement, as applicable), as the L/C Issuer or the Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Agent (by telephone or in writing) that the Agent has received a copy of such Letter of Credit Application from the Lead Borrower and, if not, the L/C Issuer will provide the Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Revolving Lender, the Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied or unless the L/C Issuer would not be permitted, or would have no obligation, at such time to issue such Letter of Credit under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the applicable Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance or amendment of each Letter of Credit, each Revolving Lender shall be deemed to (without any further action), and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer, without recourse or warranty, a risk participation in such Letter of Credit in an amount equal to the product of such Revolving Lender's Applicable Percentage times the Stated Amount of such Letter of Credit. Upon any change in the Revolving Commitments under this Agreement, it is hereby agreed that with respect to all L/C Obligations, there shall be an automatic adjustment to the participations hereby created to reflect the new Applicable Percentages of the assigning and assignee Revolving Lenders.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C

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Issuer will also deliver to the Lead Borrower and the Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the Lead Borrower and the Agent thereof not less than two (2) Business Days prior to the Honor Date (as defined below; provided, however, that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse the L/C Issuer and the Revolving Lenders with respect to any such payment. On the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrowers shall be deemed to have requested a Revolving Credit Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the amount of such payment, without regard to the minimum and multiples specified in Section 2.02(b) for the principal amount of Base Rate Loans, and without regard to whether the conditions set forth in Section 4.02 have been met. Any notice given by the L/C Issuer or the Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Revolving Lender's obligation to make Committed Revolving Loans to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Revolving Lender may have against the L/C Issuer, any Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing, and without regard to whether the conditions set forth in Section 4.02 have been met.

(d) Repayment of Participations. If any payment received by the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Revolving Lender shall pay to the Agent for the account of the L/C Issuer its Applicable Percentage thereof on demand of the Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Revolving Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Revolving Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Borrowers to reimburse the L/C Issuer for each drawing under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

- (i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;
- (ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrowers or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this

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Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that

might otherwise constitute a defense available to, or a discharge of, the Borrowers or any of their Subsidiaries; or

- (vi) the fact that any Default or Event of Default shall have occurred and be continuing.

The Lead Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Lead Borrower's instructions or other irregularity, the Lead Borrower will immediately notify the Agent and the L/C Issuer.

(f) **Role of L/C Issuer.** Each Revolving Lender and the Borrowers agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Revolving Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; (iii) any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit or any error in interpretation of technical terms; or (iv) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e) or for any action, neglect or omission under or in connection with any Letter of Credit or Issuer Documents, including, without limitation, the issuance or any amendment of any Letter of Credit, the failure to issue or amend any Letter of Credit, or the honoring or dishonoring of any demand under any Letter of Credit, and such action or neglect or omission will bind the Borrowers; provided, however,

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that anything in such clauses to the contrary notwithstanding, the Borrowers may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential, exemplary or punitive damages suffered by the Borrowers which the Borrowers prove were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit; provided further, however, that any claim against the L/C Issuer by the Borrowers for any loss suffered or incurred by the Borrowers shall be reduced by an amount equal to the sum of (i) the amount (if any) saved by the Borrowers as a result of the breach or other wrongful conduct that allegedly caused such loss, and (ii) the amount (if any) of the loss that would have been avoided had the Borrowers taken all reasonable steps to mitigate such loss, including, without limitation, by enforcing their rights against any beneficiary and, in case of a claim of wrongful dishonor, by specifically and timely authorizing the L/C Issuer to cure such dishonor. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary (or the L/C Issuer may refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit and may disregard any requirement in a Letter of Credit that notice of dishonor be given in a particular manner and any requirement that presentation be made at a particular place or by a particular time of day), and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The L/C Issuer shall not be responsible for the wording of any Letter of Credit (including, without limitation, any drawing conditions or any terms or conditions that are ineffective, ambiguous, inconsistent, unduly complicated or reasonably impossible to satisfy), notwithstanding any assistance the L/C Issuer may provide to the Borrowers with drafting or recommending text for any Letter of Credit Application or with the structuring of any transaction related to any Letter of Credit, and the Borrowers hereby acknowledge and agree that any such assistance will not constitute legal or other advice by the L/C Issuer or any representation or warranty by the L/C Issuer that any such wording or such Letter of Credit will be effective. Without limiting the foregoing, the L/C Issuer may, as it deems appropriate, modify or alter and use in any Letter of Credit the terminology contained on the Letter of Credit Application for such Letter of Credit.

(g) **Cash Collateral.** Upon the request of the Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Obligation that remains outstanding, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrowers shall, in each case, promptly (but in all events with respect to clause (i) above, within five (5) Business Days and, with respect to clause (ii) above, within three (3) Business Days) Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.05(c) and Section 8.03 set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 2.03, Section 2.05(c) and Section 8.03, "Cash Collateralize" means to pledge and deposit with or deliver to the Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances in an amount equal to 103% of the Outstanding Amount of all L/C Obligations (other than L/C Obligations with respect to Letters of Credit denominated in a currency other than Dollars, which L/C Obligations shall be Cash Collateralized in an amount equal to 105% of the Outstanding Amount of such L/C Obligations), pursuant to documentation in form and substance reasonably satisfactory to the Agent and the L/C Issuer (which documents are hereby Consented to by the Lenders). The Borrowers hereby grant to the Agent a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Wells Fargo. If at any time the Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Agent or that the total amount of such funds is less than the aggregate Outstanding

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Amount of all L/C Obligations, the Borrowers will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited as Cash Collateral, an amount equal to the excess of (x) such aggregate Outstanding Amount over (y) the total amount of funds, if any, then held as Cash Collateral that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable Laws, to reimburse the L/C Issuer and, to the extent not so applied, shall, so long as no Default or Event of Default has occurred and is continuing, thereafter be returned to the Borrowers.

(h) **Applicability of ISP and UCP 600.** Unless otherwise expressly agreed by the L/C Issuer and the Lead Borrower when a Letter of Credit is issued (including any such agreement applicable to the Existing Letters of Credit), (i) the rules of the ISP and the UCP 600 shall apply to each Standby Letter of Credit, and (ii) the rules of the UCP 600 shall apply to each Commercial Letter of Credit.

(i) **Letter of Credit Fees.** The Borrowers shall pay to the Agent for the account of each Revolving Lender in accordance with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Margin times the daily Stated Amount under each such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit). For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of the Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the first day after the end of each quarter commencing with the first such date to occur after the issuance of such Letter of Credit, and thereafter on demand, and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Margin during any quarter, the daily amount available to be drawn under of each Letter of Credit shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect. Notwithstanding anything to the contrary contained herein, while any Event of Default pursuant to Sections 8.01(b), (c) or (j) exists, all Letter of Credit Fees shall accrue at the Default Rate as provided in Section 2.08(b) hereof; provided that, with respect to any Event of Default pursuant to Sections 8.01(b) or (c), the Default Rate shall apply only at the election of the Agent or at the direction of the Required Lenders.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrowers shall pay directly to the L/C Issuer, for its own account, a fronting fee (the “Fronting Fee”) (i) with respect to each Commercial Letter of Credit, at a rate equal to 0.125% per annum, computed on the amount of such Letter of Credit, and payable upon the issuance or amendment thereof, and (ii) with respect to each Standby Letter of Credit, at a rate equal to 0.250% per annum, computed on the daily amount available to be drawn under such Letter of Credit and on a quarterly basis in arrears. Such Fronting Fees shall be due and payable on the first day after the end of each quarter, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of the Letter of Credit shall be determined in accordance with Section 1.06. In addition, the Borrowers shall pay directly to the L/C Issuer, for its own account, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

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2.04 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender may, in reliance upon the agreements of the other Revolving Lenders set forth in this Section 2.04, make loans (each such loan, a “Swing Line Loan”) to the Borrowers from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Committed Revolving Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender’s Revolving Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Outstandings shall not exceed Loan Cap, and (ii) the aggregate Outstanding Amount of the Committed Revolving Loans of any Lender at such time, plus such Lender’s Applicable Percentage of the Outstanding Amount of all L/C Obligations at such time, plus such Lender’s Applicable Percentage of the Outstanding Amount of all Swing Line Loans at such time shall not exceed such Lender’s Revolving Commitment or such Lender’s Applicable Percentage of the Borrowing Base, and provided, further, that the Borrowers shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan, and provided further that the Swing Line Lender shall not be obligated to make any Swing Line Loan at any time when any Revolving Lender is at such time a Defaulting Lender hereunder, unless the Swing Line Lender has entered into satisfactory arrangements with the Borrowers or such Revolving Lender to eliminate the Swing Line Lender’s risk with respect to such Lender. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.04, prepay under Section 2.05(c), and reborrow under this Section 2.04. Each Swing Line Loan shall bear interest only at the rate applicable to Base Rate Loans. Immediately upon the making of a Swing Line Loan, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender’s Applicable Percentage times the amount of such Swing Line Loan. The Swing Line Lender shall have all of the benefits and immunities (A) provided to the Agent in Article IX with respect to any acts taken or omissions suffered by the Swing Line Lender in connection with Swing Line Loans made by it or proposed to be made by it as if the term “Agent” as used in Article IX included the Swing Line Lender with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Swing Line Lender.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Lead Borrower’s irrevocable notice to the Swing Line Lender and the Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Lead Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Agent (by telephone or in writing) that the Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Agent at the request of the Required Lenders prior to 1:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender may, not later than 1:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrowers at its office by crediting the account of the Lead Borrower on the books of the Swing Line Lender in immediately available funds.

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(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrowers (which hereby irrevocably authorize the Swing Line Lender to so request on their behalf), that each Revolving Lender make a Base Rate Loan in an amount equal to such Revolving Lender’s Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Loan Cap and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Lead Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the Agent. Each Revolving Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Committed Loan Notice available to the Agent in immediately available funds for the account of the Swing Line Lender at the Agent’s Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Revolving Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrowers in such amount. The Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Revolving Lenders fund its risk participation in the relevant Swing Line Loan and each Revolving Lender’s payment to the Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Lender fails to make available to the Agent for the account of the Swing Line Lender any amount required to be paid by such Revolving Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Revolving Lender (acting through the Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Revolving Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Revolving Lender’s Committed Revolving Loan included in the relevant Revolving Credit Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Revolving Lender (through the Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Lender’s obligation to make Committed Revolving Loans or to purchase and fund risk participations in Swing Line Loans

pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Revolving Lender may have against the Swing Line Lender, the Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or an Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided,

however, that each Revolving Lender's obligation to make Committed Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrowers to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Revolving Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Revolving Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Revolving Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrowers for interest on the Swing Line Loans. Until each Revolving Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Revolving Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) The Borrowers may, upon irrevocable notice from the Lead Borrower to the Agent, at any time or from time to time voluntarily prepay Committed Revolving Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Agent not later than 1:00 p.m. (A) three Business Days prior to any date of prepayment of LIBO Rate Loans and (B) on the date of prepayment of Base Rate Loans; (ii) any prepayment of LIBO Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$250,000 in excess thereof; and (iii) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$250,000 in excess thereof (\$100,000 and \$100,000, respectively, in the case of Swing Line Loans) or, in each case, if less, the entire principal amount thereof then outstanding; provided, further, that such notice may state that it is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrowers (by notice to the Agent on or prior to the specified closing date) if such condition is not satisfied. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if LIBO Rate Loans, the Interest Period(s) of such Loans. The Agent will promptly notify each Revolving Lender of its receipt of each such notice, and of the amount of such Revolving Lender's Applicable Percentage of such prepayment. If such notice is given by the Lead Borrower, the Borrowers shall make such prepayment and the payment amount specified in such notice

shall be due and payable on the date specified therein. Any prepayment of a LIBO Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Committed Revolving Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) The Borrowers may, upon irrevocable notice from the Lead Borrower to the Swing Line Lender (with a copy to the Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of \$100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Lead Borrower, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) If for any reason the Total Outstandings at any time exceed the Loan Cap as then in effect, the Borrowers shall immediately prepay Committed Revolving Loans, Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrowers shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(c) unless after the prepayment in full of the Committed Revolving Loans and Swing Line Loans, the Total Outstandings exceed the Loan Cap as then in effect.

(d) After the occurrence and during the continuance of a Cash Dominion Event, the Borrowers shall prepay the Committed Revolving Loans, all outstanding interest fees and Credit Party Expenses, and Cash Collateralize the L/C Obligations with proceeds and collections received by the Loan Parties to the extent so required under the provisions of Section 6.11 hereof.

(e) Prepayments made pursuant to Section 2.05(c), and (d)(i) above, first, shall be applied to the Swing Line Loans, second, shall be applied ratably to the outstanding Committed Revolving Loans, third, shall be used to Cash Collateralize the remaining L/C Obligations; and, fourth, the amount remaining, if any, after the prepayment in full of all Swing Line Loans and Committed Revolving Loans outstanding at such time and the Cash Collateralization of the remaining L/C Obligations in full may be retained by the Borrowers for use in the ordinary course of its business. Prepayments made pursuant to Section 2.05(d)(ii) shall be applied in accordance with Section 8.04. Upon the drawing of any Letter of Credit that has been Cash Collateralized, the funds held as Cash Collateral shall be applied (without any further action by or notice to or from the Borrowers or any other Loan Party) to reimburse the L/C Issuer or the Revolving Lenders, as applicable.

2.06 Termination or Reduction of Commitments.

(a) The Borrowers may, upon irrevocable notice from the Lead Borrower to the Agent, terminate the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit or from time to time permanently reduce the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit; provided that (i) any such notice shall be received by the Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Borrowers shall not terminate or reduce (A) the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Revolving Commitments, (B) the Letter of Credit Sublimit if, after giving effect thereto, the Outstanding Amount of L/C Obligations not fully Cash Collateralized hereunder would exceed the Letter of Credit Sublimit, and (C) the Swing Line Sublimit if,

after giving effect thereto, and to any concurrent payments hereunder, the Outstanding Amount of Swing Line Loans hereunder would exceed the Swing Line Sublimit.

(b) If, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such Letter of Credit Sublimit or Swing Line Sublimit shall be automatically reduced by the amount of such excess.

(c) The Agent will promptly notify the Revolving Lenders of any termination or reduction of the Letter of Credit Sublimit, Swing Line Sublimit or the Aggregate Revolving Commitments under this Section 2.06(c). Upon any reduction of the Aggregate Revolving Commitments, the Revolving Commitment of each Revolving Lender shall be reduced by such Revolving Lender's Applicable Percentage of such reduction amount. All fees (including, without limitation, commitment fees and Letter of Credit Fees) and interest in respect of the Aggregate Revolving Commitments accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

(a) The Borrowers shall repay to the Revolving Lenders on the Termination Date the aggregate principal amount of Committed Revolving Loans outstanding on such date.

(b) To the extent not previously paid, the Borrowers shall repay the outstanding balance of the Swing Line Loans on the Termination Date.

2.08 Interest.

(a) Subject to the provisions of Section 2.08(b) below,

(i) each LIBO Rate Loan constituting a Committed Revolving Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Adjusted LIBO Rate for such Interest Period plus the Applicable Margin;

(ii) each Base Rate Loan constituting a Committed Revolving Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin; and

(iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) (i) If any Event of Default exists under Section 8.01(i), or if any amount payable under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any Event of Default exists under Section 8.01(b) or (c), then the Agent may, and upon the request of the Required Lenders shall, notify the Lead Borrower that all amounts payable under any Loan Document not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, shall thereafter bear

interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in Sections 2.03(i) and 2.03(j):

(a) Commitment Fee. The Borrowers shall pay to the Agent for the account of each Revolving Lender in accordance with its Applicable Percentage, a commitment fee calculated on a per annum basis equal to 0.25% per annum times the actual daily amount by which the Aggregate Revolving Commitments exceed the Total Outstandings. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the first day after the end of each quarter, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears.

(b) Other Fees. The Borrowers shall pay to Wells Fargo (in its capacity as an Arranger and the Agent) fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees. Except for any computations with respect to clause (c) of the definition of Base Rate (which shall be computed on the basis of a year of 365, or to the extent a leap year, 366), all computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by the Agent (the "Loan Account") in the ordinary course of business. In addition, each Lender may record in such Lender's internal records, an appropriate notation evidencing the date and amount of each Loan from such Lender, each payment and prepayment of principal of any such Loan, and each payment of interest, fees and other amounts due in connection with the Obligations due to such Lender. The accounts or records maintained by the Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agent in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Agent, the Borrowers shall execute and deliver to such Lender (through the Agent) a Note, which shall evidence such Lender's Committed Revolving Loans in addition to such

accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto. Upon receipt of an affidavit of a Lender as to the loss, theft, destruction or mutilation of such Lender's Note and upon cancellation of such Note, the Borrowers will issue, in lieu thereof, a replacement Note in favor of such Lender, in the same principal amount thereof and otherwise of like tenor.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Revolving Lender and the Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Revolving Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Agent and the accounts and records of any Revolving Lender in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error.

(c) Agent shall render monthly statements regarding the Loan Account to the Lead Borrower including principal, interest, fees, and including an itemization of all charges and expenses constituting Credit Party Expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Credit Parties unless, within thirty (30) days after receipt thereof by the Lead Borrower, the Lead Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements.

2.12 Payments Generally; Agent's Clawback.

(a) General. All payments to be made by the Loan Parties shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Agent, for the account of the respective Lenders to which such payment is owed, at the Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Agent after 2:00 p.m., at the option of the Agent, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Revolving Lenders; Presumption by Agent. Unless the Agent shall have received notice from a Revolving Lender prior to the proposed date of any Revolving Credit Borrowing of LIBO Rate Loans (or in the case of any Revolving Credit Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Revolving Lender will not make available to the Agent such Revolving Lender's share of such Revolving Credit Borrowing, the Agent may assume that such Revolving Lender has made such share available on such date in accordance with Section 2.02 (or in the case of a Revolving Credit Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Revolving Lender has not in fact made its share of the applicable Revolving Credit Borrowing available to the Agent, then the applicable Revolving Lender and the Borrowers severally agree to pay to the Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Agent, at (A) in the case of a payment to be made by such Revolving Lender, the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry

rules on interbank compensation plus any administrative processing or similar fees customarily charged by the Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to Committed Revolving Loans comprising Base Rate Loans. If the Borrowers and such Revolving Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Revolving Lender pays its share of the applicable Revolving Credit Borrowing to the Agent, then the amount so paid shall constitute such Revolving Lender's Committed Revolving Loan included in such Revolving Credit Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Revolving Lender that shall have failed to make such payment to the Agent.

(i) Payments by Borrowers; Presumptions by Agent. Unless the Agent shall have received notice from the Lead Borrower prior to the time at which any payment is due to the Agent for the account of the Lenders or the L/C Issuer hereunder that the Borrowers will not make such payment, the Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

A notice of the Agent to any Lender or the Lead Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof (subject to the provisions of the last paragraph of Section 4.02 hereof), the Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Revolving Lenders hereunder to make Committed Revolving Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments hereunder are several and not joint. The failure of any Revolving Lender to make any Committed Revolving Loan, to fund any such participation or to make any payment hereunder on any date required hereunder shall not relieve any other Revolving Lender of its corresponding obligation to do so on such date, and no Revolving Lender shall be responsible for the failure of any other Revolving Lender to so make its portion of its Committed Revolving Loan, to purchase its participation or to make its payment hereunder.

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Credit Party shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of, interest on, or other amounts with respect to, any of the Obligations resulting in any Revolving Lender receiving payment of a proportion of the aggregate amount of Obligations in respect of Committed Revolving Loans greater than

its pro rata share thereof as provided herein (including as in contravention of the priorities of payment set forth in Section 8.04), then the Credit Party receiving such greater

proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Obligations of the other Revolving Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Credit Parties ratably and in the priorities set forth in Section 8.04, provided that:

- (i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
- (ii) the provisions of this Section shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its portion of its Committed Revolving Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than to the Borrowers or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Settlement Amongst Lenders.

(a) The amount of each Revolving Lender's Applicable Percentage of outstanding Committed Revolving Loans (including outstanding Swing Line Loans), shall be computed weekly (or more frequently in the Agent's discretion) and shall be adjusted upward or downward based on all Committed Revolving Loans (including Swing Line Loans) and repayments of Committed Revolving Loans (including Swing Line Loans) received by the Agent as of 3:00 p.m. on the first Business Day (such date, the "Settlement Date") following the end of the period specified by the Agent.

(b) The Agent shall deliver to each of the Revolving Lenders promptly after a Settlement Date a summary statement of the amount of outstanding Committed Revolving Loans and Swing Line Loans for the period and the amount of repayments received for the period. As reflected on the summary statement, (i) the Agent shall transfer to each Revolving Lender its Applicable Percentage of repayments, and (ii) each Revolving Lender shall transfer to the Agent (as provided below) or the Agent shall transfer to each Revolving Lender, such amounts as are necessary to insure that, after giving effect to all such transfers, the amount of Committed Revolving Loans made by each Lender shall be equal to such Revolving Lender's Applicable Percentage of all Committed Revolving Loans outstanding as of such Settlement Date. If the summary statement requires transfers to be made to the Agent by the Revolving Lenders and is received prior to 1:00 p.m. on a Business Day, such transfers shall be made in immediately available funds no later than 3:00 p.m. that day; and, if received after 1:00 p.m., then no later than 3:00 p.m. on the next Business Day. The obligation of each Revolving Lender to transfer such funds is irrevocable, unconditional and without recourse to or warranty by the Agent. If and to the extent any Revolving Lender shall not have so made its transfer to the Agent, such Revolving Lender agrees to pay to the Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Agent, equal to the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation plus any administrative, processing, or similar fees customarily charged by the Agent in connection with the foregoing.

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2.15 Uncommitted Increase.

(a) Uncommitted Increase.

(i) Request for Increase. Provided no Default or Event of Default then exists or would arise therefrom, upon notice to the Agent (which shall promptly notify the Lenders), the Lead Borrower may request an increase in the Aggregate Revolving Commitments by an amount (for all such requests) not exceeding \$100,000,000 or such higher amount as may be agreed to by Required Lenders (the "Commitment Increase"); provided that (i) any such request for an increase shall be in a minimum amount of \$5,000,000 and (ii) the Lead Borrower may make a maximum of three such requests. At the time of sending such notice, the Lead Borrower (in consultation with the Agent) shall specify the time period within which each Revolving Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Revolving Lenders). No Lender is required to increase its Commitment.

(ii) Lender Elections to Increase. Each Lender shall notify the Agent within such time period whether or not it agrees to increase its Revolving Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Revolving Lender not responding within such time period shall be deemed to have declined to increase its Revolving Commitment.

(iii) Notification by Agent; Additional Lenders. The Agent shall notify the Lead Borrower and each Revolving Lender of the Revolving Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Agent, the L/C Issuer and the Swing Line Lender (which approvals shall not be unreasonably withheld), to the extent that the existing Lenders decline to increase their Revolving Commitments, or decline to increase their Revolving Commitments to the amount requested by the Lead Borrower, the Agent, in consultation with the Lead Borrower, will use its reasonable efforts to arrange for other Eligible Assignees to become a Revolving Lender hereunder and to issue commitments in an amount equal to the amount of the increase in the Aggregate Revolving Commitments requested by the Lead Borrower and not accepted by the existing Revolving Lenders (and the Lead Borrower may also invite additional Eligible Assignees to become Revolving Lenders) (each, an "Additional Commitment Lender"), provided, however, that without the consent of the Agent, at no time shall the Revolving Commitment of any Additional Commitment Lender be less than \$10,000,000.

(iv) Effective Date and Allocations. If the Aggregate Revolving Commitments are increased in accordance with this Section, the Agent, in consultation with the Lead Borrower, shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. The Agent shall promptly notify the Lead Borrower and the Revolving Lenders of the final allocation of such increase and the Increase Effective Date and on the Increase Effective Date (i) the Aggregate Revolving Commitments under, and for all purposes of, this Agreement shall be increased by the aggregate amount of such Commitment Increases, and (ii) Schedule 2.01 shall be deemed modified, without further action, to reflect the revised Commitments and Applicable Percentages of the Revolving Lenders.

(b) Conditions to Effectiveness of Commitment Increase. As a condition precedent to such Commitment Increase, (i) the Lead Borrower shall deliver to the Agent a certificate of the Lead Borrower dated as of the Increase Effective Date signed by a Responsible Officer of the Lead Borrower (A) certifying and attaching the resolutions adopted by the Lead Borrower approving or consenting to

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such Commitment Increase, and (B) certifying that, before and after giving effect to such Commitment Increase, (1) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date and except in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects, and except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.06 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.04, and (2) no Default or Event of Default exists or would arise therefrom, (ii) the Borrowers, the Agent, and any Additional Commitment Lender shall have

executed and delivered a joinder to the Loan Documents in such form as the Agent shall reasonably require; (iii) the Borrowers shall have paid such fees and other compensation, if any, to the Revolving Lenders increasing their Revolving Commitments and to the Additional Commitment Lenders, as the Lead Borrower and such Revolving Lenders and Additional Commitment Lenders, as applicable, shall agree; (iv) the Borrowers shall have paid such arrangement fees to the Agent as the Lead Borrower and the Agent may agree; (v) if requested by the Agent, the Borrowers shall deliver to the Agent and the Lenders an opinion or opinions, in form and substance reasonably satisfactory to the Agent, from counsel to the Borrowers reasonably satisfactory to the Agent and dated such date; (vi) the Borrowers and the Additional Commitment Lender shall have delivered such other instruments, documents and agreements as the Agent may reasonably have requested; and (vii) no Default or Event of Default exists. The Borrowers shall prepay any Committed Revolving Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 2.05) to the extent necessary to keep the outstanding Committed Revolving Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Revolving Commitments under this Section.

(c) Conflicting Provisions. This Section shall supersede any provisions in Sections 2.13 or 10.01 to the contrary.

2.16 Extensions of Revolving Commitments.

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, an “Extension Offer”) made from time to time by the Lead Borrower to all Lenders on a pro rata basis (based on the aggregate outstanding principal amount of the respective Revolving Commitments) and on the same terms to each such Lender, the Loan Parties may consummate from time to time transactions with individual Lenders that accept the terms contained in such Extension Offers to extend the Maturity Date of each such Lender’s Revolving Commitments and otherwise modify the terms of such Revolving Commitments pursuant to the terms of the relevant Extension Offer (including by increasing the interest rate or fees payable in respect of such Revolving Commitments) (each, an “Extension”, and each group of Revolving Commitments so extended, as well as the original Revolving Commitments not so extended, being a “tranche”). Any Extended Revolving Commitments shall constitute a separate tranche of Revolving Commitments from the tranche of Revolving Commitments so long as the following terms are satisfied: (i) no Default or Event of Default shall have occurred and be continuing at the time the offering document in respect of an Extension Offer is delivered to the Lenders; (ii) except as to pricing (interest rate and fees) and maturity (which shall be set forth in the relevant Extension Offer but shall be no earlier than the Maturity Date of the Revolving Commitments), the Revolving Commitment of any Lender that agrees to an Extension with respect to such amounts extended pursuant to any Extension (an “Extended Revolving Commitment”), and the related outstandings, shall be a Revolving Commitment (or related outstandings, as the case may be) with the same terms as the original Revolving Commitments (and related outstandings); provided that (A) the borrowing and repayment (except for (1) payments of interest and fees at different rates on Extended Revolving Commitments (and related outstandings), (2) repayments required upon the Maturity Date of the non-extending Revolving

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Commitments and (3) repayments made in connection with a permanent repayment and termination of any portion of the Revolving Commitments) of Loans with respect to Extended Revolving Commitments after the applicable date of such Extension shall be made on a pro rata basis with all other Revolving Commitments, (B) the permanent repayment of Committed Revolving Loans with respect to, and termination of, Extended Revolving Commitments after the applicable date of such Extension shall be made on a pro rata basis with all other Revolving Commitments, except that the Loan Parties shall be permitted to permanently repay and terminate Revolving Commitments prior to any Extended Revolving Commitments, (C) assignments and participations of Extended Revolving Commitments and extended Committed Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Committed Revolving Loans, and (D) at no time shall there be Revolving Commitments hereunder (including Extended Revolving Commitments) which have more than two different Maturity Dates; (iii) if the aggregate principal amount of Revolving Commitments be (calculated on the face amount thereof) in respect of which Lenders shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Revolving Commitments offered to be extended by the Loan Parties pursuant to such Extension Offer, then the Revolving Commitments of such Lenders shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Lenders have accepted such Extension Offer; and (iv) any applicable Minimum Extension Condition (as defined below) shall be satisfied unless waived by the Loan Parties and, to extent provided below, the Agent.

(b) With respect to all Extensions consummated by the Loan Parties pursuant to this Section 2.16, (i) such Extensions shall not constitute voluntary or mandatory payments for purposes of this Agreement and (ii) each Extension Offer shall specify the minimum amount of Revolving Commitments to be tendered, which shall be with respect to Revolving Commitments of a class an integral multiple of \$5,000,000 and an aggregate principal amount that is not less than \$10,000,000 (or if less, the remaining outstanding principal amount thereof) (or such lesser minimum amount reasonably approved by the Agent) (a “Minimum Extension Condition”). The transactions contemplated by this Section 2.16 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Revolving Commitments on such terms as may be set forth in the relevant Extension Offer) shall not require the consent of any Lender or any other person (other than as set forth in clause (c) of this Section 2.16).

(c) The consent (such consent not to be unreasonably withheld, delayed or conditioned) of the Agent shall be required to effectuate any Extension. No consent of any Lender or any other person shall be required to effectuate any Extension, other than the consent of the Loan Parties and each Lender agreeing to such Extension with respect to one or more of its Revolving Commitments. The Lenders hereby irrevocably authorize the Agent to enter into amendments to this Agreement and the other Loan Documents (an “Extension Amendment”) with the Loan Parties as may be necessary in order to establish new tranches in respect of Revolving Commitments so extended and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Agent and the Loan Parties in connection with the establishment of such new tranches, in each case, on terms consistent with this Section 2.16.

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ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY; APPOINTMENT OF LEAD BORROWER

3.01 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrowers under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law. If the Borrowers or any other withholding agent shall be required by applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent, the applicable Lender or L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholding been made.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, the Borrowers shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Agent, each Lender and the L/C Issuer, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent, such Lender or the L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with

respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Lead Borrower by a Lender or the L/C Issuer (with a copy to the Agent), or by the Agent, on its own behalf or on behalf of the a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrowers to a Governmental Authority, the Lead Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(e) Status of Lenders. Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Lead Borrower (with a copy to the Agent), at the time or times prescribed by applicable law or reasonably requested by the Lead Borrower or the Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. Such delivery shall be provided on the Closing Date and on or before such documentation expires or becomes obsolete or after the occurrence of an event requiring a change in the documentation most recently delivered. In addition, any Lender, if requested by the Lead Borrower or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Lead Borrower or the Agent as will enable the Lead

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Borrower or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person within the meaning of Code Section 7701(a)(30) (a "U.S. Person"), any Lender shall deliver to the Lead Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Lead Borrower or the Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) any Lender that is a U.S. Person shall deliver executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax; and

(ii) any Foreign Lender shall deliver whichever of the following is applicable:

(A) duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form thereto, claiming eligibility for benefits of an income tax treaty to which the United States is a party;

(B) duly completed copies of Internal Revenue Service Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate ("Tax Compliance Certificate") to the effect that such Foreign Lender is not (1) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrowers within the meaning of section 881(c)(3)(B) of the Code, or (3) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form thereto;

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a Tax Compliance Certificate, IRS Form W-9 and/or other certification documents from each beneficial owner, as applicable;

(E) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Lead Borrower to determine the withholding or deduction required to be made;

(F) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Lead Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Lead Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C) (i) of the Code) and such additional documentation reasonably requested by

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the Lead Borrower or the Agent as may be necessary for the Borrowers and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this clause (F), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Treatment of Certain Refunds. If the Agent, any Lender or the L/C Issuer determines, in its sole discretion, exercised in good faith, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Loan Parties or with respect to which the Loan Parties have paid or remitted additional amounts pursuant to this Section, it shall pay to the Loan Parties an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Loan Parties under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent, such Lender or the L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Parties, upon the request of the Agent, such Lender or the L/C Issuer, agree to repay the amount paid over to the Loan Parties (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent, such Lender or the L/C Issuer in the event the Agent, such Lender or the L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Agent, any Lender or the L/C Issuer to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Loan Parties or any other Person.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBO Rate Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Lead Borrower through the Agent, any obligation of such Lender to make or continue LIBO Rate Loans or to convert Base Rate Loans to LIBO Rate Loans shall be suspended until such Lender notifies the Agent and the Lead Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon demand from such Lender (with a copy to the Agent), prepay or, if applicable, convert all LIBO Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBO Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBO Rate Loans. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a LIBO Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such LIBO Rate Loan, (b) adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan, or (c) the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Agent will promptly so notify the Lead Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended until the Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Lead Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of LIBO Rate Loans or, failing that, will be deemed to have converted such request into a request for a Revolving Credit Borrowing of Base Rate Loans in the amount specified therein.

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3.04 Increased Costs; Reserves on LIBO Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBO Rate) or the L/C Issuer;
- (ii) subject any Lender or the L/C Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any LIBO Rate Loan made by it, or change the basis of taxation of payments to such Lender or the L/C Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or the L/C Issuer); or
- (iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or LIBO Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any LIBO Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C Issuer, the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or the L/C Issuer's holding company, if any, regarding capital requirements or liquidity has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Lead Borrower shall be conclusive absent manifest error. The Borrowers shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

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(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the Lead Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor.

(e) Reserves on LIBO Rate Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each LIBO Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Lead Borrower shall have received at least ten (10) days' prior notice (with a copy to the Agent) of such additional interest from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Lead Borrower; or
- (c) any assignment of a LIBO Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Lead Borrower pursuant to Section 10.13;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each LIBO Rate Loan made by it at the LIBO Rate for such Loan by a matching deposit or other borrowing in the London interbank market for a comparable amount and for a comparable

period, whether or not such LIBO Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.05, or the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a

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notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.05, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.05, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrowers may replace such Lender in accordance with Section 10.13.

3.07 Survival. Each party's obligations under this Article III shall survive termination of the Aggregate Revolving Commitments and repayment of the Committed Revolving Loans, the Swing Line Loans, and all other Obligations.

3.08 Designation of Lead Borrower as Borrowers' Agent.

(a) Each Borrower hereby irrevocably designates and appoints the Lead Borrower as such Borrower's agent to obtain Credit Extensions, the proceeds of which shall be available to each Borrower for such uses as are permitted under this Agreement. As the disclosed principal for its agent, each Borrower shall be obligated to each Credit Party on account of Credit Extensions so made as if made directly by the applicable Credit Party to such Borrower, notwithstanding the manner by which such Credit Extensions are recorded on the books and records of the Lead Borrower and of any other Borrower. In addition, each Loan Party other than the Borrowers hereby irrevocably designates and appoints the Lead Borrower as such Loan Party's agent to represent such Loan Party in all respects under this Agreement and the other Loan Documents.

(b) Each Borrower recognizes that credit available to it hereunder is in excess of and on better terms than it otherwise could obtain on and for its own account and that one of the reasons therefor is its joining in the credit facility contemplated herein with all other Borrowers. Consequently, each Borrower hereby assumes and agrees to discharge all Obligations of each of the other Borrowers.

(c) The Lead Borrower shall act as a conduit for each Borrower (including itself, as a "Borrower") on whose behalf the Lead Borrower has requested a Credit Extension. Neither the Agent nor any other Credit Party shall have any obligation to see to the application of such proceeds therefrom.

ARTICLE IV CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Agent's receipt of the following, each of which shall be originals, facsimiles or other electronic image scan transmission (e.g., "pdf" or "tif" via e-mail) (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party or the Lenders, as applicable, each dated the Closing Date (or, in the case of certificates of

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governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Agent:

- (i) executed counterparts of this Agreement sufficient in number for distribution to the Agent, each Lender and the Lead Borrower;
- (ii) a Note executed by the Borrowers in favor of each Lender requesting a Note;
- (iii) copies of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Agent may require evidencing (A) the authority of each Loan Party to enter into this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party and (B) the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party;
- (iv) copies of each Loan Party's Organization Documents and such other documents and certifications as the Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to so qualify in such jurisdiction would not reasonably be expected to have a Material Adverse Effect;
- (v) a favorable opinion(s) of Proskauer Rose LLP, counsel to the Loan Parties, addressed to the Agent and each Lender, as to such matters concerning the Loan Parties and the Loan Documents as the Agent may reasonably request;
- (vi) a certificate signed by a Responsible Officer of the Lead Borrower certifying (1) that the conditions specified in Sections 4.02(a) and 4.02(b) have been satisfied, (2) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (3) to the Solvency of the Loan Parties, on a consolidated basis, as of the Closing Date after giving effect to the Transactions, and (4) either that (x) no consents, licenses or approvals are required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, or (y) that all such consents, licenses and approvals have been obtained and are in full force and effect;
- (vii) certificates of insurance evidencing insurance required to be maintained by Section 6.02(a);
- (viii) a payoff letter from the agent for the lenders under the Existing Term Loan Agreement reasonably satisfactory in form and substance to the Agent evidencing that the Existing Term Loan Agreement has been or substantially concurrently with the Closing Date is being terminated, all obligations thereunder

(ix) the Security Documents and certificates evidencing any stock being pledged thereunder, together with undated stock powers executed in blank, each duly executed by the applicable Loan Parties;

(x) the Intercreditor Agreement, duly executed by all applicable parties;

(xi) the Confirmation Agreement, Facility Guaranty, Perfection Certificate, Grant of Security Interest in Trademarks, Disbursement Letter, Post-Closing Letter and Borrowing Base Certificate, each duly executed by the applicable Loan Parties;

(xii) results of searches or other evidence reasonably satisfactory to the Agent (in each case dated as of a date reasonably satisfactory to the Agent) indicating the absence of Liens on the assets of the Loan Parties, except for Permitted Encumbrances and Liens for which termination statements and releases, satisfactions and discharges of any mortgages, and releases or subordination agreements satisfactory to the Agent are being tendered concurrently with such extension of credit or other arrangements satisfactory to the Agent for the delivery of such termination statements and releases, satisfactions and discharges have been made;

(xiii) (A) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Agent to be filed, registered or recorded to create or perfect the first priority Liens intended to be created under the Loan Documents and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Agent and (B) the DDA Notifications, Credit Card Notifications required pursuant to Section 6.11 hereof; and

(xiv) such other assurances, certificates, documents, consents or opinions as the Agent reasonably may require.

(b) After giving effect to the Transactions, including, without limitation (i) the first funding under the Loans, (ii) any charges to the Loan Account made in connection with the establishment of the credit facility contemplated hereby and (iii) all Letters of Credit to be issued at, or immediately subsequent to, such establishment (including, without limitation, the Existing Letters of Credit), Availability, after giving pro forma effect to the Closing Date Dividend, shall be not less than \$100,000,000.

(c) The Agent shall have received a Borrowing Base Certificate dated the Closing Date, relating to the month ended on August 25, 2016, and executed by a Responsible Officer of the Lead Borrower.

(d) Since December 31, 2015, no Material Adverse Effect has occurred.

(e) The Agent shall have received and be satisfied with (i) a detailed forecast for the period commencing on the Closing Date and through and including the Maturity Date, which shall include an Availability model, Consolidated income statement, balance sheet, and statement of cash flow (on a monthly basis for the 2016 Fiscal Year, and on an annual basis for each Fiscal Year thereafter), each prepared in conformity with GAAP and consistent with the Loan Parties' then current practices and (ii) such other information (financial or otherwise) reasonably requested by the Agent.

(f) There shall not be pending any litigation or other proceeding, the result of which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(g) Each Exiting Lender shall have received, or substantially concurrently with the Closing Date will receive, payment of the principal balance of the Loans (as defined in the Existing Credit Agreement) held by such Exiting Lender outstanding on the date hereof plus amounts accrued and unpaid in respect of interest, fees and expenses payable to such Exiting Lender as of the date hereof and the commitment of such Exiting Lender to extend credit under the Existing Credit Agreement shall be terminated.

(h) The consummation of the Transactions shall not violate any applicable Law or any Organization Document.

(i) All fees and expenses required to be paid to Wells Fargo (in its capacity as the Agent or an Arranger, as applicable), on or before the Closing Date shall have been paid in full, and all fees and expenses required to be paid to the Lenders on or before the Closing Date shall have been paid in full.

(j) The Borrowers shall have paid all fees, charges and disbursements of counsel to the Agent to the extent invoiced at least two (2) Business Days prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the Closing Date (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Agent).

(k) The Agent and the Lenders shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act.

(l) The Loan Parties shall have received not less than \$346,500,000 in gross proceeds in connection with the Term Loan Agreement.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have Consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be Consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Revolving Loans to the other Type, or a continuation of LIBO Rate Loans) and each L/C Issuer to issue each Letter of Credit is subject to the following conditions precedent:

(a) The representations and warranties of each other Loan Party contained in Article V or in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Credit Extension, except (i) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, (ii) in the case of any representation and warranty qualified by materiality, they shall be true and correct in all respects, and (iii) for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.06 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.04;

- (b) No Default or Event of Default shall exist, or would result immediately after giving effect to such proposed Credit Extension or from the application of the proceeds thereof;
- (c) The Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof; and
- (d) No Overadvance shall result from such Credit Extension.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Revolving Loans to the other Type, or a continuation of LIBO Rate Loans) submitted by the Lead Borrower shall be deemed to be a representation and warranty by the Borrowers that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension. The conditions set forth in this Section 4.02 are for the sole benefit of the Agent, Lenders, L/C Issuer, and Swing Line Lender but, until the Required Lenders otherwise direct the Agent to cease making Committed Revolving Loans and direct the L/C Issuer to cease issuing Letters of Credit, the Revolving Lenders will fund their Applicable Percentage of all Committed Revolving Loans and participate in all Swing Line Loans and Letters of Credit whenever made or issued, which are requested by the Lead Borrower and which, notwithstanding the failure of the Loan Parties to comply with the provisions of this Article IV, agreed to by the Agent, provided, however, the making of any such Loans or the issuance of any Letters of Credit shall not be deemed a modification or waiver by any Credit Party of the provisions of this Article IV on any future occasion or a waiver of any rights or the Credit Parties as a result of any such failure to comply.

ARTICLE V REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to each Agent, Lender, L/C Issuer, and Swing Line Lender that:

5.01 Organization; Powers. Each Loan Party and each of their Subsidiaries (a) is a partnership, limited liability company or corporation duly organized, validly existing and in good standing (or in any foreign jurisdiction where an equivalent status exists, enjoys the equivalent status under the laws of such foreign jurisdiction of organization) under the laws of the jurisdiction of its organization, except (other than with respect to any Borrower solely in respect of its jurisdiction of organization), to the extent that the failure to be so organized, existing and in good standing could not reasonably be expected to have a Material Adverse Effect, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, except to the extent that the failure to have such power and authority could not reasonably be expected to have a Material Adverse Effect, (c) is qualified and is licensed, and where applicable, in good standing to do business in each jurisdiction where such qualification is required, except where the failure so to qualify or be in good standing could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrowers, to borrow and otherwise obtain credit hereunder. Schedule 5.01 annexed hereto sets forth, as of the Closing Date, each Loan Party's name as it appears in official filings in its state of incorporation or organization, its state of incorporation or organization, organization type, organization number, if any, issued by its state of incorporation or organization, and its federal employer identification number.

5.02 Authorization. The execution, delivery and performance by the Loan Parties of each of the Loan Documents to which it is a party and the borrowings hereunder (a) have been duly authorized by

all corporate, stockholder, partnership or limited liability company action required to be taken by the Loan Parties and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, in any material respect, (B) the certificate or articles of incorporation or other constitutive documents (including any partnership, limited liability company or operating agreement or by-laws) of any Loan Party, (C) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (D) any Contractual Obligation, (ii) be in conflict with, result in a breach of, constitute (alone or with notice or lapse of time or both) a default under, or give rise to a right of or result in any cancellation or acceleration of any Material Contract or Material Indebtedness or right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, other than with respect to the constitutive documents of any Loan Party, where any such conflict, violation, breach or default referred to in clause (i) (A), (C) or (D) of this Section 5.02(b) could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon any property or assets of any Loan Party, other than the Liens created by the Loan Documents and Permitted Encumbrances.

5.03 Enforceability. This Agreement has been duly executed and delivered by each of the Loan Parties and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (a) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (c) implied covenants of good faith and fair dealing.

5.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority or third party is required for the perfection or maintenance of the Liens created under the Security Documents or the exercise by the Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral, except for (a) the filing of Uniform Commercial Code financing statements and equivalent filings in foreign jurisdictions, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) filings which may be required under Environmental Laws, (d) such as have been made or obtained and are in full force and effect, (e) such actions, consents and approvals the failure of which to be obtained or made could not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 5.04.

5.05 Reserved.

5.06 Financial Statements.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise approved by a Responsible Officer and expressly noted therein and (ii) fairly present, in all material respects, the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise approved by a Responsible Officer and expressly noted therein.

(b) The unaudited Consolidated balance sheet of the Parent and its Subsidiaries dated August 25, 2016, and the related Consolidated statements of income or operations, Shareholders' Equity and cash flows for the Fiscal Month ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise approved by a

Responsible Officer and expressly noted therein, and (ii) fairly present, in all material respects, the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments. Schedule 5.06 sets forth all Material Indebtedness of the Loan Parties and their Consolidated Subsidiaries as of the Closing Date.

(c) To the best knowledge of the Borrowers, no Internal Control Event exists or has occurred since the date of the Audited Financial Statements that has resulted in or could reasonably be expected to result in a misstatement in any material respect, (i) in any financial information delivered or to be delivered to the Agent or the Lenders, (ii) of the Borrowing Base, (iii) of covenant compliance calculations provided hereunder or (iv) of the assets, liabilities, financial condition or results of operations of the Parent and its Subsidiaries on a Consolidated basis; it being understood and agreed that any Internal Control Event disclosed in connection with preparation for an imminent Public Offering may be remedied within six (6) months following the date of such Public Offering.

5.07 Title to Properties; Possession Under Leases.

(a) Each of the Loan Parties has valid fee simple title to, or valid leasehold interests in, or easements or other limited property interests in, all of its material Real Estate located in the United States and has valid title to its material personal property and assets located in the United States, in each case, except for Permitted Encumbrances and defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Encumbrances.

(b) Neither the Loan Parties nor any of their Subsidiaries has defaulted under any lease to which it is a party, except for such defaults as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each of the Loan Parties' and their Subsidiaries' leases is in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. The Loan Parties and each of their Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.08 Subsidiaries; Equity Interests. As of the Closing Date, the Loan Parties have no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.08, which Schedule sets forth the legal name, jurisdiction of incorporation or formation and authorized Equity Interests of each such Subsidiary. All of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by a Loan Party (or a Subsidiary of a Loan Party) and are free and clear of all Liens except for those created under the Security Documents or those in favor of the Term Loan Agent, and, as of the Closing Date, are in the amounts listed on Part (a) of Schedule 5.08. On the Closing Date, except as set forth in Schedule 5.08, there are no outstanding rights to purchase any Equity Interests in any Subsidiary. As of the Closing Date, the Loan Parties have no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.08. All of the outstanding Equity Interests in the Loan Parties have been validly issued, and are fully paid and non-assessable and, in the case of the Equity Interests in the Loan Parties, are owned free and clear of all Liens except for those created under the Security Documents and Permitted Encumbrances, and which, with respect to the outstanding Equity Interests of the Loan Parties as of as of the Closing Date, are in the amounts specified on Part (c) of Schedule 5.08. The copies of the Organization Documents of each Loan Party and each amendment thereto provided pursuant to Section 4.01(a)(iv), together with any updates,

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amendments, or other modifications delivered to the Agent under this Agreement from time to time, are true and correct copies of each such document, each of which is valid and in full force and effect.

5.09 Litigation; Compliance with Laws.

(a) Except as set forth on Schedule 5.09, there are no actions, suits or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of the Lead Borrower, threatened in writing against or affecting Borrower Holdco or any of its Subsidiaries or any business, property or rights of any such person (but excluding any actions, suits or proceedings arising under or relating to any Environmental Laws, which are subject to Section 5.16) which if adversely determined could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Lead Borrower, none of Borrower Holdco or any of its Subsidiaries or their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval, or any building permit, but excluding any Environmental Laws, which are subject to Section 5.16) or any restriction of record or agreement affecting any property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Schedule 5.09 lists all ongoing litigation as of the Closing Date that relates to any of the Loan Documents or any of the Transactions.

5.10 Federal Reserve Regulations.

(a) No Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan or Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose or (ii) for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, Regulation U or Regulation X.

5.11 Investment Company Act. Neither Parent nor any Loan Party is an "investment company" or a company "controlled" by an "investment company", each as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any federal or state statute or regulation (other than Regulation X of the Board) which limits its ability to incur Indebtedness as contemplated hereby.

5.12 Use of Proceeds. The Lead Borrower will use the proceeds of the Committed Revolving Loans and Swing Line Loans, and may request the issuance of Letters of Credit, for general corporate purposes (including, without limitation, for capital expenditures, Permitted Business Acquisitions, the repayment or refinancing of Indebtedness and the making of Investments and Restricted Payments, in each case to the extent not prohibited hereunder).

5.13 Tax Returns. Except as set forth on Schedule 5.13:

(a) each Loan Party has timely filed or caused to be filed all material tax returns required to have been filed by it and each such tax return is true and correct in all material respects;

(b) each Loan Party has timely paid or caused to be timely paid (i) all Taxes shown to be due and payable by it on the returns referred to in clause (a) of this Section 5.13, (ii) all Taxes shown to be due and payable on any assessments of which it has received notice made against it or any of its property and (iii) all other Taxes imposed on it or any of its property by any Governmental Authority; and

(c) no Tax Liens have been filed (except for Permitted Encumbrances) and there are no claims being asserted in writing with respect to any Taxes (in each case other than in respect of any such (i) Taxes with respect to which the failure to pay, in the aggregate, could not have a Material Adverse Effect or (ii) Taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which reserves in conformity with GAAP have been provided on the books of such Loan Party).

5.14 No Material Misstatements.

(a) All written information (other than projections, estimates and information of a general economic nature or general industry nature) (the “Information”) concerning Parent or any of the Loan Parties, and any other transactions contemplated hereby prepared by or on behalf of the foregoing or their representatives and made available to any Lender, the Agent in connection with the transactions contemplated hereby, when taken as a whole, heretofore, contemporaneously or hereafter furnished, was, is or will be true and correct in all material respects as of the date such Information was furnished to such person and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made.

(b) The projections, estimates and information of a general economic nature prepared by or on behalf of the Lead Borrower or any of its representatives and that have been made available to any Lenders, the Agent in connection with the transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Lead Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from such projections), as of the date such projections and estimates, as applicable, were furnished to the Lenders.

5.15 Employee Benefit Plans.

(a) During the five year period prior to each date as of which this representation is made, or deemed made, with respect to any Plan, none of the following events or conditions, either individually or in the aggregate, has resulted or is reasonably likely to result in a Material Adverse Effect: (i) a Reportable Event, (ii) any noncompliance with the applicable provisions of ERISA or the Code, (iii) a termination of a Single Employer Plan (other than a standard termination pursuant to Section 4041(b) of ERISA), (iv) a Lien on the property of any Loan Party or its Subsidiaries in favor of the PBGC or a Plan, (v) a complete or partial withdrawal from any Multiemployer Plan by any Loan Party or its Subsidiaries or any Commonly Controlled Entity, (vi) the “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA) of, or Insolvency of, any Multiemployer Plan, (vii) any transaction that resulted or could reasonably be expected to result in any Liability to any Loan Party or its Subsidiaries or any Commonly Controlled Entity under Section 4069 of ERISA or Section 4212(c) of ERISA, (viii) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Single Employer Plan, (ix) the imposition of any Liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party, any Subsidiary or any Commonly Controlled Entity or (x) any “prohibited transaction” (as defined in Section 406 of ERISA or

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Section 4975 of the Code) involving any Plan. During the five year period prior to each date as of which this representation is made, or deemed made, no Loan Party nor any Commonly Controlled Entity has failed to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA) with respect to any Plan.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, there are no pending, or to the knowledge of the Lead Borrower, threatened claims (other than claims for benefits in the normal course), sanctions, actions or lawsuits, asserted or instituted against any Plan or any person as fiduciary or sponsor of any Plan.

(c) With respect to any Foreign Plan, none of the following events or conditions exists and is continuing that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect: (i) non-compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders, (ii) failure to be maintained, where required, in good standing with applicable regulatory authorities, (iii) any obligation of a Loan Party or its Subsidiaries in connection with the termination or partial termination of, or withdrawal from, any Foreign Plan, (iv) any Lien on the property of any Loan Party or its Subsidiaries in favor of a Governmental Authority as a result of any action or inaction regarding a Foreign Plan, (v) for each Foreign Plan which is a funded or insured plan, failure to be funded or insured on an ongoing basis to the extent required by applicable non-U.S. law (using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities), (vi) any facts that, to the best knowledge of each Loan Party or any of its Subsidiaries, exist that could reasonably be expected to give rise to a dispute and any pending or threatened disputes that, to the best knowledge of each Loan Party or any of its Subsidiaries, could reasonably be expected to result in a material liability to any Loan Party or any of its Subsidiaries concerning the assets of any Foreign Plan (other than individual claims for the payment of benefits), and (vii) failure to make contributions in a timely manner to the extent required by applicable non-U.S. law.

5.16 Environmental Matters. Except as set forth on Schedule 5.16 or as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) the Loan Parties and each of their Subsidiaries is in compliance with all Environmental Laws (including having obtained all permits, licenses and other approvals required under any Environmental Law for the operation of its business and being in compliance with the terms of such permits, licenses and other approvals), (b) none of the Loan Parties nor any of their Subsidiaries has received notice of or is subject to any pending, or to the Lead Borrower’s knowledge, threatened action, suit or proceeding alleging a violation of, or liability under, any Environmental Law that remains outstanding or unresolved, (c) to the Lead Borrower’s knowledge, no Hazardous Material is located at, on or under any property currently or formerly owned, operated or leased by any Loan Party or any of their Subsidiaries and no Hazardous Material has been generated, owned, treated, stored, handled or controlled by any Loan Party or any of their Subsidiaries and transported to or Released at any location which, in each case described in this clause (c), could reasonably be expected to result in liability to any Loan Party or any of their Subsidiaries and (d) there are no agreements in which any Loan Party or any of their Subsidiaries has expressly assumed or undertaken responsibility for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws or Hazardous Materials.

5.17 Security Documents.

(a) The Security Agreement creates in favor of the Agent, for the benefit of the Credit Parties referred to therein, a legal, valid, continuing and enforceable security interest in the Collateral (as defined in the Security Agreement), the enforceability of which is subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and

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subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. The financing statements, releases and other filings are in appropriate form and have been or will be filed in the offices specified in Schedule II of the Security Agreement. Upon such filings and/or the obtaining of “control,” (as defined in the UCC) the Agent will have a perfected Lien on, and security interest in, to and under all right, title and interest of the grantors thereunder in all Collateral that may be perfected by filing, recording or registering a financing statement or analogous document (including without limitation the proceeds of such Collateral subject to the

limitations relating to such proceeds in the UCC) or by obtaining control, under the UCC (in effect on the date this representation is made) in each case prior and superior in right to any other Person (except for Permitted Encumbrances having priority under applicable Law or otherwise permitted to have priority pursuant to the terms hereof).

(b) When the Security Agreement (or a short form thereof) is filed in the United States Patent and Trademark Office and the United States Copyright Office and when financing statements, releases and other filings in appropriate form are filed in the offices specified in Schedule II of the Security Agreement, the Agent shall have a fully perfected Lien on, and security interest in, all right, title and interest of the applicable Loan Parties in the Intellectual Property (as defined in the Security Agreement) in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person except for Permitted Encumbrances having priority under applicable Law or otherwise permitted to have priority pursuant to the terms hereof (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered trademarks, trademark applications and copyrights acquired by the Loan Parties after the Closing Date).

5.18 Location of Real Estate and Leased Premises. Each Borrower and each of their Subsidiaries has good title in fee simple to, or a valid leasehold interest in, all its material real property located in the United States of America, and good title to, or a valid leasehold interest in, all its other material property located in the United States of America, except those for which the failure to have such good title or such leasehold interest could not be reasonably expected to have a Material Adverse Effect, and none of such real or other property is subject to any Lien, except for Liens permitted hereby (including Permitted Encumbrances). Schedule 5.18 sets forth all Real Estate owned by the Loan Parties and located in the United States as of the Closing Date.

5.19 Solvency. On the Closing Date, after giving effect to the Transactions and the application of the proceeds of all Indebtedness being incurred in connection with the Transactions, the Loan Parties, on a consolidated basis, are Solvent.

5.20 No Material Adverse Effect. Since December 31, 2015, there has been no change in the financial condition, business, operations, assets or liabilities of Parent or any Loan Party that has had, or could reasonably be expected to have a Material Adverse Effect.

5.21 Insurance. The properties of the Loan Parties and their Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts, with such deductibles and covering such risks (including, without limitation, workmen's compensation, public liability, business interruption and property damage insurance) as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Loan Parties or the applicable Subsidiary operates. Schedule 5.21 sets forth a true, complete and correct description of all material insurance maintained by or on behalf of the Loan Parties or any of their Subsidiaries. Each insurance policy listed on Schedule 5.21 is in full force and effect and all premiums in respect thereof that are due and payable have been paid.

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5.22 USA PATRIOT Act; OFAC.

- (a) To the extent applicable, each of Parent and each of the Loan Parties is in compliance with the USA PATRIOT Act.
- (b) Neither Parent nor any Loan Party nor any of their Subsidiaries is any of the following:
 - (i) a person that is listed in the annex to, or it otherwise subject to the provisions of the Executive Order;
 - (ii) a person owned or Controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (iii) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any laws with respect to terrorism or money laundering;
 - (iv) a person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or
 - (v) a person that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list and none of the proceeds of the Loans will be, directly or indirectly, offered, lent, contributed or otherwise made available to any Subsidiary, joint venture partner or other person for the purpose of financing the activities of any person the subject of sanctions administered by OFAC.

5.23 Intellectual Property; Licenses, Etc. (a) The Loan Parties own, or possess the right to use, all of the patents, patent rights, trademarks, service marks, trade names, copyrights or mask works, domain names, applications and registrations for any of the foregoing (collectively, "Intellectual Property Rights") that are necessary for the operation of their respective businesses as currently conducted, without conflict with the rights of any other person in any material respect, except for those the failure to own or have such legal right to use could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (b) to the knowledge of the Lead Borrower, neither the Loan Parties nor any of their Subsidiaries nor any intellectual property right, proprietary right, product, process, method, substance, part or other material now employed, sold or offered by or contemplated to be employed, sold or offered by the Loan Parties or their Subsidiaries is interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property Rights of any person, except as could not reasonably be expected to have a Material Adverse Effect, and (c) no claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Lead Borrower, threatened which, if adversely decided, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.24 No Default. Neither Parent nor any Loan Party or any of their Subsidiaries is in default under or with respect to (a) any Material Indebtedness or (b) any of its Contractual Obligations, except, in the case of clause (b) only, as could not reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

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5.25 Labor Matters. There are no strikes, lockouts, slowdowns or other material labor disputes against any Loan Party or any of their Subsidiaries thereof pending or, to the knowledge of any Loan Party, threatened, which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) the hours worked by and payments made to employees of the Loan Parties comply with the Fair Labor Standards Act and any other applicable federal, state, local or foreign Law dealing with such matters, (ii) no Loan Party or any of its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Act or similar state Law, (iii) all payments due from any Loan Party and its Subsidiaries, or for which any claim may be made against any Loan Party or any of its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of such Loan Party, (iv) no Loan Party or any Subsidiary is a party to or bound by any collective bargaining agreement, (v) there are no representation proceedings pending or, to any Loan Party's knowledge, threatened to be filed with the National Labor Relations Board, and no labor organization or group of employees of any Loan Party or any Subsidiary has made a pending demand for recognition, (vi) there are no complaints, unfair labor practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against any Loan Party or any

Subsidiary pending or, to the knowledge of any Loan Party, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of any Loan Party or any of its Subsidiaries, and (vii) the consummation of the transactions contemplated by this Agreement or any other Loan Document will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Loan Party or any of its Subsidiaries is bound.

5.26 Deposit Accounts; Credit Card Arrangements.

(a) Annexed hereto as Schedule 5.26(a) is a list of all DDAs maintained by the Loan Parties as of the Closing Date, which Schedule includes, with respect to each DDA (i) the name and address of the depository; (ii) the account number(s) maintained with such depository; (iii) a contact person at such depository, and (iv) the identification of each Blocked Account Bank.

(b) Annexed hereto as Schedule 5.26(b) is a list describing all arrangements as of the Closing Date to which any Loan Party is a party with respect to the processing and/or payment to such Loan Party of the proceeds of any credit card charges and debit card charges for sales made by such Loan Party.

ARTICLE VI AFFIRMATIVE COVENANTS

Each of the Loan Parties covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the Obligations (other than Obligations in respect of Cash Management Services and contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted) shall have been paid in full, in cash, the Commitments have been terminated and Letters of Credit expired, terminated or cash collateralized on terms satisfactory to the L/C Issuer, unless the Required Lenders shall otherwise consent in writing, the Loan Parties will, and will cause their Subsidiaries to:

6.01 Existence; Businesses and Properties.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, except as otherwise expressly permitted under Section 6.01 and except,

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other than in the case of the Loan Parties, where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect (i) do or cause to be done all things necessary to lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, licenses and rights with respect thereto necessary to the normal conduct of its business required by Governmental Authorities and necessary to the ownership, occupation or use of its properties or the conduct of its business, (ii) at all times maintain and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all necessary and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as expressly permitted by this Agreement) and (iii) comply with all Contractual Obligations.

6.02 Insurance.

(a) Maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are usually insured against in the same general area by companies engaged in the same or similar businesses and cause the Agent to be listed as a co-loss payee on property and casualty policies and as an additional insured on liability policies.

(b) In connection with the covenants set forth in this Section 6.02, it is understood and agreed that:

(i) neither the Agent, the Lenders, nor their respective agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 6.02, it being understood that (A) the Loan Parties and their Subsidiaries shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Agent, the Lenders or their agents or employees. If, however, the insurance policies, as a matter of the internal policy of such insurer, do not provide waiver of subrogation rights against such parties, as required above, then the Loan Parties hereby agree, to the extent permitted by law, to waive, and further agree to cause each of their Subsidiaries, to the extent permitted by law, to waive, its right of recovery, if any, against the Agent, the Lenders and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Agent under this Section 6.02 shall in no event be deemed a representation, warranty or advice by the Agent or the Lenders that such insurance is adequate for the purposes of the business of the Loan Parties or the protection of their properties; and

(c) (A) fire and extended coverage policies maintained with respect to any Collateral shall be endorsed or otherwise amended to include (1) a lenders' loss payable clause (regarding personal property), in form and substance reasonably satisfactory to the Agent, which endorsements or amendments shall provide that the insurer shall pay all proceeds in respect of personal property otherwise payable to the Loan Parties under the policies directly to the Agent, and (2) a provision to the effect that none of the Loan Parties, the Agent, the Lenders or any other person shall be a co-insurer; (B) commercial general liability policies shall be endorsed to name the Agent, as an additional insured; and (C) business interruption policies shall name the Agent as a loss payee and shall be endorsed or amended to include (1) a provision that, from and after the Closing Date, the insurer shall pay all proceeds otherwise payable to

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the Lead Borrower and its Subsidiaries under the policies directly to the Agent and (2) a provision to the effect that none of the Loan Parties, the Agent, the Lenders or any other party shall be a co-insurer. Each such policy referred to in this Section 6.02 shall also provide that it shall not be canceled, modified or not renewed (x) by reason of nonpayment of premium except upon not less than ten (10) days' prior written notice thereof by the insurer to the Agent (giving the Agent the right to cure defaults in the payment of premiums) or (y) for any other reason except upon not less than thirty (30) days' prior written notice thereof by the insurer to the Agent. The Lead Borrower shall deliver to the Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Agent, including an insurance binder) together with evidence reasonably satisfactory to the Agent of payment of the premium therefor. Notwithstanding the foregoing, it is understood and agreed that no Loan Party shall be required to maintain flood insurance unless any Real Estate is required to be so insured pursuant to the Flood Disaster Protection Act of 1973 or the National Flood Insurance Act of 1968, and the regulations promulgated thereunder because such Real Estate is located in an area which has been identified by the Secretary of Housing and Urban Development as a "special flood hazard area".

(d) Maintain for themselves and their Subsidiaries, a Directors and Officers insurance policy, and a "Blanket Crime" policy (whether as a separate

policy or as part of the Directors and Officers policy) including employee dishonesty, forgery or alteration, theft, disappearance and destruction, robbery and safe burglary, property, and computer fraud coverage with responsible companies in such amounts as are customarily carried by business entities engaged in similar businesses similarly situated, and will upon request by the Agent furnish the Agent certificates evidencing renewal of each such policy.

(e) Deliver to the Agent, prior to the cancellation, modification or non-renewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Agent, including an insurance binder) together with evidence satisfactory to the Agent of payment of the premium therefor.

6.03 Taxes. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all Taxes imposed upon it or its income or profits or in respect of its property; provided that such payment and discharge shall not be required with respect to any Tax, assessment, charge, levy or claim so long as (a) the validity or amount thereof shall be contested in good faith by appropriate proceedings diligently conducted and (b) any affected Loan Party, shall have set aside on its books reserves in accordance with GAAP with respect thereto, or (c) the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Nothing contained herein shall be deemed to limit the rights of the agents with respect to determining Reserves pursuant to this Agreement.

6.04 Financial Statements, Reports, etc. Furnish to the Agent:

(a) as soon as available, but in all events within one hundred and twenty (120) days after the end of each Fiscal Year commencing with the 2016 Fiscal Year, (i) a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of, so long as Parent does not own any Subsidiaries other than Borrower Holdco and its Subsidiaries, Parent and its Subsidiaries, and, if Parent does own any Subsidiaries other than Borrower Holdco, the Loan Parties and their Subsidiaries, as of the close of such Fiscal Year and the consolidated results of its operations during such year, setting forth in comparative form the corresponding figures for the prior Fiscal Year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be audited by a Registered Public Accounting Firm and accompanied by an opinion of such accountants (which shall not be qualified as to scope of audit or as to the status of any Loan Party as a

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going concern other than any such qualification or exception that is solely with respect to, or resulting solely from, an upcoming maturity date under this Agreement, the Term Loan Facility or any other Indebtedness occurring within one year from the time such report is delivered) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the Loan Parties on a consolidated basis in accordance with GAAP (it being understood that the delivery of annual reports on Form 10-K of Parent and its Subsidiaries or the Loan Parties, as required hereunder, shall satisfy the requirements of this Section 6.04(a) to the extent such annual reports include the information specified herein) (the applicable financial statements delivered pursuant to this clause (a) being the "Annual Financial Statements");

(b) within (x) thirty (30) days following the end of each fiscal month that is not the last month of a Fiscal Quarter of each Fiscal Year and (y) forty five (45) days (or 60 days for the fiscal month ending on or about September 30, 2016) following the end of each fiscal month that is the last month of a Fiscal Quarter of each Fiscal Year (other than the last Fiscal Quarter of any Fiscal Year), (i) a consolidated balance sheet and related statements of operations and cash flows showing the financial position of, so long as Parent does not own any Subsidiaries other than Borrower Holdco and its Subsidiaries, Parent and its Subsidiaries, and, if Parent does own any Subsidiaries other than Borrower Holdco, the Loan Parties, as of the close of such fiscal month and the consolidated results of its operations during such fiscal month, and, in each case, the then-elapsed portion of the Fiscal Year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior Fiscal Year and compared to the budget delivered under Section 6.04(e) for such Fiscal Year (or, prior to the initial delivery under Section 6.04(e), compared to the budget delivered to the Agent on or prior to the Closing Date), and (ii) management's discussion and analysis of significant operational and financial developments during such monthly period (provided that following a Public Offering, such management's discussion and analysis shall be due within such timeframes and be substantially the same as is delivered to the board of directors), together with reasonable detail regarding non-recurring addbacks included in Consolidated EBITDA for such period (to the extent requested by the Agent), all of which shall be in reasonable detail and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Responsible Officer of Lead Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Parent and its Subsidiaries or Loan Parties and their Subsidiaries, as required hereunder, on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (the applicable financial statements delivered pursuant to this clause (b) being the "Monthly Financial Statements", and, together with the Annual Financial Statements, the "Required Financial Statements");

(c) concurrently with any delivery of Required Financial Statements under paragraphs (a) and (b) of this Section 6.04, a certificate of a Responsible Officer of the Lead Borrower (i) certifying that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) if a Covenant Compliance Event has occurred and is continuing, demonstrating compliance with Section 7.10 (in reasonable detail satisfactory to the Agent) and (iii) certifying a list of all Immaterial Subsidiaries, that each Subsidiary set forth on such list individually qualifies as an Immaterial Subsidiary and that all such Subsidiaries in the aggregate do not exceed the limitation set forth in clause (b) of the definition of the term "Immaterial Subsidiary";

(d) within five (5) Business Days after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Agent, other materials filed by Parent, any Loan Party, Borrower or any other with the SEC, or after a Public Offering, distributed to its stockholders generally, as applicable; provided that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (d) shall be deemed delivered for purposes of this Agreement when posted to the website of the Lead Borrower;

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(e) within one hundred twenty (120) days following the end of each Fiscal Year, a reasonably detailed consolidated annual budget for such Fiscal Year (including a projected consolidated balance sheet of Parent and its Subsidiaries as of the end of each Fiscal Month for the following Fiscal Year, and annual consolidated statements of projected cash flow and projected income and projected Availability on a monthly basis), including a description of underlying assumptions with respect thereto and describing any changes from such preliminary budget delivered to Agent (collectively, the "Budget"), which Budget shall in each case be accompanied by the statement of a Responsible Officer of the Lead Borrower to the effect that the Budget is based on assumptions believed by such Responsible Officer to be reasonable as of the date of delivery thereof;

(f) [reserved];

(g) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Parent or any Loan Party, or compliance with the terms of any Loan Document, in each case, as the Agent may reasonably request (for itself or on behalf of any Lender), including, without limitation, those items listed on Schedule 6.04 attached hereto;

(h) on or before the 15th day of each month from and after the Closing Date, a Borrowing Base Certificate as of the last day of the immediately preceding month, with such supporting materials as the Agent shall reasonably request, including, without limitation, (i) a report in reasonable detail of the Accounts assigned to CIT pursuant to the CIT Deferred Purchase Factoring Agreement and (ii) in the event that Accounts sold to CIT pursuant to the CIT Deferred Purchase Factoring Agreement exceed \$1,000,000 in any Fiscal Year, a report in reasonable detail of the Accounts sold to CIT pursuant to the CIT Deferred Purchase Factoring Agreement solely to the extent such sold Accounts are due from customers having additional Accounts which have been included in the Borrowing Base for such month. Notwithstanding the

foregoing, after the occurrence and during the continuance of an Accelerated Borrowing Base Delivery Event, on Wednesday of each week (or, if Wednesday is not a Business Day, on the next succeeding Business Day), the Lead Borrower shall furnish a Borrowing Base Certificate calculated as of the close of business on Saturday of the immediately preceding calendar week;

(i) promptly upon request by the Agent (so long as the following are obtainable using commercially reasonable measures), copies of (i) each Schedule SB (Single-Employer Defined Benefit Plan Actuarial Information) to the most recent annual report (Form 5500 Series) filed with the Internal Revenue Service with respect to a Plan, (ii) the most recent actuarial valuation report for any Plan, and (iii) all notices received from a Multiemployer Plan sponsor, a plan administrator or any governmental agency, or provided to any Multiemployer Plan by the Loan Parties or any ERISA Affiliate, concerning an ERISA Event;

(j) promptly following any request therefor by the Agent (so long as the following are obtainable using commercially reasonable measures), copies of (i) any documents described in Section 101(k)(1) of ERISA that Parent, the Loan Parties or any ERISA Affiliate may request with respect to any Multiemployer Plan and (ii) any notices described in Section 101(l)(1) of ERISA that Parent, the Loan Parties or any ERISA Affiliate may request with respect to any Multiemployer Plan; provided that if Parent, any of the Loan Parties or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, Parent, the Lead Borrower, such other Subsidiary or such ERISA Affiliate shall promptly make a request for such documents or notices from the such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof;

(k) promptly upon reasonable request from the Agent, calculations of Consolidated EBITDA and other Fixed GAAP Terms as reasonably requested by the Agent promptly following receipt

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of a written notice from the Lead Borrower electing to change the Fixed GAAP Date, which calculations shall show the calculations of the respective Fixed GAAP Terms both before and after giving effect to the change in the Fixed GAAP Date and identify the material change(s) in GAAP giving rise to the change in such calculations, together with a reconciliation between calculations of any financial ratio made before and after giving effect to such change in GAAP; and

(l) if, at any time, Availability is less than or equal to fifteen percent (15%) of the Loan Cap, the Borrowers shall promptly, upon the written request of the Agent, provide to the Agent a written certification as to the Consolidated Fixed Charge Coverage Ratio, including reasonably detailed calculations with respect thereto in accordance with Appendix IV of the Compliance Certificate;

provided that in the event that Parent, any other Parent Entity or a Loan Party is not engaged in any business or activity, and does not own any assets or have other liabilities, other than those incidental to its ownership directly or indirectly of the Equity Interests of the Lead Borrower and the other Subsidiaries, such consolidated reporting at a Person's level in a manner consistent with that described in paragraphs (a) and (b) of this Section 6.04 for Parent will satisfy the requirements of such paragraphs.

The Loan Parties hereby acknowledge that (a) the Agent and/or the Arrangers will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of the Loan Parties hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their securities) (each, a "Public Lender"). The Loan Parties hereby agree that so long as any Loan Party is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities they will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Loan Parties shall be deemed to have authorized the Agent, the Arrangers, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Loan Parties or their securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Confidential Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (z) the Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

6.05 Litigation and Other Notices. Furnish to the Agent written notice of the following promptly after any Responsible Officer of the Lead Borrower obtains actual knowledge thereof or receipt of such document or notice, as applicable:

(a) any Default or Event of Default;

(b) any litigation investigation or proceeding affecting any Loan Party or its Subsidiaries that could reasonably be expected to have a Material Adverse Effect;

(c) (i) the occurrence or expected occurrence of any Reportable Event (or similar event) with respect to any Single Employer Plan (or Foreign Plan), a failure to make any required contribution to a Single Employer Plan, Multiemployer Plan or Foreign Plan, the creation of any Lien on the property of the Borrowers or their respective Subsidiaries in favor of the PBGC, a Plan or a Foreign

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Plan or any withdrawal from, or the full or partial termination, "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or Insolvency of, any Multiemployer Plan or Foreign Plan; or (ii) the institution of proceedings or the taking of any other formal action by the PBGC or any Loan Party or any of its Subsidiaries or any Commonly Controlled Entity or any Multiemployer Plan which could reasonably be expected to result in the withdrawal from, or the termination, or Insolvency of, any Single Employer Plan, Multiemployer Plan or Foreign Plan; provided, however, that no such notice will be required under clause (i) or (ii) above unless the event giving rise to such notice, when aggregated with all other such events under clause (i) or (ii) above, could be reasonably expected to result in a Material Adverse Effect;

(d) any other development specific to any Loan Party that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect;

(e) any material notices or material demands delivered or received by any Loan Party (or on its behalf) in connection with the CIT Deferred Purchase Factoring Agreement;

(f) the occurrence of (i) any default or event of default under the Term Loan Agreement or (ii) any payment default with respect to Material Indebtedness of any Loan Party;

(g) the filing of any lien for unpaid Taxes against any Loan Party in excess of \$1,000,000, individually, or \$2,500,000, in the aggregate;

(h) any casualty or other insured damage to any significant portion of the Collateral or the commencement of any action or proceeding for the taking of any interest in a significant portion of the Collateral under power of imminent domain or by condemnation or similar proceeding;

- (i) any loss, damage or destruction to a significant portion of Collateral, whether or not covered by insurance;
- (j) the filing or asserting of any Lien by customs or revenue authority against any Loan Party in excess of \$1,000,000, individually, or \$2,500,000, in the aggregate;
- (k) the failure by any Loan Party to pay rent under any Real Estate leases which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;
- (l) any default under any Contractual Obligation of any Loan Party or its Subsidiaries, which could reasonably be expected to have a Material Adverse Effect; and
- (m) (i) any release or discharge by any Loan Party or its Subsidiaries of any Materials of Environmental Concern required to be report under applicable Environmental Laws to any Governmental Authority, unless the total Environmental Costs arising out of such release or discharge could not reasonably have a Material Adverse Effect and (ii) any condition, circumstance, occurrence or event not previously disclosed in writing to the Agent that could reasonably be expected to result in liability or expense under applicable Environmental Laws, unless the total Environmental Costs arising out of such condition, circumstance, occurrence or event could not reasonably be expected to have a Material Adverse Effect, or could not reasonably be expected to result in the imposition of any lien or other material restriction on the title, ownership or transferability of any facilities and properties owned, leased or operated by the Loan Parties or any of their Subsidiaries that could reasonably be expected to result in a Material Adverse Effect, and (iii) any proposed action to be taken by any Loan Party or any of its Subsidiaries that could reasonably be expected to subject the any Loan Party or any of its Subsidiaries to any material additional or different requirements or liabilities under Environmental Laws, unless the

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total Environmental Costs arising out of such proposed action could not reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.05 shall be accompanied by a statement of a Responsible Officer of the Lead Borrower setting forth details of the occurrence referred to therein and stating what action the Loan Party or its Subsidiary proposes to take with respect thereto.

6.06 Compliance with Laws. Comply in all material respects with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property that are material to the conduct of the Loan Parties' business, except in such instances in each case, any material non compliance which could not reasonably be expected to have a Material Adverse Effect; provided, however, that this Section 6.06 shall not apply to Environmental Laws, which are the subject of Section 6.09, or Taxes, which are the subject of Section 6.03.

6.07 Maintaining Records; Access to Properties and Inspections; Appraisals.

(a) Maintain all material financial records in accordance with GAAP and permit any persons designated by the Agent (including, without limitation, the Agent or any representatives or independent contractors thereof) or, upon the occurrence and during the continuance of an Event of Default, any Lender, to visit and inspect the financial records (including, without limitation, the corporate, financial and operating records) and the properties of the Borrowers or any of their Subsidiaries at reasonable times, upon reasonable prior notice to the Borrowers, and as often as reasonably requested, to make extracts from and copies of such financial records, and to discuss its affairs, finances and accounts with its Registered Public Accounting Firm, and permit the Agent or professionals (including investment bankers, consultants, accountants, and lawyers) retained by the Agent to conduct evaluations of the Loan Parties' business plan, forecasts and cash flows, all at the expense of the Loan Parties and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Lead Borrower; provided, that, so long as no Default or Event of Default shall have occurred and be continuing, the Agent shall be limited to one (1) such visit at the Loan Parties' expense in any Fiscal Year; provided, further, that when a Default or Event of Default exists the Agent (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the Loan Parties at any time during normal business hours and without advance notice.

(b) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including investment bankers, consultants, accountants, and lawyers) retained by the Agent to conduct commercial finance examinations and other evaluations, including, without limitation, of (i) the Lead Borrower's practices in the computation of the Borrowing Base and (ii) the assets included in the Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves. The Loan Parties shall pay the fees and expenses of the Agent and such professionals with respect to such examinations and evaluations. Without limiting the foregoing, the Loan Parties acknowledge that the Agent shall undertake one (1) commercial finance examination during each twelve (12) month period following the Closing Date at the Loan Parties' expense; provided, that, if Availability is, at any time, less than twenty percent (20%) of the Loan Cap for three (3) consecutive Business Days, the Agent may conduct two (2) commercial finance examinations during such twelve (12) month period at the Loan Parties' expense. Notwithstanding the foregoing, the Agent may cause additional commercial finance examinations to be undertaken (i) as it in its discretion deems necessary or appropriate, at its own expense or (ii) if required by Law, at the expense of Agent and the Loan Parties shared equally or (iii) if a Designated Event of Default shall have occurred and be continuing, at the expense of the Loan Parties.

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(c) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including appraisers) retained by the Agent to conduct appraisals of the Collateral, including, without limitation, the assets included in the Borrowing Base. The Loan Parties shall pay the fees and expenses of the Agent and such professionals with respect to such appraisals. Without limiting the foregoing, the Loan Parties acknowledge that the Agent shall undertake one (1) inventory appraisal during each twelve (12) month period following the Closing Date at the Loan Parties' expense; provided, that, if Availability is, at any time, less than twenty percent (20%) of the Loan Cap for three (3) consecutive Business Days, the Agent may conduct two (2) inventory appraisals during such twelve (12) month period at the Loan Parties' expense. Notwithstanding the foregoing, the Agent may cause additional appraisals to be undertaken (i) as it in its discretion deems necessary or appropriate, at its own expense or (ii) if required by Law, at the expense of Agent and the Loan Parties shared equally or (iii) if a Designated Event of Default shall have occurred and be continuing, at the expense of the Loan Parties. So long as no Default or Event of Default has occurred and is continuing, Agent will provide Lead Borrower with a copy of the final appraisal report. Any adjustments to the Appraised Value or the Borrowing Base hereunder as a result of such appraisals shall become effective ten (10) days following the date of the applicable final appraisal report.

(d) The Loan Parties shall cause (i) not less than one physical inventory at each store location to be undertaken in each 12 month period by such inventory takers substantially consistent with the practices in place on the Closing Date or as otherwise are reasonably satisfactory to the Agent and (ii) periodic cycle counts of Inventory to be undertaken at each location, in each case, at least once in each 12 month period, and at the expense of the Loan Parties, in accordance with the Loan Parties' usual business practices, conducted using methodology routinely used by the Loan Parties in their ordinary course of business with respect to such Inventory counts or as otherwise consistent with standard and customary business practices, and shall post such results to the Loan Parties' stock ledgers and general ledgers, as applicable.

Notwithstanding anything to the contrary in Section 6.04(g) or this Section 6.07, neither the Loan Parties nor any Subsidiary will be required to disclose, or permit the inspection or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Agent or the Lenders (or their respective representatives) is prohibited by applicable Law or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

6.08 Use of Proceeds. Use the proceeds of the Credit Extensions only (a) to refinance Indebtedness of the Lead Borrower and its Subsidiaries under the Existing Term Loan Agreement and the Existing Credit Agreement (with respect to the Existing Lenders), (b) to finance transaction fees and expenses related hereto, and (c) for general corporate purposes (including, without limitation, for capital expenditures, Permitted Business Acquisitions, the repayment or refinancing of Indebtedness and the making of Investments and Restricted Payments (other than the Closing Date Dividend), in each case to the extent not prohibited hereunder).

6.09 Compliance with Environmental Laws.

(a) (i) Comply substantially with, and require substantial compliance by all tenants, subtenants, contractors, and invitees with, all applicable Environmental Laws; (ii) obtain, comply substantially with and maintain any and all Environmental Permits necessary for its operations as conducted and as planned; and (iii) require that all tenants, subtenants, contractors, and invitees obtain, comply substantially with and maintain any and all Environmental Permits necessary for their operations as conducted and as planned, with respect to any property leased or subleased from, or operated by any Loan Party or its Subsidiaries. For purposes of this Section 6.09(a), noncompliance shall not constitute a

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breach of this covenant, provided that, upon learning of any actual or suspected noncompliance, the Lead Borrower and any such affected Loan Party or Subsidiary shall promptly undertake and diligently pursue reasonable efforts, if any, to achieve compliance, and provided, further, that in any case such noncompliance could not reasonably be expected to have a Material Adverse Effect.

(b) Promptly comply, in all material respects, with all orders and directives of all Governmental Authorities regarding Environmental Laws, other than such orders or directives (i) as to which the failure to comply could not reasonably be expected to result in a Material Adverse Effect or (ii) as to which: (x) appropriate reserves have been established in accordance with GAAP; (y) an appeal or other appropriate contest is or has been timely and properly taken and is being diligently pursued in good faith; and (z) if the effectiveness of such order or directive has not been stayed, the failure to comply with such order or directive during the pendency of such appeal or contest could not reasonably be expected to have a Material Adverse Effect.

(c) Except to the extent that failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (i) conduct, or have conducted on its behalf, any investigation, study, sampling, or testing any real property at which the Loan Parties and their Subsidiaries operate as required by Environmental Laws, and (ii) respond, or cause a third party to respond, to any release, threatened release, or discharge of Materials of Environmental Concern at, on, or under any real property at which the Loan Parties or their Subsidiaries operate as required by Environmental Laws.

6.10 Further Assurances; Additional Security.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents and recordings of Liens in stock registries), that may be required under any applicable law, or that the Agent may reasonably request, all at the expense of the Loan Parties, and provide to the Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any Loan Party directly or indirectly acquires fee-owned Real Estate in the United States after the Closing Date that has an aggregate fair market value of \$7,500,000 or more, (i) notify the Agent thereof, (ii) cause each such fee-owned Real Estate to be subjected to a mortgage or deed of trust securing the Obligations, in form and substance reasonably acceptable to the Agent, (iii) obtain fully paid American Land Title Association Lender's Extended Coverage title insurance policies in form and substance, with endorsements (including zoning endorsements where available) and in amounts reasonably acceptable to the Agent (the "Mortgage Policies"), (iv) to the extent necessary to issue the Mortgage Policies, obtain American Land Title Association/American Congress on Surveying and Mapping form surveys, dated no more than thirty (30) days before the date of their delivery to the Agent, certified to the Agent and the issuer of the Mortgage Policies in a manner reasonably satisfactory to the Agent, (v) provide (1) "Life of Loan" Federal Emergency Management Agency Standard Flood Hazard determinations, (2) notices, in the form required under the flood insurance Laws, about special flood hazard area status and flood disaster assistance duly executed by each Loan Party, and, (3) if any improved real property encumbered by any mortgage is located in a special flood hazard area, a policy of flood insurance that (A) covers such improved real property, (B) is written in an amount not less than the outstanding principal amount of the Indebtedness secured by such mortgage reasonably allocable to such real property or the maximum limit of coverage made available with respect to the particular type of property under the flood insurance Laws, whichever is less, (C) naming the Agent as loss payee and additional insured with such responsible and reputable insurance companies or associations, and in such

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amounts and covering such risks, as are reasonably satisfactory to the Agent, and (D) is otherwise on terms satisfactory to the Agent; and (vi) obtain customary mortgage or deed of trust enforceability opinions of local counsel for the Loan Parties in the states in which such fee-owned Real Estate are located and (vii) take, and cause the applicable Subsidiary to take, such actions as shall be necessary or reasonably requested by the Agent to perfect such Liens, including actions described in paragraph (a) of this Section 6.10, in each case, at the expense of the Loan Parties.

(c) If any additional Subsidiary of a Loan Party is formed or acquired after the Closing Date (or if an Excluded Subsidiary ceases to qualify as such), promptly after the date such Subsidiary is formed or acquired (or after such entity ceases to qualify as an Excluded Subsidiary, as applicable), notify the Agent thereof and, within thirty (30) Business Days after the date such Subsidiary is formed or acquired (or such longer period as the Agent shall agree), to the extent such Person does not constitute an Excluded Subsidiary, cause the Collateral and Guaranty Requirements to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of a Loan Party as and to the extent required under the Security Documents.

(d) (i) In each case furnish the Agent prompt written notice of any change (and in any event within 30 days of such change) in any Loan Party's (A) corporate or organization name, (B) organizational structure or (C) organizational identification number (or equivalent); provided that the Borrowers shall not effect or permit any such change unless all filings have been made, or will have been made within any statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Agent to continue at all times following such change to have a valid, legal and perfected security interest in all Collateral for the benefit of the applicable Credit Parties.

6.11 Cash Management.

(a) Prior to the date that is forty-five (45) days (or such later date as may be consented to by the Agent, such consent not to be unreasonably withheld, conditioned or delayed) following the Closing Date (in each case to the extent not previously delivered in connection with the Existing Credit Agreement):

(i) deliver to the Agent copies of notifications (each, a "Credit Card Notification") substantially in the form attached hereto as Exhibit G which have been executed on behalf of such Loan Party and delivered to such Loan Party's Credit Card Issuers and Credit Card Processors listed on Schedule 5.26(b); and

(ii) enter into a Blocked Account Agreement with each Blocked Account Bank, subject to Section 6.11(d) below (collectively, the "Blocked Accounts"); and

(iii) at the request of the Agent, deliver to the Agent copies of notifications (each, a “DDA Notification”) substantially in the form attached hereto as Exhibit H which have been executed on behalf of such Loan Party and delivered to each depository institution listed on Schedule 5.26(a).

Notwithstanding anything herein to the contrary, the provisions of this Section 6.11(a) shall not apply to any deposit account that is acquired by a Loan Party in connection with a Permitted Business Acquisition permitted under this Agreement prior to the date that is sixty (60) days (or such later date as may be consented to by the Agent, such consent not to be unreasonably withheld, conditioned or delayed) following the date of such Permitted Business Acquisition.

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(b) From and after the Closing Date, the Loan Parties shall ACH or wire transfer no less frequently than once per Business Day (and whether or not there are then any outstanding Obligations) to a Blocked Account all of the following:

- (i) all amounts on deposit in each DDA except for the Term Priority Accounts (net of any minimum balance, not to exceed \$2,500, as may be required to be kept in the subject DDA by the depository institution at which such DDA is maintained);
- (ii) all payments due from Credit Card Processors and Credit Card Issuers and proceeds of all credit card charges;
- (iii) all cash receipts from the Disposition of Inventory and other assets (whether or not constituting Collateral);
- (iv) all proceeds of Accounts; and
- (v) all Net Proceeds, and all other cash payments received by a Loan Party from any Person or from any source or on account of any Disposition or other transaction or event (other than identifiable proceeds of Term Priority Collateral, which may be paid to the Term Loan Agent for application of the Term Loan Obligations).

(c) Each Blocked Account Agreement shall require upon notice from the Agent, which notice shall be delivered only after the occurrence and during the continuance of a Cash Dominion Event, the ACH or wire transfer no less frequently than once per Business Day (and whether or not there are then any outstanding Obligations) to the concentration account maintained by the Agent at Wells Fargo (the “Concentration Account”), of all cash receipts and collections received by each Loan Party from all sources (the “Receipts and Collections”), including, without limitation, the following:

- (i) the then entire ledger balance of each Blocked Account (net of any minimum balance, not to exceed \$2,500, as may be required to be kept in the subject Blocked Account by the Blocked Account Bank);
- (ii) all amounts required to be deposited into the Blocked Accounts pursuant to clause (b) above; and
- (iii) any other cash amounts received by any Loan Party from any other source, on account of any type of transaction or event;

provided, however, that (i) the Agent may, in its sole discretion, permit the Loan Parties to have one or more “intermediate” Blocked Account Agreements, whereby such agreements would provide, upon notice from the Agent, the ACH or wire transfer no less frequently than once per Business Day (and whether or not there are then any outstanding Obligations) all Receipts and Collections to another Blocked Account, as opposed to the Concentration Account and (ii) the Loan Parties may maintain the Term Priority Accounts, so long as the Loan Parties only deposit any funds into such account that constitute identifiable proceeds of Term Priority Collateral and no other funds or amounts can be deposited therein.

(d) Notwithstanding anything herein or in any other Loan Document to the contrary, the Loan Parties shall not be required to enter into any Blocked Account Agreement with respect to DDAs that have an average daily balance of less than \$2,500,000, individually or in the aggregate.

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(e) The Concentration Account shall at all times be under the sole dominion and control of the Agent. The Agent shall cause all funds on deposit in the Concentration Account to be applied to the Obligations, which amounts shall be applied to the Obligations in the order proscribed in either Section 2.05(e) or Section 8.04 of this Agreement, as applicable. The Loan Parties hereby acknowledge and agree that (i) the Loan Parties have no right of withdrawal from the Concentration Account, and (ii) the funds on deposit in the Concentration Account shall at all times be collateral security for all of the Obligations. In the event that, notwithstanding the provisions of this Section 6.11, any Loan Party receives or otherwise has dominion and control of any such cash receipts or collections, such receipts and collections shall be held in trust by such Loan Party for the Agent, shall not be commingled with any of such Loan Party’s other funds or deposited in any account of such Loan Party and shall, not later than the Business Day after receipt thereof, be deposited into the Concentration Account or dealt with in such other fashion as such Loan Party may be instructed by the Agent.

(f) Upon the request of the Agent, after the occurrence and during the continuance of a Cash Dominion Event or a Designated Event of Default, the Loan Parties shall cause bank statements and/or other reports to be delivered to the Agent not less often than monthly, accurately setting forth all amounts deposited in each Blocked Account to ensure the proper transfer of funds as set forth above.

(g) If the Agent does not require DDA Notifications to be delivered on the Closing Date in accordance with Section 6.11(a) above, then the Loan Parties shall, upon the request of the Agent at any time after the Closing Date, deliver to the Agent copies of DDA Notifications, which have been executed on behalf of the applicable Loan Party and delivered to each depository institution listed on Schedule 5.26(a).

6.12 Fiscal Year; Accounting.

(a) The Lead Borrower will, for financial reporting purposes, cause the Loan Parties’ and each of their Subsidiaries’ Fiscal Years to end on the last Thursday of each calendar year; provided that the Lead Borrower may, upon written notice to the Agent, change the financial reporting convention specified above to cause the Loan Parties’ and each of their Subsidiaries’ Fiscal Years to end on any other date reasonably acceptable to the Agent, in which case the Lead Borrower and the Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting. The Lead Borrower shall give prior written notice to the Agent of any change in the accounting policies or reporting practices of the Loan Parties, except as required by GAAP.

(b) At all times retain a Registered Public Accounting Firm, and shall instruct such Registered Public Accounting Firm to cooperate with, and be available to, the Agent, or their representatives to discuss the Loan Parties’ financial performance, financial condition, operating results, controls, and such other matters, within the scope of the retention of such Registered Public Accounting Firm, as may be raised by the Agent; provided that a representative of the Lead Borrower shall have received a reasonable opportunity to participate in any such discussions with such Registered Public Accounting Firm.

6.13 Lender Calls. Upon the reasonable request by the Agent delivered to the Lead Borrower, use commercially reasonable efforts to hold an update call (which call shall take place on or prior to the date that is ten Business Days following the receipt of such notice) with a Responsible Officer of the Lead Borrower and such other

members of senior management of the Lead Borrower as the Lead Borrower deems appropriate (with such other details to be reasonably agreed between the Lead Borrower and the Agent) and the Lenders and their respective representatives and advisors to discuss the state of the Lead Borrower's business, including, but not limited to, recent performance, cash and liquidity

management, operational activities, current business and market conditions and material performance changes; provided that in no event shall more than one such call be requested in any Fiscal Year.

6.14 Deposit Accounts; Credit Card Processors. Within ten Business Days following any Loan Party opening a new DDA, such Loan Party shall have delivered to the Agent appropriate DDA Notifications (to the extent requested by Agent pursuant to the provisions of Section 6.11 hereof) and any Blocked Account Agreements consistent with the provisions of Section 6.11, as applicable. The Loan Parties shall only maintain bank accounts and enter into any agreements with any Credit Card Issuers or Credit Card Processors to the extent expressly contemplated herein or in Section 6.11.

6.15 Post-Closing Matters. The Loan Parties shall satisfy the requirements set forth in the Post-Closing Letter.

ARTICLE VII NEGATIVE COVENANTS

Each of the Loan Parties covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the Obligations (other than Obligations in respect of Cash Management Services and contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted) have been paid in full, in cash, and Letters of Credit have expired or been terminated or cash collateralized on terms satisfactory to the L/C Issuer, unless the Required Lenders shall otherwise consent in writing, no Loan Party will, nor will it permit any of its Subsidiaries to:

7.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except the following (collectively, "Permitted Indebtedness"):

- (a) Indebtedness outstanding (or incurred pursuant to any commitment outstanding) on the Closing Date and set forth on Schedule 7.01 and any Permitted Refinancing thereof;
- (b) Indebtedness created hereunder or under the other Loan Documents;
- (c) Indebtedness pursuant to Swap Contracts, provided that such agreements are entered into for bona fide hedging purposes and not for purposes of speculation or taking a "market view";
- (d) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to a Loan Party pursuant to reimbursement or indemnification obligations to such person, in each case, in the ordinary course of business;
- (e) (i) intercompany Indebtedness between or among Loan Parties and (ii) intercompany Indebtedness between a Loan Party and any Subsidiary that is not a Loan Party, provided that any such Indebtedness of a Loan Party to any Subsidiary that is not a Loan Party must be subordinated to the Obligations pursuant to a subordination agreement in form and substance reasonably satisfactory to Agent, and any Investment resulting from any such Indebtedness of a Subsidiary that is not a Loan Party to any Loan Party must be permitted under Section 7.04;
- (f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case provided in the ordinary course of

business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

- (g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds;
- (h) Indebtedness comprised of industrial revenue bonds or other tax advantaged financings issued through a Governmental Authority;
- (i) Capital Lease Obligations and purchase money Indebtedness, and in each case any Permitted Refinancing with respect thereto, in an aggregate principal amount at any time outstanding not to exceed the greater of \$25,000,000 and 25.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;
- (j) Indebtedness consisting of (I) Term Loan Obligations (and any Permitted Refinancing in respect thereof), (II) any Permitted Debt Exchange Notes (and any Permitted Refinancing in respect thereof), (III) any Rollover Indebtedness (and any Permitted Refinancing in respect thereof) and (IV) any Additional Obligations (and any Permitted Refinancing in respect thereof) in an aggregate principal amount for all such Indebtedness not in excess of the sum of (i) \$350,000,000, (ii) the definition of Maximum Incremental Facilities Amount (as defined in the Term Loan Agreement as in effect on the date hereof and inclusive of any reclassification or amendment thereof permitted in such definition) and (iii) without duplication of incremental amounts included in the definition of "Permitted Refinancing", in the event of any refinancing of any such Indebtedness, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing, provided that all such Indebtedness and all obligations related thereto are subject to the Intercreditor Agreement or another intercreditor agreement in form and substance reasonably satisfactory to Agent;
- (k) (A) Guarantees by the Borrowers or any of their Subsidiaries of Indebtedness or any other obligation or liability of the Borrowers or any of their Subsidiaries (other than any Indebtedness incurred by the Borrowers or such Subsidiaries, as the case may be, in violation of this Section 7.01), or (B) without limiting Section 7.02, Indebtedness of the Borrowers or any of their Subsidiaries arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Borrowers or any of their Subsidiaries (other than any Indebtedness incurred by the Borrowers or such Subsidiaries, as the case may be, in violation of this Section 7.01);
- (l) Indebtedness arising from agreements of a Loan Party providing for indemnification, adjustment of purchase or acquisition price or similar obligations, in each case, incurred or assumed in connection with any Permitted Business Acquisition or the Disposition of any business, assets or Subsidiaries not prohibited by this Agreement, other than Guarantees of Indebtedness incurred by any person acquiring all or any portion of such business, assets or Subsidiaries for the purpose of financing any such Permitted Business Acquisition;
- (m) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;
- (n) unsecured Indebtedness in respect of obligations to pay the deferred purchase price of goods or services or progress payments in connection with

such goods and services so long as such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms (which require that all such payments be made within sixty (60) days after the incurrence of the

related obligations) in the ordinary course of business and not in connection with the borrowing of money or any Swap Contracts;

(o) Management Guarantees and Management Indebtedness;

(p) Junior Capital in an amount not to exceed \$50,000,000 in the aggregate at any time outstanding;

(q) Indebtedness (and any Permitted Refinancing of such Indebtedness) of (i) any Borrower or any Subsidiary incurred to finance or refinance, or otherwise incurred in connection with, any Permitted Business Acquisition or (ii) any Person that is acquired in connection with any Permitted Business Acquisition (including Indebtedness thereof incurred in connection with such Permitted Business Acquisition); provided that on the date of such Permitted Business Acquisition, after giving effect to the incurrence or assumption of such Indebtedness on a pro forma basis, (1)(x) if such Indebtedness is unsecured, the Total Leverage Ratio shall be less than or equal to 3.70:1.00 or (y) if such Indebtedness is secured on a *pari passu* or junior priority basis, the Secured Leverage Ratio shall be less than or equal to 3.70:1.00, (2) if secured by a Lien on a *pari passu* or junior priority basis on the Collateral, the Borrowers shall have caused to be executed an intercreditor agreement in form and substance reasonably satisfactory to Agent, (3) the maturity date of such Indebtedness shall be no earlier than the Maturity Date (other than an earlier maturity date for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date than the Maturity Date, and (4) the interest rate margins and (subject to clause (3) above) amortization schedule applicable such Indebtedness shall be determined by the Lead Borrower and the applicable lenders; provided, that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Subsidiary that is not a Loan Party outstanding on this clause (q) shall not exceed, at the time of incurrence thereof and after giving pro forma effect thereto, the greater of \$50,000,000 and 50.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04. If, at the Lead Borrower'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, pro forma effect is given to the incurrence of the entire committed amount of such Indebtedness, such committed amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause (q);

(r) Contribution Indebtedness and any Permitted Refinancing with respect thereto;

(s) Indebtedness of any Borrower or any Subsidiary in an aggregate principal amount at any time outstanding not exceeding the greater of \$60,000,000 and 60.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;

(t) Indebtedness of any Borrower or any Subsidiary incurred as consideration in connection with any Permitted Business Acquisition, and any Permitted Refinancing with respect thereto, in an aggregate principal amount at any time outstanding not exceeding the greater of \$25,000,000 and 25.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;

(u) Indebtedness of any Foreign Subsidiary in an aggregate principal amount at any time outstanding not exceeding the greater of (x) \$20,000,000 and (y) an amount equal to (A) the Foreign Borrowing Base plus (B) in the event of any refinancing of any Indebtedness incurred under this clause

(u), the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing;

(v) Indebtedness incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures; provided that the aggregate principal amount of Indebtedness incurred or Guaranteed pursuant to this clause (v) shall not exceed the greater of (i) \$7,500,000 and (ii) 7.50% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;

(w) (i) take-or-pay obligations under supply arrangements incurred in the ordinary course of business, (ii) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which any Borrower or any Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement, and (iii) obligations in respect of Bank Products;

(x) additional Indebtedness so long as, on a pro forma basis, the Secured Leverage Ratio would be less than or equal to 3.70:1.00 provided, that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Subsidiary that is not a Loan Party outstanding on this clause (x) shall not exceed, at the time of incurrence thereof and after giving pro forma effect thereto, the greater of \$50,000,000 and 50.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;

(y) Indebtedness (A) supported by a letter of credit issued in compliance with this Section 7.01 in a principal amount not exceeding the face amount of such letter of credit or (B) consisting of accommodation guarantees for the benefit of trade creditors of the Borrowers or any of their Subsidiaries; and

(z) without duplication, all premiums (if any, including tender premiums), defeasance costs, interest (including post petition interest), fees, expenses and charges and additional or contingent interest on obligations described in clauses (a) through (y) of this Section 7.01.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with, this Section 7.01, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have incurred such Indebtedness under this Section 7.01) arising under any Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness incurred pursuant to this Section 7.01 meets the criteria of more than one of the types of Indebtedness described in this Section 7.01, the Lead Borrower, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of the clauses of this Section 7.01 (including in part under one such clause and in part under another such clause); (iii) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP; (iv) the principal amount of Indebtedness outstanding under any clause of this Section 7.01, shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness; and (v) if any Indebtedness is incurred to refinance Indebtedness initially incurred in reliance on a basket measured by reference to a percentage of Consolidated EBITDA at the time of incurrence, and such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing

Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing. Notwithstanding anything herein to the contrary, Indebtedness incurred by the Loan Parties on the Closing Date under this Agreement or the Term Loan Agreement shall be classified as incurred under Section 7.01(b) or 7.01(j), respectively.

For purposes of determining compliance with any dollar denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving or deferred draw Indebtedness; provided that (x) the dollar equivalent principal amount of any such Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date, and (y) if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being incurred), and such refinancing would cause the applicable dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such dollar denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

7.02 Liens. Create, incur, assume or permit to exist any Lien on any of its property or assets (including Equity Interests or other securities of any person) at the time owned by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, "Permitted Encumbrances"):

- (a) Liens existing on, or provided for under written arrangements existing on, the Closing Date and set forth on Schedule 7.02, or (in the case of any such Liens securing Indebtedness of the Borrowers or any of their Subsidiaries existing or arising under written arrangements existing on the Closing Date) securing any Permitted Refinancing in respect of such Indebtedness (other than Indebtedness incurred under Section 7.01(j) and secured under clause (s) of this Section), so long as the Lien securing such refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;
 - (b) Liens created under the Loan Documents;
 - (c) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Loan Parties and their Subsidiaries or that are being contested in good faith and by appropriate proceedings in compliance with Section 6.03 if adequate reserves with respect thereto are maintained on the books of a Loan Party or a Subsidiary thereof, as the case may be, in accordance with GAAP;
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- (d) Liens with respect to outstanding motor vehicle fines and carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of a Loan Party or a Subsidiary thereof, as the case may be, in accordance with GAAP;
 - (e) pledges, deposits or Liens in connection with workers' compensation, professional liability insurance, insurance programs, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);
 - (f) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases (other than Capital Lease Obligations), licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;
 - (g) (i) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, declarations, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Loan Parties and their Subsidiaries, taken as a whole, (ii) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which any Loan Party or any Subsidiary has easement rights or on any leased property and subordination or similar agreements relating thereto, and (iii) any condemnation or eminent domain proceedings affecting any real property;
 - (h) Liens (i) consisting of cash collateral deposits securing Indebtedness consisting of obligations under Swap Contracts and Bank Products, and (ii) securing purchase money Indebtedness or Capital Lease Obligations permitted by Section 7.01 (limited to the assets subject to such purchase money Indebtedness or Capital Lease Obligations);
 - (i) Liens securing judgments that do not constitute an Event of Default under Section 8.01(i);
 - (j) leases, subleases, licenses or sublicenses to or from third parties;
 - (k) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of Borrower Holdco or any of its Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Borrower Holdco or any of its Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of Borrower Holdco or any of its Subsidiaries in the ordinary course of business;
 - (l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods being contested as provided in Section 6.06 provided any assets affected by such a Lien will not, absent Reserves established by the Agent therefor in its Permitted Discretion, be included in the Borrowing Base;

(m) Liens solely on any cash earnest money deposits made by Borrower Holdco or any of its Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder;

(n) Liens with respect to property or assets of any Subsidiary of a Borrower that is not a Loan Party, or the Equity Interests of such Subsidiary,

securing Indebtedness of any Subsidiary of a Borrower that is not a Loan Party permitted under Section 7.01:

- (o) Liens on consigned goods in favor of consignors with respect to consignment agreements entered into in the ordinary course of business not to exceed forty percent (40%) of the Eligible On-Hand Inventory attributable to any major class or category of inventory, as reflected in the most recent appraisal obtained by the Agent under Section 6.07;
- (p) Liens arising from precautionary Uniform Commercial Code financing statements;
- (q) Liens on Equity Interests, Indebtedness or other securities of an Unrestricted Subsidiary or any joint venture that is not a Subsidiary of a Borrower
- (i) securing Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture or (ii) pursuant to the relevant joint venture agreement or arrangement;
- (r) Liens securing insurance premium financing arrangements so long as such Liens are limited to the applicable unearned insurance premiums;
- (s) Liens securing obligations permitted under Section 7.01(j) to the extent such Liens are subject to the Intercreditor Agreement;
- (t) other Liens on property or assets securing Indebtedness permitted under Section 7.01 or other obligations that in the aggregate do not exceed at any time outstanding an amount equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04; provided, that such Indebtedness or other obligations shall, at Agent's request, be subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent;
- (u) other Liens on property or assets securing Indebtedness permitted under Section 7.01; provided, that on the date of incurrence of such Indebtedness after pro forma giving effect to such incurrence (or 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, in which case such committed amount may thereafter be borrowed and reborrowed in whole or in part, from time to time, without further compliance with this clause), the Secured Leverage Ratio shall not exceed 3.70:1.00; and provided, further, that such Indebtedness or other obligations shall, at Agent's request, be subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent;
- (v) Liens on the Collateral, if such Liens rank junior to the Liens on such Collateral in relation to the Lien securing the Obligations; provided that such Liens shall be subordinated to the Liens securing the Obligations pursuant to an intercreditor agreement in form and substance reasonably satisfactory to Agent;
- (w) Liens existing on property or assets (other than property or assets of the type which may be included in the Borrowing Base (regardless of eligibility), unless such Liens with respect to

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such property or assets are subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent) of a Person at the time such Person becomes a Subsidiary of any Borrower (or at the time any Borrower or a Subsidiary acquires such property or assets, including any acquisition by means of a merger, consolidation or amalgamation with or into such Borrower or any Subsidiary); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

- (x) [Reserved];
- (y) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of refinancing Indebtedness permitted under Section 7.01 incurred in respect of any Indebtedness secured by (other than any Indebtedness described in Section 7.02(j)), or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Liens permitted under this Section 7.02; provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;
- (z) Liens securing (A) Acquisition Indebtedness incurred in compliance with Section 7.01(q) or (r); provided that (x) such Liens are limited to all or part of the same property or assets, including Equity Interests (plus improvements, accessions, proceeds or dividends or distributions in respect thereof, or replacements of any thereof) acquired, or of any Person acquired or merged or consolidated with or into the Borrowers or any of their Subsidiaries, in any transaction to which such Acquisition Indebtedness relates, (y) on the date of the incurrence of such Indebtedness after giving effect to such incurrence, (I) the Secured Leverage Ratio would be equal to or less than 3.70:1.00 or (II) the Secured Leverage Ratio would equal or be less than the Secured Leverage Ratio immediately prior to giving effect thereto and (z) such Liens rank junior to the Liens securing the Obligations and shall be subject to the Intercreditor Agreement or another intercreditor agreement in form and substance reasonably satisfactory to Agent, as applicable, or (B) any Permitted Refinancing incurred in respect thereof;
- (aa) Liens on cash set aside at the time of the incurrence of any Indebtedness permitted under Section 7.01 or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (bb) [Reserved];
- (cc) Liens in favor of the Borrower or any Subsidiary (other than Liens on property or assets of any Loan Party in favor of any Subsidiary that is not a Subsidiary Guarantor);
- (dd) 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;
- (ee) [Reserved];
- (ff) Liens attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business; and

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- (gg) Liens arising in connection with repurchase agreements permitted under Section 7.01 on assets that are the subject of such repurchase agreements.

Without limiting the foregoing, no Loan Party shall obtain any advance payments from CIT in respect of accounts to be sold or assigned by the Borrowers to CIT pursuant to the CIT Deferred Purchase Factoring Agreement, or any loans or other advances or other financial accommodations from CIT, and the only Indebtedness of any Loan Party to CIT, contingent or otherwise, shall consist of the commissions and other fees and charges of CIT incurred in the ordinary course of business pursuant to the terms of the CIT

For purposes of determining compliance with this Section, (w) a Lien need not be incurred solely by reference to one category of Liens described in this Section but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (x) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such clauses of this Section, the Lead Borrower shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this Section, (y) in the event that a portion of Indebtedness secured by a Lien could be classified in part pursuant to clause (u) above (giving effect to the incurrence of such portion of Indebtedness), the Lead Borrower, in its sole discretion, may classify such portion of Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (u) above and the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of this definition and (z) if any Liens securing Indebtedness are incurred to refinance Liens securing Indebtedness initially incurred in reliance on a basket measured by reference to a percentage of Consolidated EBITDA at the time of incurrence, and such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Indebtedness secured by such Liens does not exceed the principal amount of such Indebtedness secured by such Liens being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

7.03 Reserved.

7.04 Investments, Loans and Advances. Purchase, hold or acquire (including pursuant to any merger, consolidation or amalgamation with a person that is not a wholly owned Subsidiary immediately prior to such merger, consolidation or amalgamation) any Equity Interests, evidences of Indebtedness or other securities of, make or permit to exist any loans or advances to or Guarantees of the obligations of, or make or permit to exist any investment or any other interest in (each, an “Investment”), any other person, except the following (collectively, “Permitted Investments”):

- (a) (i) Investments in the Equity Interests of Borrower Holdco, any Borrower or any other Loan Party, (ii) intercompany loans to the Lead Borrower or any other Loan Party and (iii) Guarantees of Indebtedness expressly permitted hereunder;
- (b) Cash and Permitted Cash Equivalent Investments and Investments that were Permitted Investments when made;
- (c) Investments arising out of the receipt of non-cash consideration for the sale of assets permitted under Section 7.05;

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- (d) any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business;
- (e) Swap Contracts;
- (f) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 7.04;
- (g) Investments resulting from pledges and deposits constituting Permitted Encumbrances;
- (h) Investments constituting Permitted Business Acquisitions;
- (i) (i) intercompany loans among Foreign Subsidiaries, (ii) Guarantees by Foreign Subsidiaries permitted by Section 7.01, and (iii) trade receivables owing to any Borrower or any Subsidiary, if created or acquired in the ordinary course of business;
- (j) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business and Investments acquired as a result of a foreclosure by Borrower Holdco or any of its Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;
- (k) Investments of a Domestic Subsidiary of Borrower Holdco acquired after the Closing Date or of an entity merged into, or consolidated or amalgamated with, Borrower Holdco or any Borrower or merged into or consolidated or amalgamated with any Domestic Subsidiary of Borrower Holdco after the Closing Date, in each case, (i) to the extent permitted under this Section 7.04, (ii) in the case of any acquisition, merger, consolidation or amalgamation, in accordance with Section 7.05, and (iii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger, consolidation or amalgamation;
- (l) Management Advances;
- (m) Guarantees of operating leases (for the avoidance of doubt, excluding Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by a Loan Party in the ordinary course of business;
- (n) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business consistent with past practices;
- (o) additional Investments to the extent that payment for such Investments is made with Equity Interests of any Parent Entity or Junior Capital;
- (p) Investments consisting of the redemption, purchase, repurchase or retirement of any Equity Interests permitted under Section 7.06;

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- (q) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers consistent with past practices;
- (r) Guarantees permitted under Section 7.01 (except to the extent such Guarantee is expressly subject to Section 7.04);
- (s) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of Borrower Holdco or any of its Subsidiaries;
- (t) Investments consisting of non-exclusive licensing of intellectual property pursuant to joint marketing arrangements with other persons;
- (u) purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of intellectual property in each case in the ordinary course of business for the purpose of speculating therewith, to the extent such purchases and acquisitions constitute Investments;

(v) other Investments made after the Closing Date in an aggregate amount at any time outstanding not exceeding the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04;

(w) [Reserved];

(x) [Reserved];

(y) additional Investments; provided that both immediately before such Investment is made and immediately after giving effect thereto, the Payment Conditions shall be satisfied;

(z) bonds secured by assets leased to and operated by the Borrowers or any Subsidiary that were issued in connection with the financing of such assets so long as a Borrower or any Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;

(aa) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to Borrower Holdco or any of its Subsidiaries, which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable; and

(bb) Investments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions (less the aggregate amount of Restricted Payments made pursuant to Section 7.06(p) and payments made pursuant to Section 7.09(b)).

For purposes of the definition of "Unrestricted Subsidiary" and Section 7.04 only, (i) "Investment" shall include the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of Borrower Holdco at the time that such Subsidiary is designated an Unrestricted Subsidiary, provided that upon a redesignation of such Unrestricted Subsidiary as a Subsidiary, the Borrower shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the aggregate amount of

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the Loan Parties' "Investment" in such Unrestricted Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Borrowers' equity interest in such Unrestricted Subsidiary) of the fair market value of the net assets of such Unrestricted Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value (as determined in good faith by the Lead Borrower) at the time of such transfer. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Lead Borrower's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

If any Investment pursuant to clause (v) or (y) above, or Section 7.06(l), as applicable, is made in any Person that is not a Loan Party and such Person thereafter (A) becomes a Loan Party or (B) is merged or consolidated into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, a Loan Party, then such Investment shall thereafter be deemed to have been made pursuant to clause (a) above, and not clause (v) or (y) above, or Section 7.06(l), as applicable.

7.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into, or consolidate or amalgamate with, any other person, or permit any other person to merge into or consolidate with it, or sell, transfer or otherwise dispose of (in one transaction or in a series of transactions) all or any part of its assets (whether now owned or hereafter acquired), or issue, sell, transfer or otherwise dispose of any Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other person or any division, unit or business of any other person, except that this Section 7.05 shall not prohibit the following (collectively, "Permitted Dispositions"):

(a) (i) the purchase and sale of inventory in the ordinary course of business, (ii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business, (iii) the sale of surplus, obsolete, damaged or worn out equipment or other property in the ordinary course of business or (iv) the Disposition of Permitted Investments;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, (i) the merger, consolidation or amalgamation of any Subsidiary into (or with) Borrower Holdco or the Lead Borrower in a transaction in which Borrower Holdco or the Lead Borrower, as applicable, is the survivor, (ii) the merger, consolidation or amalgamation of any Subsidiary into or with any Subsidiary of Borrower Holdco that is a Loan Party in a transaction in which the surviving or resulting entity is a Subsidiary of Borrower Holdco that is a Loan Party and, in the case of each of clauses (i) and (ii), no person other than Borrower Holdco, the Lead Borrower or another Loan Party receives any consideration, (iii) the merger, consolidation or amalgamation of any Subsidiary that is not a Loan Party into or with any other Subsidiary that is not a Loan Party, (iv) the liquidation or dissolution or change in form of entity of any Excluded Subsidiary if the Lead Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the Lead Borrower and is not materially disadvantageous to the Lenders or (v) the merger, consolidation or amalgamation of any Subsidiary of Borrower Holdco (other than the Lead Borrower) with or into any other person in order to effect an Investment permitted under Section 7.04 so long as the continuing or surviving person shall be a Subsidiary of Borrower Holdco that is a Loan Party if the merging, consolidating or amalgamating Subsidiary was a Loan Party and which, together with each of its Subsidiaries, shall have complied with the requirements of Section 6.01;

(c) sales, transfers, leases or other Dispositions to Borrower Holdco or any of its Subsidiaries (upon voluntary liquidation or otherwise);

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(d) dispositions by the Borrowers to CIT of Accounts of the Borrowers, in accordance with the terms and conditions of the CIT Deferred Purchase Factoring Agreement;

(e) Investments permitted by Section 7.04, Permitted Encumbrances and Restricted Payments permitted by Section 7.06;

(f) the sale of defaulted receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) Permitted Business Acquisitions;

(h) leases, nonexclusive licenses, or nonexclusive subleases or sublicenses of any real or personal property in the ordinary course of business;

(i) Dispositions that satisfy both of the following requirements: (i) such Loan Party or such Subsidiary 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 such Disposition at least equal to the fair market value of the shares and assets subject to such Disposition, as such fair market value (on the date a legally binding commitment for such Disposition was entered into) may be determined in good faith by the Lead Borrower and (ii) in the case of any Disposition (or series of related Dispositions) having a fair market value (on the date a legally binding commitment for such Disposition was entered into) of \$25,000,000 or more, at least 75.00% of the consideration therefor (excluding, in the case of a Disposition (or

series of related Dispositions), any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, that are not Indebtedness) received by such Loan Party or such Subsidiary is in the form of cash; provided that if (x) more than five percent (5%) of assets of the type which may be included in the Borrowing Base (regardless of eligibility) are Disposed of pursuant to a single transaction or a series of related transactions under this Section 7.05(i), the Borrowers shall deliver an updated Borrowing Base Certificate to the Agent, prepared on a pro forma basis after giving effect to such Disposition and/or (y) more than ten percent (10%) of assets of the type which may be included in the Borrowing Base (regardless of eligibility) are Disposed of pursuant to a single transaction or a series of related transactions under this Section 7.05(i), the Agent shall have the ability to conduct an updated appraisal of the assets included on the Borrowing Base at the expense of the Loan Parties (but which appraisal shall not, for the avoidance of doubt, be counted as one of the appraisals performed pursuant to Section 6.07 hereof for purposes of determining reimbursement of the costs and expenses thereof by the Loan Parties);

(j) bulk sales or other Dispositions of the Inventory of a Loan Party not in the ordinary course of business in connection with Store closings, at arm's length; provided, that such Store closures and related Inventory Dispositions shall not exceed (i) in any Fiscal Year of the Parent and its Subsidiaries, 5% of the number of the Loan Parties' Stores as of the beginning of such Fiscal Year (net of new Store openings) and (ii) in the aggregate from and after the Closing Date, 10% of the number of the Loan Parties' Stores in existence as of the Closing Date (net of new Store openings); provided, further that all sales of Inventory in connection with Store closings shall be in accordance with liquidation agreements and with professional liquidators reasonably acceptable to the Agent;

(k) any other Permitted Asset Dispositions; and

(l) the creation or granting of any Lien permitted under this Agreement.

7.06 Restricted Payments. Declare, pay, or otherwise make any Restricted Payments, directly or indirectly, except the following:

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(a) Restricted Payments to Borrower Holdco, the Lead Borrower or any other Subsidiary of Borrower Holdco (or, in the case of non-wholly owned Subsidiaries, to Borrower Holdco and to each other owner of Equity Interests of such Subsidiary on a pro rata basis (or more favorable basis from the perspective of Borrower Holdco, the Lead Borrower or such Subsidiary) based on their relative ownership interests so long as any repurchase of its Equity Interests from a person that is not Borrower Holdco or a Subsidiary of Borrower Holdco is permitted under Section 7.04);

(b) Restricted Payments to permit any Parent Entity, directly or indirectly, to (i) pay operating, overhead, legal, accounting and other professional fees and expenses (including directors' fees and expenses and administrative, legal, accounting, filings and similar expenses), (ii) pay fees and expenses related to any public offering or private placement of debt or equity securities of any Parent Entity whether or not consummated or any Investment permitted hereunder, (iii) pay franchise taxes and other fees, taxes and expenses in connection with such Parent Entity's ownership, directly or indirectly, of the Lead Borrower or the maintenance of its legal existence, or (iv) make payments permitted by Section 7.07 (other than Section 7.07(e)), or (v) pay customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, full time employees of such Parent Entity;

(c) Restricted Payments to a Parent Entity if it files a consolidated U.S. federal or combined or unitary state tax return that includes Borrower Holdco and its Subsidiaries (or the taxable income thereof), in each case, in an amount not to exceed the amount that Borrower Holdco and its Subsidiaries would have been required to pay in respect of federal, state or local taxes (as the case may be) in respect of such Fiscal Year if Borrower Holdco and its Subsidiaries paid such taxes directly as a stand-alone taxpayer (or stand-alone group) provided such amounts are actually used to pay such taxes promptly after such Restricted Payment is made;

(d) Restricted Payments to a Parent Entity, the proceeds of which are used, directly or indirectly, to purchase or redeem, the Equity Interests of such Parent Entity (including any options, warrants or other rights in respect thereof) held by Management Investors; provided that the aggregate amount of such purchases or redemptions under this clause (d) shall not exceed the sum of (x) (i) \$12,500,000, plus (ii) \$12,500,000 multiplied by the number of calendar years that have commenced since the Closing Date plus (iii) the net cash proceeds received by the Borrowers since the Closing Date from, or as a capital contribution from, the issuance or sale to Management Investors of Equity Interests (including any options, warrants or other rights in respect thereof), plus (iii) the cash proceeds of key man life insurance policies received by any Borrower or any Subsidiary (or by a Parent Entity and contributed to a Borrower) since the Closing Date; provided that any cancellation of Indebtedness owing to any Borrower or any Subsidiary by any Management Investor in connection with any repurchase or other acquisition of Equity Interests (including any options, warrants or other rights in respect thereof) from any Management Investor shall not constitute a Restricted Payment for purposes of this covenant or any other provision of this Agreement;

(e) non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(f) a Restricted Payment in the form of a dividend not to exceed \$225,000,000 to be made not later than twelve (12) Business Days following the Closing Date, solely with proceeds of the Term Loan Facility (the "Closing Date Dividend");

(g) Restricted Payments to allow any Parent Entity to make payments in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person;

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(h) after a Public Offering, Restricted Payments to any Parent Entity in an amount equal to 6.0% per annum of the Net Proceeds received from any public offering of the Equity Interests of any Parent Entity that are contributed to Borrower Holdco or a Borrower;

(i) Restricted Payments to pay (i) monitoring, consulting, management, transaction, advisory, termination or similar fees payable to any Permitted Holder or any of their respective Affiliates and (ii) indemnities, reimbursements and reasonable and documented out of pocket fees and expenses of Permitted Holders or any of their respective Affiliates in connection therewith;

(j) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Equity Interests of the Lead Borrower or any Junior Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the issuance or sale of, Equity Interests of the Lead Borrower (other than Disqualified Stock and other than Equity Interests issued or sold to a Subsidiary) or a capital contribution to the Lead Borrower;

(k) any dividend paid or redemption made within 60 days after the date of declaration thereof or of the giving of notice thereof, as applicable, if at such date of declaration or the giving of such notice, such dividend or redemption would have complied with this Section 7.06;

(l) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time, not to exceed an amount (net of repayments of any such loans or advances) equal to (i) the greater of \$30,000,000 and 30.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04 minus (ii) any payments made pursuant to Section 7.09(b)(vi);

(m) dividends or other distributions of Equity Interests, Indebtedness or other securities of Unrestricted Subsidiaries;

(n) [Reserved];

(o) additional Restricted Payments; provided that both immediately before such Restricted Payment is made and immediately after giving effect thereto, the Payment Conditions are satisfied; and

(p) Restricted Payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions (less the aggregate amount of Investments made pursuant to Section 7.04(bb) and payments made pursuant to Section 7.09(b)).

The Lead Borrower, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the clauses or subclauses of this Section 7.07 (or, in the case of any Investment, the clauses or subclauses of Section 7.04) and in part under one or more other such clauses or subclauses (or, as applicable, clauses or subclauses).

7.07 Transactions with Affiliates. Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates, in each case involving aggregate consideration in excess of \$10,000,000, unless (x) the terms of such transaction are not materially less favorable to the applicable Loan Party or Subsidiary, as the case may be, than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (y) if such transaction involves aggregate consideration in excess of \$25,000,000, the terms of such transaction have been approved by a majority of the board of directors of such Loan Party or

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Subsidiary. For purposes of this Section 7.07, any such transaction shall be deemed to have satisfied the foregoing requirements if (1) such transaction is approved by a majority of the Disinterested Directors or (2) in the event there are no Disinterested Directors, a fairness opinion is provided by a nationally recognized appraisal or investment banking firm with respect to such transaction. Without limiting the foregoing, this Section 7.07 shall not prohibit:

(a) any issuance of securities, or other payments, awards or grants which do not require or provide a cash payment therewith, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the board of directors of the Parent;

(b) loans or advances to employees of the Lead Borrower or any of its Subsidiaries in accordance with Section 7.04;

(c) transactions between or among the Lead Borrower and any other Loan Party or any entity that becomes a Loan Party as a result of such transaction (including via merger, consolidation or amalgamation in which a Loan Party is the surviving entity);

(d) the payment of fees, reasonable out-of-pocket costs and indemnities to directors or officers of a Parent Entity or any of its Subsidiaries in the ordinary course of business (limited, in the case of a Parent Entity, to the portion of such fees and expenses that are allocable to Borrower Holdco and its Subsidiaries (which shall be 100% for so long as Parent owns no assets other than the Equity Interests in the Subsidiaries and assets incidental to the ownership of Borrower Holdco and its Subsidiaries));

(e) Restricted Payments permitted under Section 7.06, including payments to a Parent Entity;

(f) any purchase by a Loan Party of the Equity Interests of any wholly-owned Domestic Subsidiary; provided that any Equity Interests of any wholly owned Subsidiary purchased by a Loan Party shall be pledged to the Agent on behalf of the Lenders pursuant to the Security Documents;

(g) the issuance, sale or transfer of Equity Interests of Borrower Holdco or the Lead Borrower to Parent and capital contributions by Parent to Borrower Holdco or the Borrower;

(h) payments by Parent or any of its Domestic Subsidiaries pursuant to tax sharing agreements among Parent and any of its Domestic Subsidiaries on customary terms that require each party to make payments when such taxes are due or refunds received of amounts equal to the income tax liabilities and refunds generated by each such party calculated on a separate return basis and payments to the party generating tax benefits and credits of amounts equal to the value of such tax benefits and credits made available to the group by such party;

(i) payments or loans (or cancellation of loans) to employees or transactions with employees, officers, or directors in the ordinary course of business;

(j) transactions permitted by, and complying with, the provisions of Section 7.04 and Section 7.05(b);

(k) any transaction arising out of agreements or instruments in existence on the Closing Date and set forth on Schedule 7.07, and any payments made pursuant thereto;

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(l) intercompany transactions undertaken in good faith (as determined by a Responsible Officer of the Lead Borrower in good faith) for the purpose of improving the consolidated tax efficiency of Borrower Holdco and its Subsidiaries and not for the purpose of circumventing any covenant set forth herein and not materially adverse to the interests of any Credit Party;

(m) (i) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former management member, employee, officer or director or consultant of or to the Borrowers, any Subsidiary or any Parent Entity heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements and (ii) any issuance, grant or award of stock, options, other equity related interests or other securities, to any such management members, employees, officers, directors or consultants; and

(n) [Reserved];

(o) any issuance or sale of Equity Interests (other than Disqualified Stock) or Junior Capital or any capital contribution to Borrower Holdco, the Borrowers or any Subsidiary.

7.08 Business of Borrower Holdco and its Subsidiaries. Notwithstanding any other provisions hereof, engage at any time in any business or business activity other than any business or business activity conducted by any Loan Party on the Closing Date and any other Related Businesses.

7.09 Limitation on Payments and Modifications of Indebtedness; Modifications of Certificate of Incorporation, By Laws and Certain Other

Agreements; etc.

(a) Amend or modify in any manner materially adverse to the Lenders or the Agent, or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders), (a) the Organization Documents of Parent, Borrower Holdco or any of their Subsidiaries or (b) the CIT Deferred Purchase Factoring Agreement;

(b) Make, or agree or offer in writing to pay or make, directly or indirectly, any payment or other distribution in cash in respect of: (1) any Subordinated Indebtedness or any Indebtedness secured by Liens that are subordinated to the Liens securing the Obligations pursuant to a subordination agreement between the holders of such Indebtedness and Agent, which subordination agreement must be in form and substance acceptable to the Agent in its sole discretion ("Junior Indebtedness"), or (2) any Term Loan Obligations or any Permitted Refinancing in respect thereof; except for (i) payments of regularly scheduled principal and interest, mandatory offers to repay, mandatory prepayments of principal, premium and interest and payments of fees, expenses and indemnification obligations with respect to such Term Loan Obligations, Junior Indebtedness or, in each case any Permitted Refinancing in respect thereof to the extent permitted under any applicable subordination agreement, (ii) payments or distributions in respect of all or any portion of Term Loan Obligations, Junior Indebtedness or, in each case, any Permitted Refinancing in respect thereof with the proceeds contributed directly or indirectly to Borrower Holdco or the Lead Borrower by Parent from the issuance, sale or exchange by Parent of Equity Interests made within six (6) months prior thereto, (iii) the conversion of any Term Loan Obligations or Junior Indebtedness to Equity Interests of any Parent Entity, (iv) so long as no Event of Default has occurred and is continuing, the payment that is required under the Code to prevent any Term Loan Obligations, Junior Indebtedness, or in each case, any Permitted Refinancing in respect thereof from being treated as an "applicable high yield discount obligation" within the meaning of Section 163(i)(1) of the Code, (v) payments in connection with a Permitted Refinancing in respect thereof, (vi) payments in respect of Term Loan Obligations or Junior Indebtedness in an aggregate amount

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outstanding at any time, not to exceed an amount (net of repayments of any such loans or advances) equal to (i) the greater of \$30,000,000 and 30.00% of Consolidated EBITDA for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.04 minus (ii) any Restricted Payments made pursuant to Section 7.06(l), (vii) additional payments and distributions so long as both immediately before such payment or distribution is made and immediately after giving effect thereto, the Payment Conditions are satisfied, or (viii) payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions (less the aggregate amount of Restricted Payments made pursuant to Section 7.06(p) and Investments made pursuant to Section 7.04(bb));

(c) Permit any Subsidiary to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to Borrower Holdco or any of its Subsidiaries that is a direct or indirect parent of such Subsidiary or (ii) the granting of Liens by Borrower Holdco or such Subsidiary pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

- (i) restrictions imposed by applicable law;
- (ii) contractual encumbrances or restrictions under the Term Loan Facility or the Term Loan Documents;
- (iii) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or Disposition of the Equity Interests or assets of a Subsidiary pending the closing of such sale or Disposition;
- (iv) customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;
- (v) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;
- (vi) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 7.01(i), to the extent such restrictions are not more restrictive, taken as a whole, than the restrictions contained herein;
- (vii) customary provisions contained in leases or licenses of intellectual property and other similar agreements entered into in the ordinary course of business;
- (viii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;
- (ix) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;
- (x) customary restrictions and conditions contained in any agreement relating to the sale, transfer or other Disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer or other Disposition;
- (xi) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is a Permitted Encumbrance and such restrictions or

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conditions relate only to the specific asset subject to such Lien and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 7.09;

- (xii) customary net worth provisions contained in Real Estate leases entered into by Subsidiaries, so long as the Lead Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrowers and their respective Subsidiaries to meet their ongoing obligations;
- (xiii) any agreement in effect at the time any person becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary;
- (xiv) restrictions in agreements representing Indebtedness permitted under Section 7.01 of a Subsidiary of Borrower Holdco that is not a Loan Party;
- (xv) customary restrictions on leases, subleases, licenses or Equity Interests or asset sale agreements otherwise permitted hereby as long as such restrictions relate to the Equity Interests and assets subject thereto;
- (xvi) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business; or

(xvii) any encumbrances or restrictions of the type referred to in Sections 7.09(c)(i) and 7.09(c)(ii) imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to above so long as such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower, no more restrictive with respect to or such Lien, dividend and other payment restrictions than those contained in the Lien, dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; or

(d) amend or modify the Term Loan Agreement, the Term Loan Security Documents, or any other "Loan Document" (as defined in the Term Loan Agreement) in any manner which would not constitute a Permitted Refinancing.

7.10 Financial Performance Covenant. Upon the occurrence and during the continuance of a Covenant Compliance Event, the Borrowers shall maintain as of the last day of each Fiscal Month, a Consolidated Fixed Charge Coverage Ratio of not less than 1.0 to 1.0 for the most recent period of twelve consecutive Fiscal Months at the time of occurrence of such Covenant Compliance Event for which financial statements have been or have required to have been delivered pursuant to Section 6.04, and each subsequent twelve consecutive month period ending during the continuance of such Covenant Compliance Event.

ARTICLE VIA BORROWER HOLDCO COVENANT

Borrower Holdco covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until all Obligations (other than Obligations in respect of Cash Management Services and contingent indemnification and reimbursement obligations that are not yet due and payable and for

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which no claim has been asserted) have been paid in full and all Letters of Credit and Commitments have expired or been terminated or cash collateralized on terms satisfactory to the L/C Issuer, unless the Required Lenders shall otherwise consent in writing, (a) Borrower Holdco will not create, incur, assume or permit to exist any Lien (other than Liens of a type described in Sections 7.02(c) and (l)) on any of the Equity Interests issued by Borrower Holdco other than the Liens created under the Loan Documents, the Term Loan Documents and any Permitted Refinancing thereof, (b) Borrower Holdco shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that so long as no Event of Default exists or would result therefrom, Borrower Holdco may merge with any other person, (c) Borrower Holdco will otherwise maintain its passive holding company status; provided that notwithstanding the foregoing, Borrower Holdco shall be permitted to be a borrower or issuer of any Indebtedness permitted under this Agreement, a Loan Party of any Indebtedness permitted under this Agreement, grant liens in connection with the foregoing except as prevented by clause (a) above, and take all other actions permitted or required under the Loan Documents, the Term Loan Facility (or documents evidencing any Permitted Refinancing thereof), the making of Restricted Payments to the extent such Restricted Payments are permitted to be made to it under Section 7.06, and other activities incidental to compliance with applicable laws and legal, tax and accounting matters related thereto and activities relating to employees; provided, further, that notwithstanding the foregoing or any other restriction in this Agreement, Borrower Holdco may liquidate, wind up or dissolve itself, in connection with a restructuring whereby a newly formed wholly owned Domestic Subsidiary of Parent will directly own 100% of the Equity Interests of the Lead Borrower.

ARTICLE VIII EVENTS OF DEFAULT

8.01 Events of Default. In case of the happening of any of the following (each an "Event of Default"):

(a) any representation or warranty made or deemed made by the Borrowers or any other Loan Party herein or in any other Loan Document or in any amendment, modification or supplement hereto or any certificate or document delivered pursuant hereto or thereto or in completing any request for a Committed Revolving Loan via the Portal shall prove to have been false or misleading in any material respect when so made or deemed made;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof, at a date fixed for prepayment thereof, by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or the L/C Obligations or in the payment of any fee or any other amount (other than an amount referred to in clause (b) of this Section 8.01) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five (5) Business Days;

(d) default shall be made in the due observance or performance by the Borrowers or any other Loan Party of any covenant, condition or agreement contained in (i) Section 6.01(a), 6.04, 6.05(a), 6.07, 6.08, 6.11, 6.15 or in Article VII or Article VIIA or (ii) Section 6.02 and Section 6.05 (other than clause (a) thereof) and such default shall continue unremedied for a period of five (5) Business Days;

(e) default shall be made in the due observance or performance by the Lead Borrower or any other Loan Party of any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (b), (c) and (d) of this Section 8.01) (in each case solely to the extent applicable to such Person) and such default shall continue unremedied for a period of thirty

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(30) days to duly observe or perform any such covenant, condition or agreement) after the Lead Borrower's receipt of notice thereof from the Agent or Required Lenders; provided, however, for the purposes of determining whether an Event of Default has occurred hereunder to the extent such Event of Default arises as a result of any payment defaults under any Cash Management Services or Bank Products, such defaults shall not constitute an Event of Default hereunder unless such payment defaults are for amounts in excess of \$1,000,000 in the aggregate;

(f) Any Loan Party or any of its Subsidiaries shall (i) default in (x) any payment of principal of or interest on any Material Indebtedness or (y) any payment of any Guarantee of Material Indebtedness, beyond the period of grace, if any, provided in the instrument or agreement under which such Material Indebtedness or Guarantee was created; or (ii) default in the observance or performance of any other agreement or condition relating to any Material Indebtedness or Guarantee of any Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Material Indebtedness or beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice or lapse of time if required, such Material Indebtedness to become due prior to its stated maturity or such Guarantee to become payable (an "Acceleration"), and such time shall have lapsed and, if any notice (a "Default Notice") shall be required to commence a grace period or declare the occurrence of an event of default before notice of Acceleration may be delivered, such Default Notice shall have been given and (in the case of the preceding clause (i) or (ii)) such default, event or condition shall not have been remedied or waived by or on behalf of the holder or holders of such Material Indebtedness or Guarantee thereof (provided that the preceding clause (ii) shall not apply to (x) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder or (y) any termination event or equivalent event pursuant to the terms of any Swap Contract unless the Swap Termination Value exceeds \$25,000,000);

(g) a Change of Control shall have occurred;

(h) Reserved;

(i) If (i) any Loan Party or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts (excluding, in each case, the solvent liquidation or reorganization of any Foreign Subsidiary of the Parent that is not a Loan Party), or (B) seeking appointment of a receiver, interim receiver, receivers, receiver and manager, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Loan Party or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Loan Party or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged, unstayed or unbonded for a period of 60 days; or (iii) any Loan Party or any of its Subsidiaries shall file an answer admitting the material allegations of a petition filed against it in any such proceeding; or (iv) there shall be commenced against any Loan Party or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or (v) any Loan Party or any of its Subsidiaries shall take any corporate or

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other similar organizational action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii) or (iv) above; or (vi) any Loan Party or any of its Subsidiaries shall be generally unable to, or shall admit in writing its general inability to, pay its debts as they become due; or

(j) One or more judgments or decrees shall be entered against the Borrowers, and Loan Party or any of their respective Subsidiaries involving in the aggregate at any time a liability (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) of \$25,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof;

(k) (i) Any failure to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Loan Party, any Subsidiary or any Commonly Controlled Entity, (ii) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is in the reasonable opinion of the Agent likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA other than a standard termination pursuant to Section 4041(b) of ERISA, (v) either of a Loan Party or any Commonly Controlled Entity shall, or in the reasonable opinion of the Agent is reasonably likely to, incur any liability in connection with a withdrawal from, or the Insolvency of, a Multiemployer Plan, or (vi) any other event or condition shall occur or exist with respect to a Plan or Foreign Plan; and in each case in clauses (ii) through (vi) above, such event or condition, together with all other such events or conditions, if any, could be reasonably expected to result in a Material Adverse Effect; or

(l) (i) any material provision of any Loan Document shall cease to be, or be asserted in writing by any Loan Party or any of their Subsidiaries not to be, for any reason, to be a legal, valid and binding obligation of any party thereto, (ii) any security interest purported to be created by any Security Document and to extend to assets that are of the type which may be included in the Borrowing Base (regardless of eligibility) or otherwise are not immaterial to any Loan Party and their Subsidiaries on a consolidated basis shall cease to be, or shall be asserted in writing by the Lead Borrower or any other Loan Party not to be, a valid and perfected security interest (perfected as or having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the securities, assets or properties covered thereby, other than from the failure of the Agent (or the Term Agent) to maintain possession of certificates actually delivered to it representing securities pledged under a Security Document or to file Uniform Commercial Code continuation statements or take the actions described on Schedule 5.04 and except to the extent that such loss is covered by a lender's title insurance policy and the Agent shall be reasonably satisfied with the credit of such insurer, or (iii) the Guarantees pursuant to the Security Documents by any Loan Party of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Parent or any Loan Party not to be in effect or not to be legal, valid and binding obligations;

(m) except as otherwise expressly permitted hereunder, any Loan Party shall take any action to suspend the operation of its business in the ordinary course, liquidate all or a material portion of its assets or Store locations, or employ an agent or other third party to conduct a program of closings, liquidations or "Going-Out-Of-Business" sales of any material portion of its business;

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(n) (i) the subordination provisions of the documents evidencing or governing any Subordinated Indebtedness (the "Subordination Provisions") shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Subordinated Indebtedness; or (ii) any Borrower or any other Loan Party shall, directly or indirectly, disavow or contest in any manner (A) the effectiveness, validity or enforceability of any of the Subordination Provisions, (B) that the Subordination Provisions exist for the benefit of the Credit Parties, or (C) that all payments of principal or of premium and interest on the applicable Subordinated Indebtedness, or realized from the liquidation of any property of any Loan Party, shall be subject to any of the Subordination Provisions; or

(o) there shall occur (i) any uninsured damage to, theft or destruction of, any Collateral or other assets or properties of the Loan Parties having an aggregate fair market value in excess of \$15,000,000 unless, at such time, Availability minus the aggregate fair market value of the Collateral subject to such damage, theft or destruction is greater than fifteen percent (15%) of the Loan Cap, or (ii) damage, theft or destruction of any Collateral or other assets or properties of the Loan Parties that has had or could reasonably be expected to have a Material Adverse Effect;

then, (i) in every such event (other than an event with respect to the Borrowers described in clause (i) of this Section 8.01), and at any time thereafter during the continuance of such event, the Agent, at the request of the Required Lenders, shall, by notice to the Lead Borrower, take any or all of the following actions, at the same or different times: (A) terminate forthwith the Commitments, (B) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document to the contrary notwithstanding, (C) if the Loans have been declared due and payable pursuant to clause (B) above, demand cash collateral pursuant to Section 2.03(g) and (D) exercise all rights and remedies granted to it under any Loan Document and all of its rights under any other applicable law or in equity and (ii) in any event with respect to the Borrowers described in clause (i) of this Section 8.01, the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Agent shall be deemed to have made a demand for cash collateral to the full extent permitted under Section 2.03(g), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document to the contrary notwithstanding.

Solely for the purposes of determining whether an Event of Default has occurred under Section 8.01 (i), any reference in any such Section to any Subsidiary shall be deemed not to include any Immaterial Subsidiary, and, for purposes of determining whether an Event of Default has occurred under Section 8.01(k), an Unrestricted Subsidiary will

be deemed to be a Subsidiary.

8.02 Right to Cure. Notwithstanding anything to the contrary contained in Section 8.01, in the event that the Loan Parties fail (or, but for the operation of this Section 8.02, would fail) to comply with the Financial Performance Covenant, until the expiration of the 10th Business Day subsequent to the date the Required Financial Statements are required to be delivered, Borrower Holdco shall have the right to issue Qualified Equity Interests for cash or otherwise receive cash contributions to the capital of Borrower Holdco, and, in each case, to contribute any such cash to the capital of the Lead Borrower (collectively, the “Cure Right”) and, upon the receipt by the Lead Borrower of such cash (the “Cure Amount”) pursuant to the exercise by Borrower Holdco of such Cure Right, the Financial Performance

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Covenant shall be recalculated giving effect to a pro forma adjustment by which Consolidated EBITDA shall be increased with respect to such applicable Fiscal Month and any 12 Fiscal Month period that contains such Fiscal Month, solely for the purpose of measuring the Financial Performance Covenant and not for any other purpose under this Agreement, by an amount equal to the Cure Amount. The resulting increase to Consolidated EBITDA from the application of a Cure Amount shall not result in any adjustment to Consolidated EBITDA or any other financial definition for any purpose under this Agreement other than for purposes of calculating the Financial Performance Covenant. In each 12 Fiscal Month period there shall be at least two fiscal quarters in which the Cure Right is not exercised and the Cure Right may not be exercised more than five times during the term of this Agreement and, for purposes of this Section 8.02, the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Performance Covenant. If, after giving effect to the adjustments in this Section 8.02, the Lead Borrower shall then be in compliance with the requirement of the Financial Performance Covenant, the Lead Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach of the Financial Performance Covenant but for no other purposes under this Agreement. The Lead Borrower shall be required to apply the Cure Amount to prepay outstanding Committed Revolving Loans.

8.03 Remedies Upon Events of Default. If any Event of Default occurs and is continuing:

(a) the Agent may, or, at the request of the Required Lenders shall, (A) declare the Revolving Commitments of each Revolving Lender to make Committed Revolving Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such Revolving Commitments and obligation shall be terminated, and (B) declare the unpaid principal amount of all outstanding Committed Revolving Loans, and all interest accrued and unpaid thereon, and any other Obligations related to the foregoing, to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties; and

(b) the Agent may, or, at the request of the Required Lenders shall:

(i) require that the Loan Parties Cash Collateralize the L/C Obligations; and

(ii) whether or not the maturity of the Obligations shall have been accelerated pursuant hereto, proceed to protect, enforce and exercise all rights and remedies of the Credit Parties under this Agreement, any of the other Loan Documents or applicable Law, including, but not limited to, by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations are evidenced, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Credit Parties;

provided, however, that upon the occurrence of any Event of Default with respect to any Loan Party or any Subsidiary thereof under Section 8.01(i), the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Loan Parties to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Agent or any Lender.

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No remedy herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of Law.

8.04 Application of Funds. After the exercise of remedies provided for in Section 8.03 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.03), any amounts received on account of the Obligations shall be applied by the Agent in the following order:

First, to payment of that portion of the Obligations (excluding the Other Liabilities) constituting fees, indemnities, Credit Party Expenses and other amounts (including fees, charges and disbursements of counsel to the Agent and amounts payable under Article III) payable to the Agent;

Second, to payment of that portion of the Obligations (excluding the Other Liabilities) constituting indemnities, Credit Party Expenses, and other amounts (other than principal, interest and fees) payable to the Revolving Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Revolving Lenders and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to the extent not previously reimbursed by the Revolving Lenders, to payment to the Agent of that portion of the Obligations constituting principal and accrued and unpaid interest on any Permitted Overadvances;

Fourth, to the extent that Swing Line Loans have not been refinanced by a Committed Revolving Loan, payment to the Swing Line Lender of that portion of the Obligations constituting accrued and unpaid interest on the Swing Line Loans;

Fifth, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Committed Revolving Loans and other Obligations in connection therewith, and fees (including Letter of Credit Fees), ratably among the Revolving Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Fifth payable to them;

Sixth, to the extent that Swing Line Loans have not been refinanced by a Committed Revolving Loan, to payment to the Swing Line Lender of that portion of the Obligations constituting unpaid principal of the Swing Line Loans;

Seventh, to payment of that portion of the Obligations constituting unpaid principal of the Committed Revolving Loans, ratably among the Revolving Lenders in proportion to the respective amounts described in this clause Seventh held by them;

Eighth, to the Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit;

Ninth, to payment of that portion of the Obligations arising from Bank Products consisting of supply chain finance services (to the extent secured under the Security Documents) to the extent a Supply Chain Finance Reserve is in place on the Borrowing Base with respect to such Bank Products, ratably among the Credit Parties in proportion to the respective amounts described in this clause Ninth held by them;

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Tenth, to payment of that portion of the Obligations arising from Cash Management Services and Bank Products not paid pursuant to clause Ninth, in each case to the extent secured under the Security Documents, ratably among the Credit Parties in proportion to the respective amounts described in this clause Tenth held by them;

Eleventh, to payment of all other Obligations (including without limitation the cash collateralization of unliquidated indemnification obligations), ratably among the Credit Parties in proportion to the respective amounts described in this clause Eleventh held by them; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Loan Parties or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Eighth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX THE AGENT

9.01 Appointment and Authority. Each of the Lenders and the Swing Line Lender hereby irrevocably appoints Wells Fargo to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof (including, without limitation, acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations), together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent, the Lenders and the L/C Issuer, and no Loan Party or any Subsidiary thereof shall have rights as a third party beneficiary of any of such provisions.

9.02 Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though they were not the Agent and the terms “Revolving Lender” or “Revolving Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Loan Parties or any Subsidiary or other Affiliate thereof as if such Person were not the hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
- (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent shall not be required to take any action that, in its

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opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law; and

- (c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Loan Parties or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its respective Affiliates in any capacity.

The Agent shall not be liable for any action taken or not taken by it (i) with the Consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.03) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a final and non-appealable judgment of a court of competent jurisdiction.

The Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Agent by the Loan Parties, a Lender or the L/C Issuer. Upon the occurrence of a Default or Event of Default, the Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Applicable Lenders. Unless and until the Agent shall have received such direction, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to any such Default or Event of Default as it shall deem advisable in the best interest of the Credit Parties. In no event shall the Agent be required to comply with any such directions to the extent that the Agent believes that its compliance with such directions would be unlawful.

The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

9.04 Reliance by Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including, but not limited to, any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Agent shall have received written notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Agent may perform any and all of their respective duties and exercise their respective rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent, and any such sub-agent may perform any and all of their respective duties and exercise their respective rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent.

9.06 Resignation of Agent. The Agent may at any time give written notice of its resignation to the Lenders and the Lead Borrower. Upon receipt of any such notice of resignation from the Agent, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, which successor agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by the Lead Borrower (which approval shall not be unreasonably withheld or delayed). If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Revolving Lenders and the L/C Issuer, appoint a successor Agent meeting the qualifications set forth above, which successor agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by the Lead Borrower (which approval shall not be unreasonably withheld or delayed); provided, that if the Agent shall notify the Lead Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Applicable Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Lead Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting in such capacity hereunder.

Any resignation by Wells Fargo as Agent pursuant to this Section shall also constitute its resignation as Swing Line Lender and the resignation of Wells Fargo as L/C Issuer. Upon the acceptance of a successor's appointment as Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Agent, and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except as provided in Section 9.12, the Agent shall not have any duty or responsibility to provide any Credit Party with any other credit or other information concerning the affairs, financial condition or business of any Loan Party that may come into the possession of the Agent.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or Syndication Agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity as the Agent, a Lender or the L/C Issuer hereunder.

9.09 Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Loan Parties) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer, the Agent and the other Credit Parties (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer, the Agent, such Credit Parties and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer the Agent and such Credit Parties under Sections 2.03(i), 2.03(j) and 2.03(k) as applicable, 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Agent and, if the Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its respective agents and counsel, and any other amounts due the Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer or to authorize the Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

9.10 Collateral and Guaranty Matters. The Credit Parties irrevocably authorize the Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full, in cash, of all Obligations, and the expiration, termination or Cash Collateralization of all Letters of Credit, (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing by the Applicable Lenders in accordance with Section 10.01;

(b) to subordinate any Lien on any property granted to or held by the Agent under any Loan Document to the holder of any Lien on such property that is permitted by clause (h), (t) or (u) of the definition of Permitted Encumbrances; and

(c) to release any Guarantor from its obligations under the Facility Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Agent at any time, the Applicable Lenders will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Facility Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Agent will, at the Loan Parties' expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Security Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Facility Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

9.11 Notice of Transfer. The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's portion of the Obligations for all purposes, unless and until, and except to the extent, an Assignment and Assumption shall have become effective as set forth in Section 10.06.

9.12 Reports and Financial Statements. By signing this Agreement, each Lender:

(a) agrees to furnish the Agent (i) on the Closing Date and (ii) after the occurrence and during the continuance of a Cash Dominion Event (and thereafter at such frequency as the Agent may reasonably request) with a summary of all Other Liabilities due or to become due to such Lender or its Affiliates. In connection with any distributions to be made hereunder, the Agent shall be entitled to assume that no amounts are due to any Lender or its Affiliates on account of Other Liabilities unless the Agent has received written notice thereof from such Lender;

(b) is deemed to have requested that the Agent furnish such Lender, promptly after they become available, copies of all Borrowing Base Certificates and financial statements required to be delivered by the Lead Borrower hereunder and all commercial finance examinations and appraisals of the Collateral received by the Agent (collectively, the "Reports");

(c) expressly agrees and acknowledges that the Agent makes no representation or warranty as to the accuracy of the Reports, and shall not be liable for any information contained in any Report;

(d) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or any other party performing any audit or examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel;

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(e) agrees to keep all Reports confidential in accordance with the provisions of Section 10.07 hereof; and

(f) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any Credit Extensions that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (ii) to pay and protect, and indemnify, defend, and hold the Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including attorney costs) incurred by the Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

9.13 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting Liens for the benefit of the Agent and the Lenders, in assets which, in accordance with Article 9 of the UCC or any other applicable Law of the United States can be perfected only by possession.

9.14 Indemnification of Agent. Without limiting the obligations of the Loan Parties hereunder, the Lenders hereby agree to indemnify the Agent, the L/C Issuer and any Related Party, as the case may be, ratably according to their Applicable Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent, the L/C Issuer and their Related Parties in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted to be taken by the Agent, the L/C Issuer and their Related Parties in connection therewith; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's, the L/C Issuer's and their Related Parties' gross negligence or willful misconduct as determined by a final and nonappealable judgment of a court of competent jurisdiction.

9.15 Relation among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Agent) authorized to act for, any other Lender.

9.16 Defaulting Lenders.

(a) If for any reason any Lender shall become a Defaulting Lender and such failure is not cured within three (3) Business Day after receipt from the Agent of written notice thereof, then, in addition to the rights and remedies that may be available to the other Credit Parties, the Loan Parties', or any other party at law or in equity (and not at limitation thereof): (i) any such Defaulting Lender's right to participate in the administration of, or decision-making rights related to, the Obligations, this Agreement or the other Loan Documents shall be suspended during the pendency of such failure or refusal, (ii) any such Defaulting Lender shall be deemed to have assigned any and all payments due to it from the Loan Parties, whether on account of outstanding Loans, interest, fees or otherwise, to the remaining non-Defaulting Lenders for application to, and reduction of, their proportionate shares of all outstanding Obligations, and (iii) at the option of the Agent, any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Agent as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loan or existing or future participating interest in any Swing Line Loan or Letter of Credit. Such Defaulting Lender's decision-making and participation rights and rights to

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payments as set forth in clauses (i), (ii), and (iii) hereinabove shall be restored only upon the payment by the Defaulting Lender of its Applicable Percentage of any Obligations, any participation obligation, or expenses as to which it is delinquent, together with interest thereon at the rate set forth in Section 2.08(b) hereof from the date when originally due until the date upon which any such amounts are actually paid, or otherwise cure such default or other cause of such Lender becoming a Defaulting Lender.

(b) The non-Defaulting Lenders shall also have the right, but not the obligation, in their respective, sole and absolute discretion, to cause the termination and assignment, without any further action by the Defaulting Lender for no cash consideration (pro rata, based on the respective Commitments of those Lenders electing to exercise such right), of the Defaulting Lender's Commitment to fund future Loans. Upon any such purchase of the Applicable Percentage of any Defaulting

Lender, the Defaulting Lender's share in future Credit Extensions and its rights under the Loan Documents with respect thereto shall terminate on the date of purchase, and the or Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest, including, if so requested, an Assignment and Assumption.

(c) Each Defaulting Lender shall indemnify the Agent and each non-Defaulting Lender from and against any and all loss, damage or expenses, including but not limited to reasonable attorneys' fees and funds advanced by the Agent or by any non-Defaulting Lender, on account of a Defaulting Lender's failure to timely fund its Applicable Percentage of a Loan or to otherwise perform its obligations under the Loan Documents.

(d) All or any part of a Defaulting Lender's participation in Letter of Credit and Swing Line Loans shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentage (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate revolving credit exposure (which shall include all exposure with respect to Letters of Credit and Swing Line Loans) of any non-Defaulting Lender to exceed such non-Defaulting Lender's Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

(e) If the reallocation described in clause (d) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under the law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' fronting exposure and (y) second, Cash Collateralize the L/C Issuer's fronting exposure in accordance with the procedures set forth in Section 2.03(g).

9.17 Syndication Agent; and Co-Lead Arrangers. Notwithstanding the provisions of this Agreement or any of the other Loan Documents, no Person who is or becomes a Syndication Agent nor any Person who is or becomes an Arranger shall have any powers, rights, duties, responsibilities or liabilities with respect to this Agreement and the other Loan Documents.

ARTICLE X MISCELLANEOUS

10.01 Amendments, Etc. No amendment (including any Extension Amendment) or waiver of any provision of this Agreement or any other Loan Document, and no Consent to any departure by any

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Loan Party therefrom, shall be effective unless in writing signed by the Agent, with the Consent of the Required Lenders, and the Lead Borrower or the applicable Loan Party, as the case may be, and each such waiver or Consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.03) without the written Consent of such Lender;

(b) as to any Lender, postpone any date fixed by this Agreement or any other Loan Document for (i) any scheduled payment (including any Maturity Date) or mandatory prepayment of principal, interest, fees or other amounts due hereunder or under any of the other Loan Documents without the written Consent of such Lender entitled to such payment, or (ii) any scheduled or mandatory reduction or termination of the Aggregate Revolving Commitments hereunder or under any other Loan Document without the written Consent of such Lender; provided, that any Revolving Lender may extend the final expiration of its Revolving Commitment without the consent of any other Lender in accordance with Section 2.16;

(c) as to any Lender, reduce the principal of, or the rate of interest specified herein on, any Loan held by such Lender, or (subject to clause (v) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document to or for the account of such Lender, without the written Consent of each Lender entitled to such amount; provided, however, that only the Consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" as it applies to the Committed Revolving Loans and the Swing Line Loans or to waive any obligation of the Borrowers to pay interest on the Committed Revolving Loans and the Swing Line Loans or Letter of Credit Fees at the Default Rate;

(d) (i) as to any Lender, change Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written Consent of such Lender or (ii) change Section 8.04 without the written Consent of each Lender;

(e) change any provision of this Section 10.01 or the definition of "Applicable Lenders", "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written Consent of each Lender included in any such definition;

(f) except as expressly permitted hereunder or under any other Loan Document, release, or limit the liability of, any Loan Party without the written Consent of each Lender;

(g) except for Permitted Dispositions, release all or substantially all of the Collateral from the Liens of the Security Documents without the written Consent of each Lender;

(h) except for Commitment Increases provided pursuant to Section 2.15, increase the Aggregate Revolving Commitments without the written Consent of each Lender, provided, that only the Consent of the Required Lenders shall be required to increase the then outstanding Aggregate Revolving Commitments by an amount up to ten (10%) percent of the then outstanding Aggregate Revolving Commitments in connection with debtor in possession financing offered by the Agent after any of the Loan Parties becomes subject to a case under any Debtor Relief Laws;

(i) change the definition of the term "Borrowing Base" or any component definition thereof if as a result thereof the amounts available to be borrowed by the Borrowers would be increased without the written Consent of each Lender;

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(j) modify the definition of Permitted Overadvance so as to increase the amount thereof or the time period for which a Permitted Overadvance may remain outstanding without the written Consent of each Lender; and

(k) except as expressly permitted herein or in any other Loan Document, subordinate the Obligations hereunder or the Liens granted hereunder or under the other Loan Documents to any other Indebtedness or Lien, as the case may be, without the written Consent of each Lender;

and, provided further, that (i) no amendment, waiver or Consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or Consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or Consent shall, unless in writing and signed by the Agent in addition to the Lenders required above, affect the rights or duties of the Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or Consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Products or Cash Management Services shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in its capacity as a Lender, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or any Loan Party. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, only the consent of the applicable provider or holder of any Bank Products or Cash Management Services shall be required in order to amend such agreements.

If any Lender does not Consent (a "Non-Consenting Lender") to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the Consent of each Lender and that has been approved by the Required Lenders, the Lead Borrower may replace such Non-Consenting Lender in accordance with Section 10.13; provided, that such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Lead Borrower to be made pursuant to this paragraph).

10.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Loan Parties, the Agent, the L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

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(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(iii) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Loan Parties, the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures reasonably satisfactory to the Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Loan Party, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Loan Parties' or the Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to any Loan Party, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Loan Parties, the Agent, the L/C Issuer and the Swing Line Lender may change its address, facsimile or telephone number for notices and other

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communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Lead Borrower, the Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Agent from time to time to ensure that the Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(e) Reliance by Agent, L/C Issuer and Lenders. The Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Loan Parties even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient,

varied from any confirmation thereof. The Loan Parties shall indemnify the Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Loan Parties. All telephonic notices to and other telephonic communications with the Agent may be recorded by the Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Credit Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the other Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether any Credit Party may have had notice or knowledge of such Default or Event of Default at the time.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay all Credit Party Expenses.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Agent (and any sub-agents thereof), each other Credit Party, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless (on an after tax basis) from, any and all losses, claims, causes of action, damages, liabilities, settlement payments, costs, and related expenses (including the reasonable and documented out-of-pocket fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Agent (and any sub-agents thereof) and their Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit, any bank advising or confirming a Letter of Credit or any other nominated person with respect to a Letter of Credit seeking to be reimbursed or indemnified or compensated, and any third party seeking to enforce the rights of a Borrower, beneficiary, nominated person, transferee, assignee of Letter of Credit proceeds, or holder

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of an instrument or document related to any Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property for which any Loan Party or any of its Subsidiaries could reasonably be expected to be subject to Environmental Liability, or any other Environmental Liability of any Loan Party or any of its Subsidiaries, (iv) any claims of, or amounts paid by any Credit Party to, a Blocked Account Bank or other Person which has entered into a control agreement with any Credit Party hereunder, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party or any of the Loan Parties’ directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by a Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrowers or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction; provided that such Credit Parties shall be entitled to reimbursement for no more than one counsel plus any local counsel) representing the Agent and one counsel representing all other Credit Parties (absent a conflict of interest in which case the Credit Parties may engage and be reimbursed for additional counsel).

(c) Reimbursement by Lenders. Without limiting their obligations under Section 9.14 hereof, to the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it, each Lender severally agrees to pay to the Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent), or the L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) or L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, the Loan Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable on demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of any Agent and the L/C Issuer, the assignment of any Commitment or Loan by any Lender, the replacement of

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any Lender, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Loan Parties is made to any Credit Party, or any Credit Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Credit Party in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Revolving Lender and the L/C Issuer severally agrees to pay to the Agent upon demand its Applicable Percentage (without duplication) of any amount relating to the Revolving Commitments or the Committed Revolving Loans so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clauses (b) and (c) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their

respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written Consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of Section 10.06(b), (ii) by way of participation in accordance with the provisions of Section 10.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Credit Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans (including for purposes of this Section (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such

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assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 with respect to any assignments of Revolving Commitments or Committed Revolving Loans, unless the Agent and, so long as no Event of Default under Section 8.01(b), (c) or (i) has occurred and is continuing, the Lead Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Lead Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default under Section 8.01(b), (c) or (i) has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund, or (3) such assignment is being made in connection with the sale of a Lender's portfolio of loans; and

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for all assignments if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the assignment of any Commitment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, provided, however, that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the

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assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.06(d).

(c) Register. The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Agent's Office in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Loan Parties, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Lead Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Loan Parties or the Agent, sell participations to any Person (other than a natural person or the Loan Parties, any of the Loan Parties' Affiliates or Subsidiaries or any Disqualified Institution) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain

solely responsible to the other parties hereto for the performance of such obligations and (iii) the Loan Parties, the Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any Participant shall agree in writing to comply with all confidentiality obligations set forth in Section 10.07 as if such Participant was a Lender hereunder. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Loan Parties agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.06(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender, acting for this purpose as an agent of the Loan Parties, shall maintain at its offices a record of each agreement or instrument effecting any participation and a register for the recordation of the names and addresses of its Participants and their rights with respect to principal amounts and other Obligations from time to time (each a "Participation Register"). The entries in each Participation Register shall be conclusive absent manifest error and such Loan Parties, the Agent, the L/C Issuer and the Lenders shall treat each Person whose name is recorded in a Participant Register as a Participant for all purposes of this Agreement (including, for the avoidance of doubt, for purposes of entitlement to benefits under Section 3.01, Section 3.04, Section 3.05 and Section 10.08). The Participation Register shall be available for inspection by the Lead Borrower, the L/C Issuer and any Lender, at any reasonable time and from time to time upon

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reasonable prior notice. No Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's Interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Lead Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Lead Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Loan Parties, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Wells Fargo assigns all of its Revolving Commitment and Committed Revolving Loans pursuant to subsection (b) above, Wells Fargo may, (i) upon thirty (30) days' notice to the Lead Borrower and the Revolving Lenders, resign as L/C Issuer and/or (ii) upon thirty (30) days' notice to the Lead Borrower, Wells Fargo may resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Lead Borrower shall be entitled to appoint from among the Revolving Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Lead Borrower to appoint any such successor shall affect the resignation of Wells Fargo as L/C Issuer or Swing Line Lender, as the case may be. If Wells Fargo resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Revolving Lenders to make Base Rate Loans pursuant to Section 2.03(e)). If Wells Fargo resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Revolving Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any,

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outstanding at the time of such succession or make other arrangements satisfactory to Wells Fargo to effectively assume the obligations of Wells Fargo with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Credit Parties agrees to maintain the confidentiality of the Confidential Information (as defined below), except that Confidential Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, funding sources, attorneys, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Loan Party and its obligations, (g) with the consent of the Lead Borrower or (h) to the extent such Confidential Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to any Credit Party or any of their respective Affiliates on a non-confidential basis from a source other than the Loan Parties.

For purposes of this Section, "Confidential Information" means all information received from the Loan Parties or any Subsidiary thereof relating to the Loan Parties or any Subsidiary thereof or their respective businesses, other than any such information that is available to any Credit Party on a non-confidential basis prior to disclosure by the Loan Parties or any Subsidiary thereof, provided that, in the case of information received from any Loan Party or any Subsidiary after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Confidential Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information.

Each of the Credit Parties acknowledges that (a) the Confidential Information may include material non-public information concerning the Loan Parties or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing or if any Lender shall have been served with a trustee process or similar attachment relating to property of a Loan Party, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, after

obtaining the prior written consent of the Agent or the Required Lenders, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of the Borrowers or any other Loan Party against any and all of the Obligations now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer, regardless of the adequacy of the Collateral, and irrespective of whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such

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obligations of the Borrowers or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify the Lead Borrower and the Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile, pdf., or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Credit Parties, regardless of any investigation made by any Credit Party or on their behalf and notwithstanding that any Credit Party may have had notice or knowledge of any Default or Event of Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding. Further, the provisions of Sections 3.01, 3.04, 3.05 and 10.04 and Article IX shall survive and remain in full force and effect regardless of the repayment of the Obligations, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof. In connection with the termination of this Agreement and the release and termination of the security interests in the Collateral, the Agent may require such indemnities and collateral security as they shall reasonably deem necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Obligations that may subsequently be reversed or revoked, (y) any obligations that may thereafter arise with respect to the Other Liabilities and (z) any Obligations that may thereafter arise under Section 10.04.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and

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(b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06, all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (a) the Borrowers shall have paid to the Agent the assignment fee specified in Section 10.06(b);
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);
- (c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and
- (d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(b) **SUBMISSION TO JURISDICTION.** EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE LOAN PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE LOAN PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **WAIVER OF VENUE.** EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE LOAN PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) **ACTIONS COMMENCED BY LOAN PARTIES.** EACH LOAN PARTY AGREES THAT ANY ACTION COMMENCED BY ANY LOAN PARTY ASSERTING ANY CLAIM ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY OR ANY FEDERAL COURT SITTING THEREIN AS THE AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION AND ANY COUNTERCLAIM BROUGHT BY ANY LOAN PARTY SHALL BE IN THE SAME COURT AS THE INITIAL CLAIM WAS BROUGHT.

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, the Loan Parties each acknowledge and agree that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in

connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Loan Parties, on the one hand, and the Credit Parties, on the other hand, and each of the Loan Parties is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the each Credit Party is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Loan Parties or any of their respective Affiliates, stockholders, creditors or employees or any other Person; (iii) none of the Credit Parties has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Loan Parties with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any of the Credit Parties has advised or is currently advising any Loan Party or any of its Affiliates on other matters) and none of the Credit Parties has any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Credit Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and none of the Credit Parties has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Credit Parties have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of the Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against each of the Credit Parties with respect to any breach or alleged breach of agency or fiduciary duty.

10.17 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender, the Agent to identify each Loan Party in accordance with the Act. Each Loan Party is in compliance, in all material respects, with the Patriot Act. No part of the proceeds of the Loans will be used by the Loan Parties, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

10.18 Foreign Asset Control Regulations. Neither of the advance of the Loans nor the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (the "Trading With the Enemy Act") or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) (the "Foreign Assets Control Regulations") or any enabling legislation or executive order relating thereto (which for the avoidance of doubt shall include, but shall not be limited to (a) Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Executive Order") and (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56)). Furthermore, none of the Borrowers or their Affiliates (a) is or will become a "blocked person" as described in the Executive Order, the Trading With the Enemy Act or the Foreign Assets Control Regulations or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such "blocked person" or in any manner violative of any such order.

10.20 Press Releases.

(a) Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of the Agent or their Affiliates or referring to this Agreement or the other Loan Documents without at least two (2) Business Days' prior notice to the Agent and without the prior written consent of the Agent unless (and only to the extent that) such Credit Party or Affiliate is required to do so under applicable Law and then, in any event, such Credit Party or Affiliate will consult with the Agent before issuing such press release or other public disclosure.

(b) Each Loan Party consents to the publication by the Agent or any Lender of advertising material, including any "tombstone" or comparable advertising, on its website or in other marketing materials of Agent, relating to the financing transactions contemplated by this Agreement using any Loan Party's name, product photographs, logo, trademark or other insignia. The Agent or such Lender shall provide a draft reasonably in advance of any advertising material to the Lead Borrower for review and comment prior to the publication thereof. The Agent reserves the right to provide to industry trade organizations and loan syndication and pricing reporting services information necessary and customary for inclusion in league table measurements.

10.21 Additional Waivers.

(a) The Obligations are the joint and several obligation of each Loan Party. To the fullest extent permitted by applicable Law, the obligations of each Loan Party shall not be affected by (i) the failure of any Credit Party to assert any claim or demand or to enforce or exercise any right or remedy against any other Loan Party under the provisions of this Agreement, any other Loan Document or otherwise, (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, this Agreement or any other Loan Document, or (iii) the failure to perfect any security interest in, or the release of, any of the Collateral or other security held by or on behalf of the Agent or any other Credit Party.

(b) The obligations of each Loan Party shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations after the termination of the Commitments), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Loan Party hereunder shall not be discharged or impaired or otherwise affected by the failure of the Agent or any other Credit Party to assert any claim or demand or to enforce any remedy under this Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Loan Party or that would otherwise operate as a discharge of any Loan Party as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations after the termination of the Commitments).

(c) To the fullest extent permitted by applicable Law, each Loan Party waives any defense based on or arising out of any defense of any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Loan Party, other than the indefeasible payment in full in cash of all the Obligations and the

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termination of the Commitments. The Agent and the other Credit Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any other Loan Party, or exercise any other right or remedy available to them against any other Loan Party, without affecting or impairing in any way the liability of any Loan Party hereunder except to the extent that all the Obligations have been paid in full in cash and the Commitments have been terminated. Each Loan Party waives any defense arising out of any such election even though such election operates, pursuant to applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Loan Party against any other Loan Party, as the case may be, or any security.

(d) Each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. Upon payment by any Loan Party of any Obligations, all rights of such Loan Party against any other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations and the termination of the Commitments. In addition, any indebtedness of any Loan Party now or hereafter held by any other Loan Party is hereby subordinated in right of payment to the prior indefeasible payment in full of the Obligations and no Loan Party will demand, sue for or otherwise attempt to collect any such indebtedness. If any amount shall erroneously be paid to any Loan Party on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Loan Party, such amount shall be held in trust for the benefit of the Credit Parties and shall forthwith be paid to the Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement and the other Loan Documents. Subject to the foregoing, to the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations constituting Loans made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an "Accommodation Payment"), then the Borrowers making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Borrowers in an amount, for each of such other Borrowers, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower's Allocable Amount and the denominator of which is the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower "insolvent" within the meaning of Section 101 (31) of the Bankruptcy Code, Section 2 of the Uniform Fraudulent Transfer Act ("UFTA") or Section 2 of the Uniform Fraudulent Conveyance Act ("UFCA"), (b) leaving such Borrower with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA, or Section 5 of the UFCA, or (c) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA, or Section 5 of the UFCA.

10.22 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

10.23 Attachments. The exhibits, schedules and annexes attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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10.24 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under the Facility Guaranty in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 10.24 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.24, or otherwise under the Facility Guaranty, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until payment in full of the Obligations. Each Qualified ECP Guarantor intends that this Section 10.24 constitute, and this Section 10.24 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

10.25 Acknowledgement and Consent to Bail-In of EEA Financing Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

10.26 Amendment and Restatement. Effective immediately upon the Closing Date, the terms and conditions of the Existing Credit Agreement shall be amended and restated as set forth herein and the Existing Credit Agreement shall be superseded by this Agreement. On the Closing Date, the rights and obligations of the parties evidenced by the Existing Credit Agreement shall be evidenced by this Agreement and the other Loan Documents and the grant of security interests and Liens in the Collateral under the Existing Credit Agreement and the other "Loan Documents" (as defined in the Existing Credit Agreement) by the Borrowers and the Guarantors party thereto shall continue under this Agreement and the other Loan Documents, and shall not in any event be terminated, extinguished or annulled but shall hereafter continue to be in full force and effect and be governed by this Agreement and the other Loan Documents. All Obligations (as defined in the Existing Credit Agreement) under the Existing Credit Agreement and the other "Loan Documents" (as defined in the Existing Credit Agreement) shall continue to be outstanding except as expressly modified by this Agreement and shall be governed in all respects by this Agreement and the other Loan Documents, it being agreed and understood that this Agreement does not constitute a novation, satisfaction, payment or reborrowing of any Obligation (as defined in the Existing Credit Agreement) under the Existing Credit Agreement or any other "Loan Document" (as defined in the

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Existing Credit Agreement), nor does it operate as a waiver of any right, power or remedy of any Lender under any "Loan Document" (as defined in the Existing Credit Agreement). All references to the Existing Credit Agreement in any Loan Document or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof.

[Signature Pages to Follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

FLOOR AND DECOR OUTLETS OF AMERICA, INC., as the Lead Borrower
and a Borrower

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

FDO ACQUISITION CORP., as a Guarantor

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

[Signature Page to Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and Revolving
Lender, L/C Issuer and Swing Line Lender

By: /s/ Michael S. Watson
Name: Michael S. Watson
Title: Director

[Signature Page to Credit Agreement]

BANK OF AMERICA, N.A., as a Lender

By: /s/ Michael Potter
Name: Michael Potter
Title: Vice President

[Signature Page to Credit Agreement]

REGIONS BANK, as a Lender

By: /s/ Daniel Wells
Name: Daniel Wells
Title: Vice President

[Signature Page to Credit Agreement]

AMENDED AND RESTATED SECURITY AGREEMENT

by

FLOOR AND DECOR OUTLETS OF AMERICA, INC.,
as Lead Borrower

and

THE OTHER BORROWERS AND GUARANTORS PARTY HERETO
FROM TIME TO TIME

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Agent

Dated as of September 30, 2016

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AMENDED AND RESTATED SECURITY AGREEMENT

AMENDED AND RESTATED SECURITY AGREEMENT dated as of September 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "Security Agreement") among (i) FLOOR AND DECOR OUTLETS OF AMERICA, INC., a Delaware corporation having an office at 2233 Lake Park Drive, Suite 400, Smyrna, Georgia 30080, as lead borrower for itself and the other Borrowers (the "Lead Borrower"), (ii) THE OTHER BORROWERS LISTED ON THE SIGNATURE PAGES HERETO (together with the Lead Borrower, the "Original Borrowers") OR FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Original Borrowers, the "Borrowers"), (iii) THE GUARANTORS LISTED ON THE SIGNATURE PAGES HERETO (the "Original Guarantors") AND THE OTHER GUARANTORS FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Original Guarantors, the "Guarantors"), as pledgors, assignors and debtors (the Borrowers, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), and (iv) WELLS FARGO BANK, NATIONAL ASSOCIATION, having an office at One Boston Place, 18th Floor, Boston, Massachusetts 02108, in its capacity as collateral agent for the Credit Parties (as defined in the Credit Agreement defined below) pursuant to the Credit Agreement, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent").

RECITALS:

A. The Borrowers, the Collateral Agent, Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent"), and the Lenders party thereto, among others, are party to that certain Credit Agreement, dated as of May 1, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Original Credit Agreement").

B. The Borrowers, the Collateral Agent and the Guarantors are party to that certain Security Agreement, dated as of May 1, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Original Security Agreement").

C. The Borrowers, the Collateral Agent, the Administrative Agent and the Lenders desire to amend and restate the Original Credit Agreement in its entirety pursuant to the terms of that certain Amended and Restated Credit Agreement, dated as of September 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

D. The Borrowers, the Collateral Agent and the Guarantors desire, in connection with the execution and delivery of the Credit Agreement, to amend and restate the Original Security Agreement in its entirety pursuant to the terms of this Security Agreement.

E. The Guarantors have, pursuant to that certain Amended and Restated Guaranty Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), among other things, unconditionally guaranteed the Guaranteed Obligations (as defined in the Guaranty).

F. The Borrowers and the Guarantors will receive substantial benefits from the execution, delivery and performance of the Obligations and the Guaranteed Obligations and each is, therefore, willing to enter into this Security Agreement.

G. This Security Agreement is given by each Grantor in favor of the Collateral Agent for the benefit of the Credit Parties to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

H. It is a condition to the obligations of the Lenders to make the Loans under the Credit Agreement and a condition to the L/C Issuer issuing Letters of Credit under the Credit Agreement that each Grantor execute and deliver the applicable Loan Documents, including this Security Agreement.

A G R E E M E N T :

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Collateral Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

"Borrowers" shall have the meaning assigned to such term in the Preamble hereof.

"Claims" shall mean any and all property taxes and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and all claims (including, without limitation, landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law) against, all or any portion of the Collateral.

"Collateral" shall have the meaning assigned to such term in SECTION 2.1 hereof.

"Collateral Agent" shall have the meaning assigned to such term in the Preamble hereof.

"Contracts" shall mean, collectively, with respect to each Grantor, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Grantor and any other party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

"Control" shall mean (a) in the case of each DDA, "control," as such term is defined in Section 9-104 of the UCC, and (b) in the case of any security entitlement, "control," as such term is defined in Section 8-106 of the UCC.

"Control Agreements" shall mean, collectively, the Blocked Account Agreements and the Securities Account Control Agreements.

"Copyrights" shall mean, collectively, with respect to each Grantor, all copyrights (whether statutory or common Law, whether established or registered in the United States or any other country or any political subdivision thereof whether registered or unregistered and whether published or unpublished), whether as author, assignee, transferee or otherwise, and all copyright registrations and applications, in each case, whether now owned or hereafter created or acquired by or assigned to such Grantor, including, without limitation, the registrations and applications listed on Schedule 8(b) to the Perfection Certificate, together with any and all (i) rights and privileges of such Grantor arising under applicable Law with respect to such copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

"Credit Agreement" shall have the meaning assigned to such term in Recital C hereof.

"Discharge of Term Obligations" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Distributions" shall mean, collectively, with respect to each Grantor, all Restricted Payments from time to time received, receivable or otherwise distributed to such Grantor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

“Excluded Accounts” shall mean (i) any deposit account used solely to fund payroll and withholding tax payments related thereto, 401(k) and other retirement plans and employee wages or healthcare benefits and (ii) trust, escrow or fiduciary accounts which are funded by the Loan Parties in the ordinary course of business or as required by any Requirement of Law, so long as, in all cases, no other amounts are deposited into such accounts.

“Excluded Equity Interests” shall mean (a) any directors’ qualifying shares, nominee shares or similar shares, which are required by Law to be held by persons other than the Grantors, (b) any Equity Interests of any person (other than a wholly-owned Subsidiary that is directly owned by a Grantor), to the extent restricted or not permitted by the terms of such person’s organizational documents or other agreements with holders of such Equity Interests (so long as such prohibition did not arise as part of the acquisition or formation of such person or in anticipation of the Credit Agreement and other than to the extent that any such prohibition would be rendered ineffective pursuant to the UCC or any other applicable Law), (c) any Equity Interests if, to the extent and for so long as the pledge of such Equity Interests hereunder is prohibited or restricted by any applicable Law, including any requirement to obtain consent of any Governmental Authority (other than to the extent such prohibition would be rendered ineffective under the UCC or any other applicable Law), (d) any margin stock to the extent the pledge thereof is prohibited by or would violate Regulation U, (e) any Equity Interests in an Excluded Subsidiary (other than, a Subsidiary described in clauses (b), (c) or (f) thereof), (f) any interest possessing more than 65% of any voting series of outstanding Equity Interests (including for these purposes any investment deemed to be Equity Interests for United States tax purposes) of any Foreign Subsidiary and (g) de minimis shares of a Foreign Subsidiary held by any Grantor as nominee or in a similar capacity.

“Excluded Property” shall mean the following:

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- (a) any Contracts, Chattel Paper, General Intangibles, Copyright Licenses, Patent Licenses, Trademark Licenses, Trade Secret Licenses or other contracts or agreements with or issued by Persons other than Parent, a Subsidiary of Parent or the Lead Borrower or an Affiliate of any of the foregoing (collectively, “Restrictive Agreements”) that would otherwise be included in the Collateral (and such Restrictive Agreements shall not be deemed to constitute a part of the Collateral) for so long as, and to the extent that, the granting of such a security interest pursuant hereto would result in a breach, default or termination of such Restrictive Agreements (in each case, except to the extent that (i) pursuant to the UCC and any other applicable law, the granting of security interests therein can be made without resulting in a breach, default or termination of such Restrictive Agreements or (ii) such breach, default or termination may be waived by Parent, a Subsidiary of Parent, the Lead Borrower or an Affiliate of any of the foregoing);
 - (b) any interest in leased real property;
 - (c) any fee interest in owned real property (including Fixtures related thereto) if the fair market value of such fee interest is less than \$7,500,000 individually;
 - (d) any Vehicles and any assets subject to certificate of title;
 - (e) those assets over which the granting of security interests in such assets would be prohibited by contract, applicable law or regulation or the organizational or joint venture documents of any non-wholly owned Subsidiary (including permitted liens, leases and licenses) (in each case, after giving effect to the applicable anti-assignment provisions of the UCC, other than proceeds and receivables thereof to the extent that their assignment is expressly deemed effective under the UCC notwithstanding such prohibitions for so long as such prohibitions are in effect, in each case, existing on the Closing Date or at the time of acquisition thereof after the Closing Date (but only so long as such prohibition exists and with respect to contractual obligations, only so long as such prohibition is not created in contemplation of the granting of the security interest hereunder)), or to the extent that such security interests would result in material adverse tax consequences to the Lead Borrower or any one or more of its Subsidiaries as reasonably determined in writing by the Lead Borrower and the Collateral Agent (it being understood that the Lenders shall not require the Loan Parties or their Subsidiaries to enter into any security agreements or pledge agreements governed by foreign law);
 - (f) any Excluded Accounts;
 - (g) any aircraft, airframes, aircraft engines, helicopters, vessels or rolling stock or any Equipment or other assets constituting a part thereof;
 - (h) any Excluded Equity Interests; and
 - (i) any “intent-to-use” application for registration of a Trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a “Statement of Use” pursuant to Section 1(d) of the Lanham Act or an “Amendment to Allege Use” pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law

provided, however, that in the case of any property that is “Excluded Property” because the creation of a Lien on such property is prohibited by license permit, agreement or applicable Law,

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as applicable, such property shall constitute “Excluded Property” only to the extent and for so long as such license, permit, agreement, or applicable Law validly prohibits the creation of a Lien on such property in favor of the Collateral Agent and, upon the termination of such prohibition (howsoever occurring), such property shall cease to constitute “Excluded Property”; provided further, that “Excluded Property” shall not include (i) any assets that are of the type that may be eligible for inclusion in the Borrowing Base, or (ii) the right to receive any proceeds arising therefrom or any other rights referred to in Sections 9-406(f), 9-407(a) or 9-408(a) of the UCC or any Proceeds, substitutions or replacements of any Excluded Property (unless such Proceeds, substitutions or replacements would otherwise constitute Excluded Property).

“Goodwill” shall mean, collectively, with respect to each Grantor, the goodwill connected with such Grantor’s business including, without limitation, (i) all goodwill connected with the use of and symbolized by any of the Intellectual Property Collateral in which such Grantor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any Person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Grantor’s business.

“Grantor” shall have the meaning assigned to such term in the Preamble hereof.

“Guarantors” shall have the meaning assigned to such term in the Preamble hereof.

“Guaranty” shall have the meaning assigned to such term in Recital E hereof.

“Intellectual Property Collateral” shall mean, collectively, with respect to each Grantor, all (i) intellectual property and proprietary rights, including the Patents, Trademarks, Copyrights, Licenses and Goodwill, (i) rights and privileges arising under applicable law with respect to thereto, (ii) registrations and applications for

registration thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements, dilutions, misappropriations, and other violations thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements, dilutions, misappropriations and other violations thereof.

“Intercompany Notes” shall mean, with respect to each Grantor, any promissory note in a principal amount in excess of \$1,500,000 evidencing loans made by such Grantor to Borrower Holdco, the Lead Borrower or any of its Subsidiaries.

“Lead Borrower” shall have the meaning assigned to such term in the Preamble hereof.

“Letters of Credit” unless the context otherwise requires, shall have the meaning given to such term in the UCC.

“Licenses” shall mean, collectively, with respect to each Grantor, all license and distribution agreements with any other Person with respect to any Patent, Trademark or Copyright, whether such Grantor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future breaches or violations thereof, (iii) rights to sue for past, present and future breaches or

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violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

“Patents” shall mean, collectively, with respect to each Grantor, all patents issued or assigned to and all patent applications made by or assigned to such Grantor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), including, without limitation, those patents and patent applications listed on Schedule 8(a) to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Perfection Certificate” shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Grantor in favor of the Collateral Agent for the benefit of the Credit Parties, and each other Perfection Certificate (which shall be in form and substance reasonably acceptable to the Collateral Agent) executed and delivered by the applicable Borrower or Guarantor in favor of the Collateral Agent for the benefit of the Credit Parties contemporaneously with the execution and delivery of a joinder agreement executed in accordance with SECTION 3.6 hereof, in each case, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the Credit Agreement.

“Pledged Interests” shall mean, collectively, with respect to each Grantor, all Equity Interest in any issuer now existing or hereafter acquired or formed, including, without limitation, all Equity Interests of such issuer described in Schedule III hereof, together with all rights, privileges, authority and powers of such Grantor relating to such Equity Interests issued by any such issuer under the Organization Documents of any such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Grantor in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Grantor in any manner, and all other Investment Property owned by such Grantor; provided, however, that to the extent applicable, Pledged Interests shall not include any Excluded Property.

“Pledged Securities” shall mean, collectively, the Pledged Interests and the Successor Interests.

“Secured Obligations” shall mean the Obligations (as defined in the Credit Agreement) and the Guaranteed Obligations; provided, however, that Other Liabilities shall be Secured Obligations solely to the extent that there is sufficient Collateral following satisfaction of the Obligations described in clause (a) of the definition of Obligations.

“Securities Account Control Agreement” shall mean an agreement in form and substance satisfactory to the Collateral Agent with respect to any Securities Account of a Grantor.

“Securities Act” means the Securities Exchange Act of 1934, as amended, and the applicable regulations promulgated by the Securities and Exchange Commission pursuant to such Act.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

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“Security Agreement” shall have the meaning assigned to such in the Preamble hereof.

“Successor Interests” shall mean, collectively, with respect to each Grantor, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company, partnership or other entity owned by such Grantor (unless such successor is such Grantor itself) formed by or resulting from any consolidation or merger in which any Person listed on Schedule 1(c) to the Perfection Certificate is not the surviving entity; provided, however, that Successor Interests shall not include shares or interests constituting more than 65% of any voting series of the outstanding Equity Interests (including for these purposes any investment deemed to be Equity Interests for United States tax purposes) of any Foreign Subsidiary.

“Trademarks” shall mean, collectively, with respect to each Grantor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URLs), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether statutory or common Law and whether established or registered in the United States or any other country or any political subdivision thereof), including, without limitation, the registrations and applications listed on Schedule 8(a) to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to the foregoing, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements or dilutions thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements or dilutions thereof.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9; provided further that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “Uniform Commercial Code” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or

availability of such remedy, as the case may be.

SECTION 1.2 Interpretation. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Security Agreement.

SECTION 1.3 Perfection Certificate. The Collateral Agent and each Grantor agree that the Perfection Certificate, and all schedules, amendments and supplements thereto are and shall at all times remain a part of this Security Agreement.

ARTICLE II

GRANT OF SECURITY AND SECURED OBLIGATIONS

SECTION 2.1 Pledge; Grant of Security Interest. As collateral security for the payment and performance in full of all the Secured Obligations, each Grantor hereby pledges and grants to the Collateral Agent for its benefit and for the benefit of the other Credit Parties, a lien on and security interest in and to all of the right, title and interest of such Grantor in, to and under all personal property

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and interests in such personal property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the Collateral"), including, without limitation:

- (a) all Accounts;
- (b) all Goods, including Equipment, Inventory and Fixtures;
- (c) all Documents, Instruments and Chattel Paper;
- (d) all Letters of Credit and Letter-of-Credit Rights;
- (e) all Securities Collateral;
- (f) all Investment Property;
- (g) all Intellectual Property Collateral;
- (h) all Commercial Tort Claims, including, without limitation, those described on Schedule 9 to the Perfection Certificate;
- (i) all General Intangibles;
- (j) all Deposit Accounts;
- (k) all Supporting Obligations;
- (l) all books and records relating to the Collateral; and
- (m) to the extent not covered by clauses (a) through (l) of this sentence, all other personal property of such Grantor, whether tangible or intangible and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to such Grantor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (a) through (m) above, the security interest created by this Security Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property; provided, however, that if and when any property shall cease to be Excluded Property, a Lien on a security in such property shall be deemed granted therein.

SECTION 2.2 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the payment and performance in full when due of the Secured Obligations.

SECTION 2.3 Security Interest.

(a) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to authenticate and file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including, without limitation, (i) whether such Grantor is an organization, the type of organization and any organizational

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identification number issued to such Grantor, (ii) a description of the Collateral as "all assets of the Grantor, wherever located, whether now owned or hereafter acquired or arising" or words of similar effect and (iii) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Collateral relates. Each Grantor agrees to provide all information described in the immediately preceding sentence to the Collateral Agent promptly upon reasonable request.

(b) Each Grantor hereby ratifies its prior authorization for the Collateral Agent to file in any relevant jurisdiction any financing statements or amendments thereto relating to the Collateral if filed prior to the date hereof.

(c) Each Grantor hereby further authorizes the Collateral Agent to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder in any Intellectual Property Collateral, without the signature of such Grantor, and naming such Grantor, as debtor, and the Collateral Agent, as secured party.

ARTICLE III

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES;

SECTION 3.1 Delivery of Certificated Securities Collateral Each Grantor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Collateral Agent (or, at all times prior to the Discharge of Term Obligations, the Term Loan Agent) in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and that the Collateral Agent has a perfected first priority security interest therein. Each Grantor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Grantor after the date hereof, shall promptly (and in any event within ten (10) Business Days) after receipt thereof by such Grantor be delivered to and held by or on behalf of the Collateral Agent (or, at all times prior to the Discharge of Term Obligations, the Term Loan Agent) pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Agent. Subject to the Intercreditor Agreement, the Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Collateral Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, the Collateral Agent shall have the right with written notice to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank.

SECTION 3.2 Perfection of Uncertificated Securities Collateral Each Grantor represents and warrants that the Collateral Agent has a first priority perfected security interest in all uncertificated Pledged Securities pledged by it hereunder that are in existence on the date hereof and that the applicable Organization Documents do not require the consent of the other shareholders, members, partners or other Persons to permit the Collateral Agent or its designee to be substituted for the applicable

Grantor as a shareholder, member, partner or other equity owner, as applicable, thereto. Each Grantor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Grantor shall, to the extent permitted by applicable Law and upon the reasonable request of the Collateral Agent, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute customary pledge forms or other documents necessary or reasonably requested to complete the pledge and give the Collateral Agent the right to control (within the meaning of Section 8-106 of the UCC) of, if applicable, and transfer such Pledged Securities under the terms hereof and, to the extent reasonably requested by the Collateral Agent, provide to the Collateral Agent an opinion of counsel, in form and substance reasonably satisfactory to the Collateral Agent, confirming such pledge and the perfection thereof.

SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest Each Grantor represents and warrants that the only filings, registrations and recordings necessary and appropriate to create, preserve, protect, publish notice of and perfect the security interest granted by each Grantor to the Collateral Agent (for the benefit of the Credit Parties) pursuant to this Security Agreement in respect of the Collateral are listed on Schedule II hereto. Each Grantor represents and warrants that all such filings, registrations and recordings have been delivered to the Collateral Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule II. Each Grantor agrees that at the sole cost and expense of the Grantors, (i) such Grantor will maintain the security interest created by this Security Agreement in the Collateral as a perfected first priority security interest (subject in priority only to those Permitted Encumbrances having priority under applicable Law or otherwise permitted to have priority pursuant to the terms of the Credit Agreement) and shall defend such security interest against the claims and demands of all Persons (other than with respect to Permitted Encumbrances), (ii) such Grantor shall, within the time period for delivery of the Annual Financial Statements under Section 6.04(a) of the Credit Agreement, furnish to the Collateral Agent a supplement to the Perfection Certificate setting forth any additions or changes thereto since the later of the Closing Date and delivery of the previous supplement pursuant to this clause (ii) and (iii) at any time and from time to time, upon the reasonable written request of the Collateral Agent, such Grantor shall promptly and duly execute and deliver, and, if applicable, file and have recorded, such further instruments and documents and take such further action as the Collateral Agent may reasonably request, including the filing of any financing statements, continuation statements and other documents (including this Security Agreement) under the UCC (or other applicable Laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Collateral Agent and in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) wherever required by applicable Law in each case to perfect, continue and maintain a valid, enforceable, first priority security interest (subject in priority only to those Permitted Encumbrances having priority under applicable Law or otherwise permitted to have priority pursuant to the terms of the Credit Agreement) in the Collateral as provided herein and to preserve the other rights and interests granted to the Collateral Agent hereunder, as against the Grantors and third parties (other than with respect to Permitted Encumbrances), with respect to the Collateral; provided that, notwithstanding any other provision of this Security Agreement or any other Loan Document, neither the Lead Borrower nor any Grantor will be required to (x) take any action in any jurisdiction other than the United States of America, or required by the laws of any such non-U.S. jurisdiction, or enter into any security agreement or pledge agreement governed by the laws of any such non-U.S. jurisdiction, in order to create any security interests (or other Liens) in assets located or titled outside of the United States of America or to perfect under the laws of any such non-U.S. jurisdiction any security interests (or other Liens) in any Collateral, or (y) file any fixture filing with respect to any security interest in Fixtures affixed to or attached to any real property constituting Excluded Property.

SECTION 3.4 Other Actions In order to further evidence the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in the Collateral, each Grantor represents, warrants and agrees, in each case at such Grantor's own expense, with respect to the following Collateral, that:

(a) **Instruments and Tangible Chattel Paper** As of the date hereof (i) no amount payable under or in connection with any of the Collateral is evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed on Schedule 7 to the Perfection Certificate and (ii) each Instrument and each item of Tangible Chattel Paper listed on Schedule 7 to the Perfection Certificate having a value in excess of \$1,000,000, individually, to the extent reasonably requested by the Collateral Agent, has been properly endorsed, assigned and delivered to the Collateral Agent, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank. If any amount payable under or in connection with any of the Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Grantor acquiring such Instrument or Tangible Chattel Paper shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may reasonably request from time to time.

(b) **Investment Property**.

(i) As of the date hereof (1) it has no Securities Accounts other than those listed on Schedule 13 to the Perfection Certificate, (2) it does not hold, own or have any interest in any certificated securities or uncertificated securities other than those constituting Pledged Securities with respect to which the Collateral Agent has a perfected first priority security interest in such Pledged Securities and (3) it has entered into a duly authorized, executed and delivered Securities Account Control Agreement with respect to each Securities Account listed on Schedule 13 to the Perfection Certificate with respect to which the Collateral Agent has a perfected first priority security interest in such Securities Accounts by Control (subject in priority only to those Permitted Encumbrances having priority under applicable Law or otherwise permitted to have priority pursuant to the Credit Agreement).

(ii) If any Grantor shall at any time hold or acquire any certificated securities constituting Collateral, such Grantor shall promptly (a) notify the Collateral Agent thereof and endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank, all in form and substance reasonably satisfactory to the Collateral Agent or (b) deliver such securities into a Securities Account with respect to which a Securities Account Control Agreement is in effect in favor of the Collateral Agent. If any securities constituting Collateral now or hereafter acquired by any Grantor are uncertificated, such Grantor shall promptly notify the Collateral Agent thereof and pursuant to an agreement in form and

substance reasonably satisfactory to the Collateral Agent, either (a) grant Control to the Collateral Agent and cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, (b) cause a security entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Collateral Agent has Control or (c) arrange for the Collateral Agent to become the registered owner of the securities. Grantor shall not hereafter establish and maintain any Securities Account with any Securities Intermediary unless (1) the applicable Grantor shall have given the Collateral Agent ten (10) Business Days' prior written notice of its intention to establish such new Securities Account with

such Securities Intermediary, (2) such Securities Intermediary shall be reasonably acceptable to the Collateral Agent and (3) such Securities Intermediary and such Grantor shall have duly executed and delivered a Control Agreement with respect to such Securities Account. Each Grantor shall accept any cash and Investment Property which are proceeds of the Pledged Interests in trust for the benefit of the Collateral Agent and promptly upon receipt thereof, deposit any cash received by it into an account in which the Collateral Agent has Control, or with respect to any Investment Properties or additional securities, take such actions as required above with respect to such securities. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any entitlement orders or instructions or directions to any issuer of uncertificated securities or Securities Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Grantor, unless a Cash Dominion Event has occurred and is continuing. No Grantor shall grant control over any Pledged Securities to any Person other than the Collateral Agent, the Term Loan Agent in accordance with the Intercreditor Agreement, or, to the extent applicable, any other Persons permitted to have control over such Pledged Securities in accordance with the terms of the Credit Agreement.

(iii) As between the Collateral Agent and the Grantors, the Grantors shall bear the investment risk with respect to the Investment Property and Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a security entitlement or deposit by, or subject to the control of, the Collateral Agent, a Securities Intermediary, any Grantor or any other Person; provided, however, that nothing contained in this SECTION 3.4(b) shall release or relieve any Securities Intermediary of its duties and obligations to the Grantors or any other Person under any Control Agreement under applicable Law. Each Grantor shall promptly pay all Claims and fees of whatever kind or nature with respect to the Pledged Securities pledged by it under this Security Agreement. In the event any Grantor shall fail to make such payment contemplated in the immediately preceding sentence, the Collateral Agent may do so for the account of such Grantor and the Grantors shall promptly reimburse and indemnify the Collateral Agent for all costs and expenses incurred by the Collateral Agent under this SECTION 3.4(b) and under SECTION 9.3 hereof.

(c) Electronic Chattel Paper and Transferable Records. As of the date hereof no amount payable under or in connection with any of the Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction). If any amount payable under or in connection with any of the Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record having a value in excess of \$1,000,000, individually, the Grantor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Collateral Agent thereof and shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under UCC Section 9-105 of such Electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the Electronic Chattel Paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the Federal Electronic

Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such Electronic Chattel Paper or transferable record.

(d) Letter-of-Credit Rights. If such Grantor is at any time a beneficiary under a Letter of Credit having a value in excess of \$1,000,000, individually, now or hereafter issued in favor of such Grantor (which, for the avoidance of doubt, shall not include any Letter of Credit issued pursuant to the Credit Agreement), such Grantor shall promptly notify the Collateral Agent thereof and such Grantor shall, at the reasonable request of the Collateral Agent, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent to an assignment to the Collateral Agent of, and to pay to the Collateral Agent, the proceeds of, any drawing under the Letter of Credit or (ii) arrange for the Collateral Agent to become the beneficiary of such Letter of Credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the Letter of Credit are to be applied as provided in the Credit Agreement.

(e) Commercial Tort Claims. As of the date hereof it holds no Commercial Tort Claims other than those listed on Schedule 9 to the Perfection Certificate. If any Grantor shall at any time hold or acquire a Commercial Tort Claim having a value in excess of \$1,000,000, individually, such Grantor shall promptly notify the Collateral Agent in writing signed by such Grantor of the brief details thereof and grant to the Collateral Agent in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

SECTION 3.5 Supplements; Further Assurances. Each Grantor shall take such further actions, and execute and deliver to the Collateral Agent such additional assignments, agreements, supplements, powers and instruments, as the Collateral Agent may in its reasonable judgment deem necessary or appropriate, wherever required by applicable Law, in order to perfect, preserve and protect the security interest in the Collateral as provided herein and the rights and interests granted to the Collateral Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm unto the Collateral Agent or permit the Collateral Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. If an Event of Default has occurred and is continuing, the Collateral Agent may institute and maintain, in its own name or in the name of any Grantor, such suits and proceedings as the Collateral Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Grantors. The Grantors and the Collateral Agent acknowledge that this Security Agreement is intended to grant to the Collateral Agent for the benefit of the Credit Parties a security interest in and Lien upon the Collateral and shall not constitute or create a present assignment of any of the Collateral.

SECTION 3.6 Joinder of Additional Grantors. The Grantors shall cause each direct or indirect Subsidiary of any Loan Party which, from time to time, after the date hereof shall be required to pledge any assets to the Collateral Agent for the benefit of the Credit Parties pursuant to Section 6.10 of the Credit Agreement, to promptly execute and deliver to the Collateral Agent a Perfection Certificate and a Joinder, in each case, within thirty (30) Business Days of the date on which it was acquired, created, or otherwise constituted as an entity required to be joined as a Loan Party pursuant to Section 6.10 of the Credit Agreement and, upon such execution and delivery, such Subsidiary shall constitute a "Grantor" for all purposes hereunder with the same force and effect as if originally named as a Grantor herein, including, but limited to, granting the Collateral Agent a security interest in all Securities Collateral of

such Subsidiary. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 3.7 Perfection or Other Action Cost vs. Benefit Determination Notwithstanding anything to the contrary herein or in any other Loan Document, although such property and assets shall still be considered Collateral, the Grantors shall not be required to perfect the security interest granted to the Collateral Agent under this Security Agreement or any other Loan Document or to take any other action with respect to any property, asset or right to use any property or any asset to the extent the burden or cost of obtaining or perfecting a Lien in favor of the Collateral Agent or taking any other action is excessive in relation to the benefit of the security afforded thereby, as reasonably determined by the Collateral Agent. Any property, asset or right to use any property or any asset that is subject to the conditions set forth in the immediately preceding sentence of this SECTION 3.7 shall be an exception or carve-out to any representation, warranty or covenant in any Loan Document relating to the perfection or priority of the Collateral Agent's Liens on the Collateral or other actions to be taken, in each case, to the extent set forth in the immediately preceding sentence.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to, and without limitation of, each of the representations, warranties and covenants set forth in the Credit Agreement and the other Loan Documents, each Grantor represents, warrants and covenants as follows:

SECTION 4.1 Title. No effective financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Agent pursuant to this Security Agreement or as are permitted by the Credit Agreement in connection with Permitted Encumbrances. To such Grantor's knowledge, no Person other than the Collateral Agent has control or possession of all or any part of the Collateral, except as permitted by the Credit Agreement in connection with Permitted Encumbrances or the Intercreditor Agreement, as applicable.

SECTION 4.2 Limitation on Liens; Defense of Claims; Transferability of Collateral Each Grantor is as of the date hereof, and, as to Collateral acquired by it from time to time after the date hereof, such Grantor will be, the sole direct and/or beneficial owner of all Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than the Liens and security interest created by this Security Agreement and Permitted Encumbrances. Each Grantor shall, at its own cost and expense, defend title to the Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Collateral Agent and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Collateral Agent or any other Credit Party other than Permitted Encumbrances. Other than agreements governing Permitted Encumbrances (if any) or as otherwise permitted under the Credit Agreement, there is no agreement, and no Grantor shall enter into any agreement or take any other action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with such Grantors' obligations or the rights of the Collateral Agent hereunder.

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SECTION 4.3 Chief Executive Office; Change of Name; Jurisdiction of Organization.

(a) The exact legal name, type of organization, jurisdiction of organization, federal taxpayer identification number, organizational identification number and chief executive office of such Grantor is indicated next to its name on Schedules 1(a) and 2(a) to the Perfection Certificate. Such Grantor shall furnish to the Collateral Agent prompt written notice of any change (and in any event within thirty (30) days of such change) in (i) its corporate name, (ii) its "location" (as determined by Section 9-307 (or any applicable equivalents thereof) of the UCC), (iii) its identity or type of organization or corporate structure, (iv) its federal taxpayer identification number or organizational identification number or (v) its jurisdiction of organization (in each case, including, without limitation, by merging with or into any other entity, reorganizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction). Such Grantor agrees to take all action reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Credit Parties in the Collateral intended to be granted hereunder. To the extent reasonably requested by the Collateral Agent, each Grantor agrees to promptly provide the Collateral Agent with certified Organization Documents reflecting any of the changes described in the preceding sentence.

(b) The Collateral Agent may rely on opinions of counsel as to whether any or all UCC financing statements of the Grantors need to be amended as a result of any of the changes described in SECTION 4.3. If any Grantor fails to provide information to the Collateral Agent about such changes as provided in SECTION 4.3(a) above, the Collateral Agent shall not be liable or responsible to any party for any failure to maintain a perfected security interest in such Grantor's property constituting Collateral, for which the Collateral Agent needed to have information relating to such changes. The Collateral Agent shall have no duty to inquire about such changes if any Grantor does not inform the Collateral Agent of such changes, the parties acknowledging and agreeing that it would not be feasible or practical for the Collateral Agent to search for information on such changes if such information is not provided by any Grantor.

SECTION 4.4 Location of Inventory and Equipment. As of the Closing Date, all Equipment and Inventory of such Grantor is located at the chief executive office or such other location listed in Schedule 5.18 of the Credit Agreement or Schedule 2(b) to the Perfection Certificate.

SECTION 4.5 Condition and Maintenance of Equipment. The Equipment of such Grantor is in good repair, working order and condition, reasonable wear and tear excepted. Each Grantor shall cause the Equipment to be maintained and preserved in good repair, working order and condition, reasonable wear and tear excepted, and shall make or cause to be made all repairs, replacements and other improvements which are reasonably necessary in the conduct of such Grantor's business in its business judgment.

SECTION 4.6 Due Authorization and Issuance. All of the Pledged Interests have been, and to the extent any Pledged Interests are hereafter issued, such shares or other equity interests will be, upon such issuance, duly authorized, validly issued and, to the extent applicable, fully paid and non-assessable. All of the Pledged Interests have been fully paid for, and there is no amount or other obligation owing by any Grantor to any issuer of the Pledged Interests in exchange for or in connection with the issuance of the Pledged Interests or any Grantor's status as a partner or a member of any issuer of the Pledged Interests.

SECTION 4.7 No Conflicts, Consents, etc. No consent of any party (including, without limitation, equity holders or creditors of such Grantor) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required (A) for the grant of the security interest by such Grantor of the Collateral pledged by it pursuant to this Security Agreement or for the execution, delivery or performance hereof by such Grantor,

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(B) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement or (C) for the exercise by the Collateral Agent of the remedies in respect of the Collateral pursuant to this Security Agreement except, in each case, for such consents which have been obtained prior to the date hereof or, with respect to Collateral acquired after the date hereof, as of the date of such acquisition. Following the occurrence and during the continuation of an Event of Default, if the Collateral Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Security Agreement and determines it necessary to obtain any

approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Collateral Agent, such Grantor agrees to use commercially reasonable efforts to assist and aid the Collateral Agent to obtain as soon as commercially practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.8 Collateral. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Credit Party in connection with this Security Agreement, in each case, relating to the Collateral, is accurate and complete in all material respects.

SECTION 4.9 Insurance. Such Grantor shall maintain or shall cause to be maintained such insurance as is required pursuant to Section 6.02 of the Credit Agreement. Each Grantor hereby irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact), exercisable only after the occurrence and during the continuance of an Event of Default, for the purpose of making, settling and adjusting claims in respect of the Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required under the Credit Agreement or to pay any premium in whole or in part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Default or Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this SECTION 4.9, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable in accordance with SECTION 9.3.

SECTION 4.10 Contested Liens; Claims. Each Grantor may at its own expense contest the validity, amount or applicability of any Claims so long as the contest thereof shall be conducted in accordance with, and permitted pursuant to the provisions of, the Credit Agreement. Notwithstanding the foregoing provisions of this SECTION 4.10, no contest of any such obligation may be pursued by such Grantor if such contest would expose the Collateral Agent or any other Credit Party to (i) any possible criminal liability or (ii) any additional civil liability for failure to comply with such obligations unless such Grantor shall have furnished a bond or other security therefor satisfactory to the Collateral Agent, or such other Credit Party, as the case may be.

ARTICLE V

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1 Pledge of Additional Securities Collateral. Each Grantor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person required to be pledged hereunder,

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accept the same in trust for the benefit of the Collateral Agent and Term Loan Agent and promptly deliver to the Collateral Agent a pledge amendment, duly executed by such Grantor, in substantially the form of Exhibit 1 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under SECTION 3.1 and SECTION 3.2 hereof in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Security Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities or Intercompany Notes. Each Grantor hereby authorizes the Collateral Agent to attach each Pledge Amendment to this Security Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Collateral Agent shall for all purposes hereunder be considered Collateral.

SECTION 5.2 Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other Loan Document evidencing the Secured Obligations. The Collateral Agent shall be deemed without further action or formality to have granted to each Grantor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors as provided in SECTION 9.3 of this Security Agreement, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to this SECTION 5.2(a).

(b) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to SECTION 5.2(a) hereof without any action (other than, in the case of any Securities Collateral, the giving of any notice) shall immediately cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights; provided that the Collateral Agent shall have the right, in its sole discretion, from time to time following the occurrence and continuance of an Event of Default to permit such Grantor to exercise such rights under SECTION 5.2(a). After such Event of Default is no longer continuing, each Grantor shall have the right to exercise the voting, managerial and other consensual rights and powers that it would otherwise be entitled to pursuant to SECTION 5.2(a) hereof.

(c) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to receive and retain, and to utilize, any and all Distributions, but only if and to the extent made in accordance with, and to the extent permitted by, the provisions of the Credit Agreement and the Intercreditor Agreement; provided, however, that, subject to the Intercreditor Agreement, any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement). The Collateral Agent shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to receive the Distributions which it is authorized to receive and retain pursuant to this SECTION 5.2(c).

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(d) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to SECTION 5.2(c) hereof shall cease and all such rights shall thereupon become vested in the Collateral Agent (or, at all times prior to the Discharge of Term Obligations, the Term Loan Agent), which shall thereupon have the sole right to receive and hold as Collateral such Distributions. After such Event of Default is no longer continuing, each Grantor shall have the right to receive the Distributions which it would be authorized to receive and retain pursuant to SECTION 5.2(c).

(e) Each Grantor shall, at its sole cost and expense, from time to time execute and deliver to the Collateral Agent appropriate instruments as the Collateral Agent may reasonably request in order to permit the Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to SECTION 5.2(b) hereof and to receive all Distributions which it may be entitled to receive under SECTION 5.2(c) hereof.

(f) All Distributions which are received by any Grantor contrary to the provisions of SECTION 5.2(c) hereof shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall immediately be paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3 Organization Documents. No Grantor will terminate or agree to terminate any Organization Documents or make any amendment or modification to any Organization Documents, except as may be permitted under the Credit Agreement, and, in connection therewith, each Grantor that is a limited liability company or partnership agrees it shall not elect to treat any Equity Interests issued by such Grantor as a security under Section 8-103 of the UCC.

SECTION 5.4 Defaults, Etc. Such Grantor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Grantor is a party relating to the Pledged Securities pledged by it, and such Grantor is not in violation of any other provisions of any such agreement to which such Grantor is a party, or otherwise in default or violation thereunder. To such Grantor's knowledge, no Securities Collateral pledged by such Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the certificates delivered to the Term Loan Agent) which evidence any Pledged Securities of such Grantor.

SECTION 5.5 Certain Agreements of Grantors As Issuers and Holders of Equity Interests

(a) In the case of each Grantor which is an issuer of Securities Collateral, such Grantor agrees to be bound by the terms of this Security Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Grantor which is a partner in a partnership, limited liability company or other entity, such Grantor hereby consents to the extent required by the applicable Organization Documents to the pledge by each other Grantor, pursuant to the terms hereof, of the Pledged Interests in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Interests to the Collateral Agent or its nominee and to the substitution of the Collateral Agent or its nominee as a substituted partner or member in such partnership, limited liability company or

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other entity with all the rights, powers and duties of a general partner or a limited partner or member, as the case may be.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL
PROPERTY COLLATERAL

SECTION 6.1 Grant of License. Without limiting the rights of Collateral Agent as the holder of a Lien on the Intellectual Property Collateral, for the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under Article VIII hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Agent, to the extent it has the right to do so, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, assign, license, sublicense or otherwise exploit any intellectual property (including any of the Intellectual Property Collateral) now owned or licensed or hereafter acquired by or licensed by such Grantor, wherever the same may be located, including, to the extent within the possession or control of the Grantors, in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof. Such license shall terminate automatically upon termination of this Security Agreement in accordance with SECTION 9.5(a).

SECTION 6.2 Registrations. Except (i) pursuant to licenses and other user agreements entered into by any Grantor in the ordinary course of business and (ii) as could not reasonably be expected to result in a Material Adverse Effect, on and as of the date hereof (x) each Grantor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any material Copyright, Patent or Trademark listed on Schedules 8(a) and 8(b) to the Perfection Certificate, and (y) all registrations listed on Schedules 8(a) and 8(b) to the Perfection Certificate are valid and in full force and effect.

SECTION 6.3 No Violations or Proceedings. To each Grantor's knowledge, on and as of the date hereof, there is no violation by others of any right of such Grantor with respect to any Copyright, Patent or Trademark listed on Schedules 8(a) and 8(b) to the Perfection Certificate, respectively, pledged by it under the name of such Grantor.

SECTION 6.4 Protection of Collateral Agent's Security. On a continuing basis, each Grantor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Collateral Agent of (A) any adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any Patent, Trademark or Copyright necessary for or material to the conduct of business of such Grantor or (B) the institution of any proceeding or any adverse determination in any federal, state or local court or administrative body regarding such Grantor's claim of ownership in or right to use any of the Intellectual Property Collateral material to the use and operation of the Collateral, its right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral necessary for the conduct of business of such Grantor, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral necessary for the conduct of business of such Grantor, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in each case except as shall be consistent with commercially reasonable business judgment and, if any Event of Default has occurred and is continuing

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with the prior approval of the Collateral Agent (such approval not to be unreasonably withheld, delayed or conditioned), (iv) upon such Grantor's obtaining knowledge thereof, promptly notify the Collateral Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof material to the use and operation of the Collateral, the ability of such Grantor or the Collateral Agent to dispose of such Intellectual Property Collateral or any portion thereof or the rights and remedies of the Collateral Agent in relation thereto including, without limitation, a levy or threat of levy or any legal process against such Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Grantor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the material licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral intended to be granted to the Collateral Agent for the benefit of the Credit Parties, without the consent of the Collateral Agent or as otherwise permitted under the Credit Agreement, (vi) until the Collateral Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to the Collateral Agent from time to time upon the Collateral Agent's reasonable request therefor detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Collateral Agent may from time to time request. Notwithstanding the foregoing, nothing herein shall prevent any Grantor from selling, disposing of or otherwise using any Intellectual Property Collateral as permitted under the Credit Agreement.

SECTION 6.5 After-Acquired Property. If any Grantor shall, at any time before this Security Agreement shall have been terminated in accordance with

SECTION 9.5(a), (i) obtain any rights to any additional Intellectual Property Collateral (including by virtue of filing a “statement of use” or an “amendment to allege use” with respect to any intent-to-use Trademark application of such Grantor) or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in clause (i) or (ii) of this SECTION 6.5 with respect to such Grantor shall automatically constitute Intellectual Property Collateral if such Intellectual Property Collateral would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Security Agreement without further action by any party. With respect to any Intellectual Property Collateral issued by, registered with or applied for in the United States Patent and Trademark Office or the United States Copyright Office, each Grantor shall promptly (a) provide to the Collateral Agent written notice of any of the foregoing and (b) confirm the attachment of the Lien and security interest created by this Security Agreement to any rights described in clauses (i) and (ii) of the immediately preceding sentence of this SECTION 6.5 by execution of an instrument in form reasonably acceptable to the Collateral Agent.

SECTION 6.6 Modifications. Each Grantor authorizes the Collateral Agent to modify this Security Agreement by amending Schedules 8(a) and 8(b) to the Perfection Certificate to include any Intellectual Property Collateral acquired or arising after the date hereof of such Grantor including, without limitation, any of the items listed in SECTION 6.5 hereof.

SECTION 6.7 Litigation. Unless there shall occur and be continuing any Event of Default, each Grantor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Grantors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance

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of any Event of Default, the Collateral Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Grantor, the Collateral Agent or the other Credit Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Grantor shall, at the reasonable request of the Collateral Agent, do any and all lawful acts and execute any and all documents reasonably requested by the Collateral Agent in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Collateral Agent, as the case may be, for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this SECTION 6.7 in accordance with SECTION 9.3 hereof. In the event that the Collateral Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Grantor agrees, at the reasonable request of the Collateral Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement, except, in each case, as could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.8 Third Party Consents. Each Grantor shall use reasonable commercial efforts to obtain the consent of third parties to the extent such consent is necessary to create a valid, perfected security interest in favor of the Collateral Agent in any Intellectual Property Collateral that is necessary for such Grantor's business.

ARTICLE VII

CERTAIN PROVISIONS CONCERNING ACCOUNTS

SECTION 7.1 Special Representations and Warranties. As of the time when each of its Accounts is included in the Borrowing Base as an Eligible Credit Card Receivable or an Eligible Trade Receivable each Grantor shall be deemed to have represented and warranted that such Account and all records, papers and documents relating thereto (i) are genuine and correct and in all material respects what they purport to be, (ii) to such Grantor's knowledge, represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labor or services or the sale, lease, license, assignment or other disposition and delivery of the goods or other property listed therein or out of an advance or a loan, and (iii) are in all material respects in compliance and conform with all applicable material federal, state and local Laws and applicable Laws of any relevant foreign jurisdiction.

SECTION 7.2 Maintenance of Records. Each Grantor shall keep and maintain at its own cost and expense materially complete records of each Account, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Grantor shall, at such Grantor's sole cost and expense, upon the Collateral Agent's written demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Accounts, including, without limitation, all documents evidencing Accounts and any books and records relating thereto to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Grantor). Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may transfer a full and complete copy of any Grantor's books, records, credit information, reports, memoranda and all other writings relating to the Accounts to and for the use

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by any Person that has acquired or is contemplating acquisition of an interest in the Accounts or the Collateral Agent's security interest therein in accordance with applicable Law without the consent of any Grantor.

SECTION 7.3 Legend. Each Grantor shall legend, at the reasonable request of the Collateral Agent made at any time after the occurrence and during the continuance of any Event of Default and in form and manner reasonably satisfactory to the Collateral Agent, the Accounts and the other books, records and documents of such Grantor evidencing or pertaining to the Accounts with an appropriate reference to the fact that the Accounts have been collaterally assigned to the Collateral Agent for the benefit of the Credit Parties and that the Collateral Agent has a security interest therein.

SECTION 7.4 Modification of Terms, Etc. No Grantor shall rescind or cancel any indebtedness evidenced by any Account or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Account or interest therein except in the ordinary course of business consistent with prudent business practice in accordance with the Credit Agreement without the prior written consent of the Collateral Agent.

SECTION 7.5 Collection. Each Grantor shall cause to be collected from the account debtor of each of the Accounts, as and when due in the ordinary course of business consistent with prudent business practice (including, without limitation, Accounts that are delinquent, such Accounts to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Account, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. The costs and expenses (including, without limitation, reasonable and documented attorneys' fees) of collection, in any case, whether incurred by any Grantor, the Collateral Agent or any other Credit Party, shall be paid by the Grantors.

ARTICLE VIII

SECTION 8.1 Remedies. Upon the occurrence and during the continuance of any Event of Default the Collateral Agent may, and at the direction of the Required Lenders, shall, from time to time in respect of the Collateral (in each case, subject to the Intercreditor Agreement), in addition to the other rights and remedies provided for herein, under applicable Law or otherwise available to it:

(a) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from any Grantor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Grantor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Grantor;

(b) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including, without limitation, instructing the obligor or

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obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Grantor, prior to receipt by any such obligor of such instruction, such Grantor shall segregate all amounts received pursuant thereto in trust for the benefit of the Collateral Agent and shall promptly pay such amounts to the Collateral Agent or the Term Loan Agent, as applicable pursuant to the terms of the Intercreditor Agreement;

(c) Sell, assign, grant a license to use or otherwise liquidate, or direct any Grantor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(d) Take possession of the Collateral or any part thereof, by directing any Grantor in writing to deliver the same to the Collateral Agent at any place or places so designated by the Collateral Agent, in which event such Grantor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Collateral Agent and therewith delivered to the Collateral Agent, (B) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent and (C) while the Collateral shall be so stored and kept, provide such security and maintenance services as shall reasonably be necessary to protect the same and to preserve and maintain them in good condition. Each Grantor's obligation to deliver the Collateral as contemplated in this SECTION 8.1 is of the essence hereof. Upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by any Grantor of such obligation;

(e) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Grantor constituting Collateral for application to the Secured Obligations as provided in SECTION 8.7 hereof;

(f) Retain and apply the Distributions to the Secured Obligations as provided in Article V hereof;

(g) Exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral; and

(h) Exercise all the rights and remedies of a secured party under the UCC or other applicable Law or in equity, and the Collateral Agent may also in its sole discretion, without notice except as specified in SECTION 8.2 hereof, sell, assign or grant a license to use the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. The Collateral Agent or any other Credit Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned

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or licensed absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives, to the fullest extent permitted by Law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the fullest extent permitted by Law, each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

SECTION 8.2 Notice of Sale. Each Grantor acknowledges and agrees that, to the extent notice of sale or other disposition of Collateral shall be required by applicable Law and unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Collateral Agent shall provide such Grantor such advance notice as may be practicable under the circumstances), ten (10) days' prior written notice to such Grantor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. To the extent permitted by applicable Law, no notification need be given to any Grantor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying (as permitted under Law) any right to notification of sale or other intended disposition.

SECTION 8.3 Waiver of Notice and Claims. Each Grantor hereby waives, to the fullest extent permitted by applicable Law, notice or judicial hearing in connection with the Collateral Agent's taking possession or the Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives, to the fullest extent permitted by applicable Law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law. The Collateral Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VIII in the absence of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against such Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Grantor.

SECTION 8.4 Certain Sales of Collateral.

(a) Each Grantor recognizes that, by reason of certain prohibitions contained in applicable Law, rules, regulations or orders of any Governmental Authority, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Grantor acknowledges that any such sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a

commercially reasonable manner and that, except as may be required by applicable Law, the Collateral Agent shall have no obligation to engage in public sales.

(b) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities Laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities Laws, even if such issuer would agree to do so.

(c) If the Collateral Agent determines to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon prior written request, the applicable Grantor shall from time to time furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Collateral Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(d) Each Grantor further agrees that a breach of any of the covenants contained in this SECTION 8.4 will cause irreparable injury to the Collateral Agent and the other Credit Parties, that the Collateral Agent and the other Credit Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this SECTION 8.4 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing.

SECTION 8.5 No Waiver; Cumulative Remedies.

(a) No failure on the part of the Collateral Agent to exercise, no course of dealing with respect to, and no delay on the part of the Collateral Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Collateral Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case, the Grantors, the Collateral Agent and each other Credit Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and

powers of the Collateral Agent and the other Credit Parties shall continue as if no such proceeding had been instituted.

SECTION 8.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of Collateral Agent, each Grantor shall execute and deliver to Collateral Agent an assignment or assignments of the Patents, Trademarks and/or Copyrights and such other documents as are necessary or appropriate to carry out the intent and purposes hereof to the extent such assignment does not result in any loss of rights therein under applicable Law. Within five (5) Business Days of written notice thereafter from Collateral Agent, each Grantor shall make available to Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of the Event of Default as Collateral Agent may reasonably designate to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Grantor under such Patents, Trademarks and/or Copyrights, and such Persons shall be available to perform their prior functions on Collateral Agent's behalf.

SECTION 8.7 Application of Proceeds. The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies shall be applied, together with any other sums then held by the Collateral Agent pursuant to this Security Agreement, in accordance with and as set forth in Section 8.04 of the Credit Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Concerning Collateral Agent.

(a) The Collateral Agent has been appointed as collateral agent pursuant to the Credit Agreement. The actions of the Collateral Agent hereunder are subject to the provisions of the Credit Agreement. The Collateral Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including, without limitation, the release or substitution of the Collateral), in accordance with this Security Agreement and the Credit Agreement. The Collateral Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact. The Collateral Agent may resign and a successor Collateral Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Collateral Agent by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent under this Security Agreement, and the retiring Collateral Agent shall thereupon be discharged from its duties and obligations under this Security Agreement. After any retiring Collateral Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Security Agreement while it was the Collateral Agent.

(b) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Collateral Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Collateral Agent nor any of the other Credit Parties shall have responsibility for,

without limitation (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Collateral Agent or any other Credit Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Collateral Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Security Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Collateral also constitutes collateral granted to Collateral Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, Collateral Agent, in its sole discretion, shall select which provision or provisions shall control.

SECTION 9.2 Collateral Agent May Perform; Collateral Agent Appointed Attorney-in-Fact. If any Grantor shall fail to perform any covenants contained in this Security Agreement or in the Credit Agreement, the Collateral Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that Collateral Agent shall in no event be bound to inquire into the validity of any tax, lien, imposition or other obligation which such Grantor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Collateral Agent shall be paid by the Grantors in accordance with the provisions of SECTION 9.3 hereof. Neither the provisions of this SECTION 9.2 nor any action taken by Collateral Agent pursuant to the provisions of this SECTION 9.2 shall prevent any such failure to observe any covenant contained in this Security Agreement nor any breach of warranty from constituting an Event of Default. Each Grantor hereby appoints the Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, or otherwise, from time to time after the occurrence and during the continuation of an Event of Default in the Collateral Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement and the other Security Documents which the Collateral Agent may deem necessary to accomplish the purposes hereof. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof until the termination of this Security Agreement in accordance with SECTION 9.5. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 9.3 Expenses. Each Grantor will upon demand pay to the Collateral Agent the amount of any and all amounts required to be paid pursuant to Section 10.04 of the Credit Agreement.

SECTION 9.4 Security Interest; Assignment. This Security Agreement shall create a security interest in the Collateral and shall (i) be binding upon the Grantors, their respective successors and assigns, and (ii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the other Credit Parties and each of their respective successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Grantor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Credit Party may assign or otherwise transfer any indebtedness held by it secured by this Security Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Credit Party, herein or otherwise, subject, however, to the provisions of the Credit Agreement.

SECTION 9.5 Termination; Release.

(a) This Security Agreement, the Lien in favor of the Collateral Agent (for the benefit of itself and the other Credit Parties) and all other security interests granted hereby (1) shall terminate with respect to all Secured Obligations when (i) the Commitments shall have expired or been terminated, (ii) the principal of and interest on each Loan and all fees and other Secured Obligations shall have been paid in full in cash, (iii) all Letters of Credit (as defined in the Credit Agreement) shall have (A) expired or terminated and have been reduced to zero, (B) been Cash Collateralized to the extent required by the Credit Agreement, or (C) been supported by another letter of credit in a manner reasonably satisfactory to the L/C Issuer and the Administrative Agent, and (iv) all L/C Obligations have been paid in full; provided, however, that in connection with the termination of this Security Agreement, the Collateral Agent may require such indemnities as it shall reasonably deem necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Secured Obligations that may subsequently be reversed or revoked, and (y) any obligations that may thereafter arise with respect to Other Liabilities, and (2) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Secured Obligation is rescinded or must otherwise be restored by any Credit Party or the Grantors upon the bankruptcy or reorganization of any Loan Party or otherwise.

(b) The Collateral shall be released from the Lien of this Security Agreement in accordance with the provisions of the Credit Agreement (which release shall be automatic in the case of any sale, transfer or disposition permitted under Section 7.05 of the Credit Agreement). Upon termination hereof or any release of Collateral in accordance with the provisions of the Credit Agreement, the Collateral Agent shall, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to the Grantors, against receipt and without recourse to or warranty by the Collateral Agent, such of the Collateral to be released (in the case of a release) or all of the Collateral (in the case of termination of this Security Agreement) as may be in possession of the Collateral Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

(c) At any time that the respective Grantor desires that the Collateral Agent take any action described in clause (b) of this SECTION 9.5, such Grantor shall, upon reasonable request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to clause (a) or (b) of this SECTION 9.5. The Collateral Agent shall have no liability whatsoever to any other Credit Party as the result of any release of Collateral by it as permitted (or which the Collateral Agent in good faith believes to be permitted) by this SECTION 9.5.

SECTION 9.6 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Grantor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Collateral Agent and the Grantors. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Grantor from the terms of any provision hereof shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Security Agreement or any other document evidencing the Secured Obligations, no notice to or demand on any Grantor in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances.

SECTION 9.7 Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Grantor, addressed to it at the address of the Lead Borrower set forth in the Credit Agreement and as to the Collateral Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be

designated by such party in a written notice to the other parties hereto complying as to delivery with the terms of this SECTION 9.7.

SECTION 9.8 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 9.9 CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVER OF JURY TRIAL

(a) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH GRANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH GRANTOR AGREES THAT ANY ACTION COMMENCED BY ANY GRANTOR ASSERTING ANY CLAIM ARISING UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT OF THE STATE OF NEW YORK SITTING IN NEW

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YORK COUNTY OR ANY FEDERAL COURT SITTING THEREIN AND ANY COUNTERCLAIM BROUGHT BY ANY GRANTOR SHALL BE IN THE SAME COURT WHERE THE SUCH INITIAL CLAIM WAS BROUGHT, IN EACH CASE, AS THE COLLATERAL AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.7. NOTHING IN THIS SECURITY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND WHETHER INITIATED BY OR AGAINST ANY SUCH PERSON OR IN WHICH ANY SUCH PERSON IS JOINED AS A PARTY LITIGANT). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.10 Severability of Provisions. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 9.11 Execution in Counterparts; Effectiveness. This Security Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 9.12 No Release. Nothing set forth in this Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Collateral Agent or any other Credit Party to perform or observe any such term, covenant, condition or agreement on such Grantor's part to be so performed or observed or shall impose any liability on the Collateral Agent or any other Credit Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Security Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. The obligations of each Grantor contained in this SECTION 9.12 shall

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survive the termination hereof and the discharge of such Grantor's other obligations under this Security Agreement, the Credit Agreement and the other Loan Documents.

SECTION 9.13 Obligations Absolute. All obligations of each Grantor hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Grantor;
- (b) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto;
- (d) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from

any guarantee, for all or any of the Secured Obligations;

(e) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of SECTION 9.6 hereof; or

(f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Grantor (other than the termination of this Security Agreement in accordance with SECTION 9.5(a) hereof).

SECTION 9.14 Intercreditor Agreement. Notwithstanding anything herein to the contrary, the parties hereto acknowledge that the security interest and Liens granted to the Collateral Agent herein for the benefit of the Collateral Agent, the Credit Parties and the other holders of the Secured Obligations and the rights, remedies, duties and obligations provided for herein are subject to the terms of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of this Security Agreement and the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall control. Nothing contained in the Intercreditor Agreement shall be deemed to modify any of the provisions of this Security Agreement, which, as among the Grantors and Collateral Agent shall remain in full force and effect in accordance with its terms.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantors and the Collateral Agent have caused this Security Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

FLOOR AND DECOR OUTLETS OF AMERICA, INC., as a Grantor

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

FDO ACQUISITION CORP., as a Grantor

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

[Signature Page to Security Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Michael S. Watson
Name: Michael S. Watson
Title: Director

[Signature Page to Security Agreement]

\$350,000,000

CREDIT AGREEMENT

among

FLOOR AND DECOR OUTLETS OF AMERICA, INC.
as the Borrower,

FDO ACQUISITION CORP.,
as Holdings,

THE LENDERS FROM TIME TO TIME PARTIES HERETO,
as Lenders,

UBS AG, STAMFORD BRANCH,
as Administrative Agent and Collateral Agent,

UBS SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, BARCLAYS BANK PLC, GOLDMAN SACHS BANK USA AND
WELLS FARGO SECURITIES LLC,

as Joint Lead Arrangers and Joint Bookrunners

dated as of September 30, 2016

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R	—	Form of Specified Discount Prepayment Notice

CREDIT AGREEMENT, dated as of September 30, 2016, among FLOOR AND DECOR OUTLETS OF AMERICA, INC., a Delaware corporation (the “Borrower”), FDO Acquisition Corp. (“Holdings”, as hereinafter further defined), the several banks and other financial institutions from time to time party hereto (as further defined in Subsection 1.1, the “Lenders”), and UBS AG, STAMFORD BRANCH, as administrative agent (in such capacity and as further defined in Subsection 1.1, the “Administrative Agent”) for the Lenders hereunder and as collateral agent (in such capacity and as further defined in Subsection 1.1, the “Collateral Agent”) for the Secured Parties (as defined below).

WITNESSETH:

WHEREAS, the Borrower has requested that the Lenders extend credit in the form of term loans on the Closing Date (as hereinafter defined) in an aggregate principal amount of \$350,000,000, for purposes of financing the Closing Date Dividend (as hereinafter defined), refinancing term loans under the Existing Credit Agreement, refinancing certain obligations of the Loan Parties outstanding under the Senior ABL Facility Agreement and to pay related fees, costs and expenses in connection therewith;

WHEREAS, the Lenders are willing to extend term loans on the Closing Date on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1

Definitions

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“ABL Agent”: Wells Fargo Bank, National Association, in its capacity as administrative agent and collateral agent under the ABL Facility Documents, or any successor administrative agent or collateral agent under the ABL Facility Documents.

“ABL Facility Documents”: the “Loan Documents” as defined in the Senior ABL Facility Agreement, as the same may be amended, supplemented, waived, otherwise modified, extended, renewed, refinanced or replaced from time to time.

“ABL Facility Loans”: the loans borrowed under the Senior ABL Facility.

“ABL Priority Collateral”: as defined in the ABL/Term Loan Intercreditor Agreement whether or not the same remains in full force and effect.

“ABL/Term Loan Intercreditor Agreement”: the Intercreditor Agreement, dated as of the date hereof, between the Collateral Agent and the ABL Agent (in its capacity as collateral agent under the ABL Facility Documents), and acknowledged by certain of the Loan

Parties in the form attached hereto as Exhibit J, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms hereof and thereof.

“ABR Loans”: Loans to which the rate of interest applicable is based upon the Alternate Base Rate.

“Accelerated”: as defined in Subsection 9.1(e).

“Acceleration”: as defined in Subsection 9.1(e).

“Acceptable Discount”: as defined in Subsection 4.4(l)(iv)(2).

“Acceptable Prepayment Amount”: as defined in Subsection 4.4(l)(iv)(3).

“Acceptance and Prepayment Notice”: a written notice from the Borrower setting forth the Acceptable Discount pursuant to Subsection 4.4(l)(iv)(2) substantially in the form of Exhibit M.

“Acceptance Date”: as defined in Subsection 4.4(l)(iv)(2).

“Acquired Indebtedness”: Indebtedness of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or on the date the acquired Person becomes a Subsidiary.

“Acquisition Indebtedness”: Indebtedness of (A) the Borrower or any Restricted Subsidiary Incurred to finance or refinance, or otherwise Incurred in connection with, any acquisition of any assets (including Capital Stock), business or Person, or any merger, consolidation or amalgamation of any Person with or into the Borrower or any Restricted Subsidiary, or (B) any Person that is acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary (including Indebtedness thereof Incurred in connection with any such acquisition, merger, consolidation or amalgamation).

“Additional Assets”: (i) any property or assets that replace the property or assets that are the subject of an Asset Disposition; (ii) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Borrower or a Restricted Subsidiary or otherwise useful in a Related Business, and any capital expenditures in respect of any property or assets already so used; (iii) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Borrower or another Restricted Subsidiary; or (iv) Capital Stock of any Person that at such time is a Restricted Subsidiary acquired from a third party.

“Additional Incremental Lender”: as defined in Subsection 2.8(b).

“Additional Debt”: as defined in the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement, as applicable.

“Additional Obligations”: senior or subordinated Indebtedness (which Indebtedness may be (x) secured by a Lien ranking pari passu to the Lien securing the First Lien Obligations, (y) secured by a Lien ranking junior to the Lien securing the First Lien Obligations or (z) unsecured), including customary bridge financings, in each case issued or incurred by the Borrower or a Guarantor, the terms of which Indebtedness (i) do not provide for a maturity date or weighted average life to maturity earlier than the Initial Term Loan Maturity Date or shorter than the remaining weighted average life to maturity of the Initial Term Loans, as the case may be (other than an earlier maturity date and/or shorter weighted average life to maturity for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date or a shorter weighted average life to maturity than the Initial Term Loan Maturity Date or the remaining weighted average life to maturity of the Initial Term Loans, as applicable), (ii) to the extent such Indebtedness is subordinated, provide for customary payment subordination to the Term Loan Facility Obligations under the Loan Documents as reasonably determined by the Borrower in good faith and (iii) do not provide for any mandatory repayment or redemption from the Net Cash Proceeds of Asset Dispositions (other than any Asset Disposition in respect of any assets, business or Person the acquisition of which was financed, all or in part, with such Additional Obligations and the disposition of which was contemplated by any definitive agreement in respect of such acquisition and in a manner not otherwise prohibited by this Agreement) or Recovery Events or from Excess Cash Flow, to the extent the Net Cash Proceeds of such Asset Disposition or Recovery Event or such Excess Cash Flow are required to be applied to repay the Initial Term Loans hereunder pursuant to Subsection 4.4(e), on more than a ratable basis with the Initial Term Loans (after giving effect to any amendment in accordance with Subsection 11.1(d)(vi)); provided that (a) such Indebtedness shall not be secured by any Lien on any asset of any Loan Party that does not also secure the Term Loan Facility Obligations, or be guaranteed by any Person other than one or more of the Guarantors, and (b) if secured by Collateral, such Indebtedness (and all related Obligations) shall be subject to the terms of the ABL/Term Loan Intercreditor Agreement (if such Indebtedness and related Obligations constitute First Lien Obligations), any Junior Lien Intercreditor Agreement (if such Indebtedness and related Obligations do not constitute First Lien Obligations) or an Other Intercreditor Agreement (if otherwise agreed by the Administrative Agent and the Borrower).

“Additional Obligations Documents”: any document or instrument (including any guarantee, security agreement or mortgage and which may include any or all of the Loan Documents) issued or executed and delivered with respect to any Additional Obligations or Rollover Indebtedness by any Loan Party.

“Additional Specified Refinancing Lender”: as defined in Subsection 2.11(b).

“Adjusted LIBOR Rate”: with respect to any Borrowing of Eurodollar Loans for any Interest Period, an interest rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1.00%) determined by the Administrative Agent to be equal to the higher of (a) (i) the LIBOR Rate for such Borrowing of Eurodollar Loans in effect for such Interest Period divided by (ii) 1 minus the Statutory Reserves (if any) for such Borrowing of Eurodollar Loans for such Interest Period and (b) solely with respect to Initial Term Loans, 1.00%.

“Adjustment Date”: the first day of each January, April, July and October of each year, commencing on or after the date of a Qualified IPO.

“Administrative Agent”: as defined in the Preamble hereto and shall include any successor to the Administrative Agent appointed pursuant to Subsection 10.9.

“Affected Eurodollar Rate”: as defined in Subsection 4.7.

“Affected Loans”: as defined in Subsection 4.9.

“Affiliate”: as to any specified Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Transaction”: as defined in Subsection 8.5(a).

“Affiliated Debt Fund”: (i) any Affiliate of any Sponsor that is a bona fide bank debt fund, distressed asset fund, hedge fund, mutual fund, insurance company, financial institution or an investment vehicle that is primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding, trading or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course and neither Holdings nor any of its Subsidiaries directs or causes the direction of the investment policies of such entity or (ii) any investment fund, vehicle or account that is a Permitted Affiliated Assignee that is not organized or used primarily for the purpose of making equity investments, in the case of each of (i) and (ii), that is not controlled by a Sponsor.

“Affiliated Lender”: any Lender that is a Permitted Affiliated Assignee.

“Affiliated Lender Assignment and Assumption”: as defined in Subsection 11.6(h)(i)(1).

“Agent Default”: an Agent has admitted in writing that it is insolvent or such Agent becomes subject to an Agent-Related Distress Event.

“Agent Fee Letter”: the Agent Fee Letter, dated as of September 14, 2016, between the Borrower and UBS Securities LLC.

“Agent-Related Distress Event”: with respect to any Agent (each, a “Distressed Person”), a voluntary or involuntary case with respect to such Distressed Person under any debt relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person’s assets, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person to be, insolvent or bankrupt; provided that an Agent-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests

in any Agent or any person that directly or indirectly controls such Agent by a Governmental Authority or an instrumentality thereof; provided, further, that the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator with respect to an Agent or any person that directly or indirectly controls such Agent under the Dutch Financial Supervision Act 2007 (as amended from time to time and including any successor legislation) shall not be deemed to result in an Agent-Related Distress Event.

“Agents”: the collective reference to the Administrative Agent and the Collateral Agent and “Agent” shall mean any of them.

“Agreement”: this Credit Agreement, as amended, supplemented, waived or otherwise modified from time to time.

“Alternate Base Rate”: for any day, a fluctuating rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1.00%) equal to the greatest of (a) the Base Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the Adjusted LIBOR Rate for an Interest Period of one month beginning on such day (or if such day is not a Business Day, on the immediately preceding Business Day) plus 1.00%. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate or the Adjusted LIBOR Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c) above, as the case may be, of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate, the Federal Funds Effective Rate or the Adjusted LIBOR Rate shall be effective on the effective date of such change in the Base Rate, the Federal Funds Effective Rate or the Adjusted LIBOR Rate, respectively.

“Amendment”: as defined in Subsection 8.3(c).

“Applicable Discount”: as defined in Subsection 4.4(l)(iii)(2).

“Applicable Margin”: in respect of Initial Term Loans (a) initially (i) with respect to ABR Loans, 3.25% per annum and (ii) with respect to Eurodollar Loans, 4.25% per annum and (b) from and after each Adjustment Date, if the Consolidated Secured Leverage Ratio would be equal to or less than 2.00:1.00 as of the last day of the Most Recent Four Quarter Period, (i) with respect to ABR Loans, 2.75% per annum and (ii) with respect to Eurodollar Loans, 3.75% per annum.

“Approved Fund”: as defined in Subsection 11.6(b).

“Asset Disposition”: any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors’ qualifying shares, or (in the case of a Foreign Subsidiary) to the extent required by applicable law), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Borrower or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction) other than (i) a disposition to the Borrower or a Restricted Subsidiary, (ii) a

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disposition in the ordinary course of business, (iii) a disposition of Cash Equivalents, Investment Grade Securities or Temporary Cash Investments, (iv) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business (including pursuant to factoring arrangements), or the conversion or exchange of accounts receivable into or for notes receivable, (v) any Restricted Payment Transaction, (vi) a disposition that is governed by Subsection 8.7, (vii) any Financing Disposition, (viii) any “fee in lieu” or other disposition of assets to any Governmental Authority that continue in use by the Borrower or any Restricted Subsidiary, so long as the Borrower or any Restricted Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee, (ix) any exchange of property pursuant to or intended to qualify under Section 1031 (or any successor section) of the Code, or any exchange of equipment to be leased, rented or otherwise used in a Related Business, (x) any financing transaction with respect to property built or acquired by the Borrower or any Restricted Subsidiary after the Closing Date, including any sale/leaseback transaction or asset securitization, (xi) any disposition arising from foreclosure, condemnation, eminent domain, or similar action with respect to any property or other assets, or exercise of termination rights under any lease, license, concession or other agreement or necessary or advisable (as determined by the Borrower in good faith) in order to consummate any acquisition of any Person, business or assets or pursuant to buy/sell arrangements under any joint venture or similar agreement or arrangement, (xii) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary, (xiii) a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Borrower or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), entered into in connection with such acquisition, (xiv) a disposition of not more than 5.00% of the outstanding Capital Stock of a Foreign Subsidiary that has been approved by the Board of Directors, (xv) any disposition or series of related dispositions for aggregate consideration not to exceed the greater of (A) \$10,000,000 and (B) 10.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available, (xvi) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the reasonable judgment of the Borrower, no longer economically practicable to maintain or useful in the conduct of the business of the Borrower and its Subsidiaries taken as a whole, (xvii) any license, sublicense or other grant of rights in or to any trademark, copyright, patent or other intellectual property, (xviii) any Exempt Sale and Leaseback Transaction, (xix) the creation or granting of any Lien permitted under this Agreement, (xx) sales, leases, transfers or other dispositions of inventory of the Borrower or any of its Subsidiaries determined by the management of the Borrower to be no longer useful or necessary in the operations of the business of the Borrower or such Subsidiary, (xxi) bulk sales or other dispositions of the Inventory not in the ordinary course of business in connection with store closings, at arm’s length; provided, that such store closures and related Inventory dispositions shall not exceed (A) in any Fiscal Year of the Parent and its Subsidiaries, 5% of the number of the Loan Parties’ stores as of the beginning of such Fiscal Year (net of new Store openings) and (B) in the aggregate from and after the Closing Date, 10% of the number of the Loan Parties’ Stores in existence as of the Closing Date (net of new Store openings) or (xxii) to the extent constituting a disposition, a Qualified IPO.

“Assignee”: as defined in Subsection 11.6(b)(i).

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“Assignment and Acceptance”: an Assignment and Acceptance, substantially in the form of Exhibit E hereto.

“Bail-In Action”: the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation”: with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank Products Agreement”: any agreement pursuant to which a bank or other financial institution agrees to provide (a) treasury services, (b) credit card, merchant card, purchasing card or stored value card services (including the processing of payments and other administrative services with respect thereto), (c) cash management services (including controlled disbursements, automated clearinghouse transactions, return items, netting, overdrafts, depository, lockbox, stop payment, electronic funds transfer, information reporting, wire transfer and interstate depository network services), (d) merchant services constituting a line of credit, (e) [reserved], (f) factoring and (g) supply chain financing services including, without limitation, trade payable services and supplier accounts receivable purchases..

“Bank Products Obligations”: of any Person means the obligations of such Person pursuant to any Bank Products Agreement.

“Bankruptcy Proceeding”: as defined in Subsection 11.6(h)(iv).

“Base Rate”: for any day, a rate per annum that is equal to the rate of interest established by the Administrative Agent as its prime rate from time to time at its Stamford Branch or, if no such rate is then established, the rate of interest quoted by the Wall Street Journal as the “Prime Rate” or, if the Wall Street Journal ceases to

quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as reasonably determined by the Administrative Agent).

“Benefited Lender”: as defined in Subsection 11.7(a).

“Board”: the Board of Governors of the Federal Reserve System.

“Board of Directors”: for any Person, the board of directors or other governing body of such Person or, if such Person does not have such a board of directors or other governing body and is owned or managed by a single entity, the board of directors or other governing body of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such board of directors or other governing body. Unless otherwise provided, “Board of Directors” means the Board of Directors of Holdings or the Borrower, as applicable.

“Borrower”: as defined in the Preamble hereto.

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“Borrower Material”: as defined in Section 7.2.

“Borrower Offer of Specified Discount Prepayment”: the offer by the Borrower to make a voluntary prepayment of Term Loans at a specified discount to par pursuant to Subsection 4.4(l)(ii).

“Borrower Solicitation of Discount Range Prepayment Offers”: the solicitation by the Borrower of offers for, and the corresponding acceptance by a Lender of a voluntary prepayment by the Borrower of Term Loans at a specified range at a discount to par pursuant to Subsection 4.4(l)(iii).

“Borrower Solicitation of Discounted Prepayment Offers”: the solicitation by the Borrower of offers for, and the subsequent acceptance, if any, by a Lender of a voluntary prepayment by the Borrower of Term Loans at a discount to par pursuant to Subsection 4.4(l)(iv).

“Borrowing”: the borrowing of one Type of Loan of a single Tranche from all the Lenders having Initial Term Loan Commitments or other commitments of the respective Tranche on a given date (or resulting from a conversion or conversions on such date) having, in the case of Eurodollar Loans, the same Interest Period.

“Borrowing Base”: the sum of (1) 92.50% of the net ordinary liquidation value of inventory held by the Borrower and its Subsidiaries, (2) 90.00% of all Receivables of the Borrower and its Subsidiaries, and (3) Unrestricted Cash of the Borrower and its Subsidiaries (in each case, determined as of the end of the most recently ended fiscal month for which internal consolidated financial statements of the Borrower are available, and, in the case of any determination relating to any Incurrence of Indebtedness, on a pro forma basis including (x) any property or assets of a type described above acquired since the end of such fiscal month and (y) any property or assets of a type described above being acquired in connection therewith).

“Borrowing Date”: any Business Day specified in a notice delivered pursuant to Subsection 2.3 as a date on which the Borrower requests the Lenders to make Loans hereunder.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close, except that, when used in connection with a Eurodollar Loan, “Business Day” shall mean any Business Day on which dealings in Dollars between banks may be carried on in London, England and New York, New York.

“Capital Expenditures”: for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under leases evidencing Capitalized Lease Obligations) by the Borrower and its Restricted Subsidiaries during such period that, in conformity with GAAP, are or are required to be included as capital expenditures on a consolidated statement of cash flows of the Borrower.

“Capital Stock”: as to any Person, any and all shares or units of, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated)

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equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation”: an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The Stated Maturity of any Capitalized Lease Obligation shall be the date of the last payment of rent or any other amount due under the related lease.

“Captive Insurance Subsidiary”: any Subsidiary of the Borrower that is subject to regulation as an insurance company (or any Subsidiary thereof).

“Cash Equivalents”: any of the following: (a) money, (b) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union or any agency or instrumentality of any thereof, (c) time deposits, certificates of deposit or bankers’ acceptances of (i) any bank or other institutional lender under this Agreement or the Senior ABL Facility or any affiliate thereof or (ii) any commercial bank having capital and surplus in excess of \$500,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and the commercial paper of the holding company of which is rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody’s (or, if at such time neither is issuing ratings, a comparable rating of another nationally recognized rating agency), (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c)(i) or (c)(ii) above, (e) money market instruments, commercial paper or other short-term obligations rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody’s (or, if at such time neither is issuing ratings, a comparable rating of another nationally recognized rating agency), (f) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act of 1940, as amended, (g) investments similar to any of the foregoing denominated in foreign currencies approved by the Board of Directors, and (h) solely with respect to any Captive Insurance Subsidiary, any investment that person is permitted to make in accordance with applicable law.

“Change in Law”: as defined in Subsection 4.11(a).

“Change of Control”: (i) at any time prior to the consummation of a Public Offering (x) the Permitted Holders shall in the aggregate be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) of (A) so long as Holdings is a Subsidiary of any Parent Entity, shares or units of Voting Stock having less than 35.00% of the total voting power of all outstanding shares of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (B) if Holdings is not a Subsidiary of any Parent Entity, shares or units of Voting Stock having less than 35.00% of the total voting power of all outstanding shares of Holdings or (y) any other “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders, (A) so long as Holdings is a Subsidiary of any Parent Entity, shall be the “beneficial owner” of shares or units of Voting Stock constituting a greater percentage of the total voting power of all outstanding shares of such Parent Entity than the total voting power of all outstanding shares or units of

(other than a Parent Entity that is a Subsidiary of another Parent Entity) held by the Permitted Holders and (B) if Holdings is not a Subsidiary of any Parent Entity, shall be the “beneficial owner” of shares or units of Voting Stock having constituting a greater percentage of the total voting power of all outstanding shares of Holdings than the total voting power of all outstanding shares or units of Voting Stock of Holdings held by the Permitted Holders; (ii) at any time on or after the consummation of a Public Offering, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders, shall be the “beneficial owner” of (x) so long as Holdings is a Subsidiary of any Parent Entity, shares or units of Voting Stock having more than the greater of (A) 35.00% of the total voting power of all outstanding shares of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (B) the total voting power of all outstanding shares or units of Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) held by the Permitted Holders and (y) if Holdings is not a Subsidiary of any Parent Entity, shares or units of Voting Stock having more than the greater of (A) 35.00% of the total voting power of all outstanding shares of Holdings and (B) the total voting power of all outstanding shares or units of Voting Stock of Holdings held by the Permitted Holders; (iii) Holdings shall cease to own, directly or indirectly, 100.00% of the Capital Stock of the Borrower (or any Successor Borrower), or (iv) a “Change of Control” (or comparable term) as defined in the Senior ABL Facility Agreement relating to Indebtedness and any unused commitments thereunder in an aggregate principal amount equal to or greater than \$25,000,000. Notwithstanding anything to the contrary in the foregoing, the Transactions shall not constitute or give rise to a Change of Control.

“Change of Control Offer”: as defined in Subsection 8.8(a).

“Claim”: as defined in Subsection 11.6(h)(iv).

“Closing Date”: the date on which all the conditions precedent set forth in Subsection 6.1 shall be satisfied or waived.

“Closing Date Dividend” shall mean that certain dividend or distribution to be made on or within twelve (12) Business Days after the Closing Date by the Borrower to Borrower’s direct or indirect equity holders (including any payments or adjustments made in connection with the dividend in respect of outstanding options to purchase common stock of Parent).

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Collateral”: all assets of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

“Collateral Agent”: as defined in the Preamble hereto, and shall include any successor to the Collateral Agent appointed pursuant to Subsection 10.9.

“Collateral Documents”: collectively, the Security Agreement, the Trademark Security Agreement, control agreements, the Mortgages (if any), each of the mortgages, debentures, charges, collateral assignments, control agreements, security agreements, pledge agreements or other similar agreements (if any) delivered to the Administrative Agent and the

Lenders pursuant to this Agreement, the Guaranty, and each of the other agreements, instruments or documents executed by a Loan Party that creates or purports to create a Lien or Guarantee in favor of the Administrative Agent for the benefit of the Secured Parties.

“Collateral Representative”: (i) in respect of the ABL/Term Loan Intercreditor Agreement, the ABL Agent (in its capacity as collateral agent) and the Collateral Agent, and each of their respective successors and assigns in such capacities and (ii) if any Junior Lien Intercreditor Agreement or Other Intercreditor Agreement is then in effect, the Person acting as representative for the Collateral Agent and the Secured Parties thereunder for the applicable purpose contemplated by this Agreement and the Security Agreement.

“Commitment”: as to any Lender, such Lender’s Initial Term Loan Commitments and Incremental Commitments, as the context requires.

“Commodities Agreement”: in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

“Commonly Controlled Entity”: an entity, whether or not incorporated, which is under “common control” with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Sections 414(m) and (o) of the Code.

“Compliance Certificate”: as defined in Subsection 7.2(a).

“Conduit Lender”: any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument delivered to the Administrative Agent (a copy of which shall be provided by the Administrative Agent to the Borrower on request); provided that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations under this Agreement, including its obligation to fund a Term Loan if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to any provision of this Agreement, including Subsection 4.10, 4.11, 4.12 or 11.5, than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender if such designating Lender had not designated such Conduit Lender hereunder, (b) be deemed to have any Initial Term Loan Commitment or (c) be designated if such designation would otherwise increase the costs of any Facility to the Borrower.

“Consolidated EBITDA”: for any period, the Consolidated Net Income for such period, plus, in each case without duplication, (x) the following to the extent deducted in calculating such Consolidated Net Income: (i) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any)

including state, franchise, excise and similar taxes and foreign withholding taxes and state taxes in lieu of business fees (including business license fees) and payroll tax credits, income tax credits and similar tax credits, and including an amount equal to the amount of tax distributions actually made to the holders of Capital Stock of the Borrower or any Parent Entity in respect of such period (in each case, to the extent attributable to the operations of the Borrower and its Restricted Subsidiaries), which will be included as though such amounts had been paid as income taxes directly by the Borrower, (ii) Consolidated Interest Expense, all items excluded from the definition of

Consolidated Interest Expense pursuant to clause (ii) thereof (other than Special Purpose Financing Expenses), any Special Purpose Financing Fees, and to the extent not reflected in Consolidated Interest Expense, costs of surety bonds in connection with financing activities, (iii) depreciation, (iv) amortization (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs), (v) any non-cash charges, losses and expenses, including any write-offs or write-downs; provided that if any such non-cash charge represents an accrual or reserve for potential cash items in any future four-fiscal quarter period (a) the Borrower may determine not to add back such non-cash charge in the period for which Consolidated EBITDA is being calculated and (b) to the extent the Borrower does decide to add back such non-cash charge, the cash payment in respect thereof in such future four-fiscal quarter period will be subtracted from Consolidated EBITDA for such future four-fiscal quarter period, (vi) reasonable out-of-pocket transaction fees, expenses or charges (including legal, advisory and brokerage or other financing fees), or, without duplication, any amortization or write-off thereof related to any transaction that is out of the ordinary course of business including equity offerings (to the extent the proceeds thereof were intended to be contributed to the equity capital of the Borrower or its Restricted Subsidiaries), Investments, acquisitions, dispositions, recapitalizations, mergers, option buyouts or Indebtedness permitted to be consummated or incurred by this Agreement (including any Refinancing Indebtedness in respect thereof) or any amendments, waivers or other modifications under the agreements relating to such Indebtedness or similar transactions (in each case whether or not consummated or incurred), (vii) the amount of any loss or expense attributable to non-controlling interests, (viii) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Hedging Obligations or other derivative instruments, (ix) any management, monitoring, consulting, transaction and advisory fees (including termination fees) and related indemnities, charges and expenses paid to or accrued to or on behalf of any Parent Entity or any of the Permitted Holders in each case to the extent permitted hereunder, (x) interest and investment income, (xi) the amount of loss on any Financing Disposition, (xii) any costs or expenses pursuant to any management or employee stock option or other equity-related plan, program or arrangement, or other benefit plan, program or arrangement, or any equity subscription or equityholder agreement, to the extent funded with cash proceeds contributed to the capital of the Borrower or an issuance of Capital Stock of the Borrower (other than Disqualified Stock) and excluded from the calculation set forth in Subsection 8.2(a)(3), (xiii) all fees, costs and expenses related to the Transactions, (xiv) non-operating professional fees, costs and expenses, (xv) [reserved], (xvi) expense or charges to the extent paid or reimbursed by a third party, (xvii) earn-out obligations incurred in connection with any acquisition or other Investment permitted under this Agreement, (xviii) all charges, costs, expenses, accruals or reserves in connection with the rollover, acceleration or payout of Capital Stock held by Management Investors and all losses, charges and expenses related to payments made to holders of options or other derivative Capital Stock in the common equity of the Borrower or any Parent

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Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or any of its direct or indirect parents, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, (xix) all losses, charges and expenses in connection with the pre-opening and opening of stores, distribution centers and other facilities and operating losses attributable to any store, distribution center or other facility to the extent such losses, charges or expenses were incurred before or within twelve (12) months after the opening of such store, distribution center or other facility, (xx) [reserved], (xxi) payments in the nature of compensation or expense reimbursement to independent board members, (xxii) the excess of GAAP rent expense over actual cash rent paid due to the use of straight line rent for GAAP purposes and (xxiii) business optimization expenses (including expenses related to consolidation initiatives), relocation and integration expenses, costs, charges, expenses, accruals and reserves related to cost savings initiatives, strategic initiatives and initiatives aimed at profitability improvement, and other restructuring costs, charges, expenses, accruals and reserves (which, for the avoidance of doubt, shall include the effect of inventory optimization programs, consolidation, relocation and closing of stores, distribution centers, warehouses and other facilities and exiting lines of business, operating expense reductions, personnel relocation, restructuring, redundancy, recruiting, severance, termination, settlement and judgment, one-time compensation charges, the amount of any signing, retention and completion bonuses, new systems design and implementation costs, software development costs and curtailments and project startup costs); provided that the aggregate amount added pursuant to this clause (xxiii) for any period of twelve (12) consecutive fiscal months shall not exceed the greater of (i) \$15,000,000 and (ii) 15% of Consolidated EBITDA (calculated prior to giving effect to any increase pursuant to this clause (xxiii)), plus (y) the amount of net cost savings, operating expense reductions and synergies projected by the Borrower in good faith to be realized as the result of actions taken or to be taken on or prior to the date that is 18 months after the Closing Date, or 18 months after the consummation of any operational change, respectively (which cost savings, operating expense reductions and synergies shall be reasonably identifiable and factually supportable, certified by a Responsible Officer of the Borrower and calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments may be incremental to pro forma adjustments made pursuant to the proviso to the definition of "Consolidated Secured Leverage Ratio" or "Consolidated Total Leverage Ratio"); provided that the aggregate amount added pursuant to this clause (y) for any period of twelve (12) consecutive fiscal months shall not exceed the greater of (i) \$15,000,000 and (ii) 15% of Consolidated EBITDA (calculated prior to giving effect to any increase pursuant to this clause (y)).

"Consolidated Interest Expense": for any period, the sum, without duplication, of (i) the total interest expense of the Borrower and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Borrower and its Restricted Subsidiaries, including any such interest expense consisting of (A) interest expense attributable to Capitalized Lease Obligations, (B) amortization of debt discount, (C) interest in respect of Indebtedness of any other Person that has been Guaranteed by the Borrower or any Restricted Subsidiary, but only to the extent that such interest is actually paid by the Borrower or any Restricted Subsidiary, (D) non-cash interest expense, (E) the interest portion of any deferred

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payment obligation, (F) commissions, discounts and other fees and charges owed with respect to letters of credit, bankers' acceptance financing bridge commitments or other financing fees, (G) movement in the mark-to-market valuation of hedging obligations or (H) interest expense associated with Capital Stock, minus (ii) to the extent otherwise included in such interest expense referred to in clause (i) above, Special Purpose Financing Expenses, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness in conjunction with recapitalization or purchase accounting, and any "additional interest" in respect of registration rights arrangements for any securities, amortization or write-off of financing costs, in each case under clauses (i) through (ii) above as determined on a Consolidated basis in accordance with GAAP; provided that gross interest expense shall be determined after giving effect to any net payments made or received by the Borrower and its Restricted Subsidiaries with respect to Interest Rate Agreements.

"Consolidated Net Income": for any period, the net income (loss) of the Borrower and its Restricted Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP (adjusted to reflect any charge, tax or expense incurred or accrued by Holdings or any Parent Entity during such period attributable to the operations of the Borrower and its Subsidiaries as though such charge, tax or expense had been incurred by the Borrower, to the extent that the Borrower has made or would be entitled under the Loan Documents to make any Restricted Payment or other payment to or for the account of Holdings in respect thereof) and before any reduction in respect of Preferred Stock dividends; provided that, without duplication, there shall not be included in such Consolidated Net Income:

(i) any net income (loss) of any Person if such Person is not the Borrower or a Restricted Subsidiary, except that (A) the Borrower's or any Restricted Subsidiary's net income for such period shall be increased by the aggregate amount actually distributed by such Person during such period to the Borrower or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (ii) below), to the extent not already included therein, and (B) the Borrower's or any Restricted Subsidiary's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Borrower or any of its Restricted Subsidiaries in such Person,

(ii) solely for purposes of determining the amount available for Restricted Payments under Subsection 8.2(a)(3)(A) and Excess Cash Flow, any net income (loss) of any Restricted Subsidiary that is not a Subsidiary Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted Subsidiary, directly or indirectly, to the Borrower by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (x) restrictions that have been waived or otherwise released, (y) restrictions pursuant to this Agreement or the other Loan Documents, and (z) restrictions in effect on the Closing Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary

that taken as a whole are not materially less favorable to the Lenders than such restrictions in effect on the Closing Date as determined by the Borrower in good faith), except that (A) the Borrower's equity in the net income of any

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such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Borrower or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause (ii)) and (B) the net loss of such Restricted Subsidiary shall be included to the extent of the aggregate Investment of the Borrower or any of its other Restricted Subsidiaries in such Restricted Subsidiary,

(iii) (x) any net after-tax gain or loss realized upon the sale, abandonment or other disposition of any asset of the Borrower or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined by the Borrower in good faith) and (y) any net after-tax gain or loss realized upon the disposal, abandonment, closure or discontinuation of operations of the Borrower or any Restricted Subsidiary, and any net after-tax income (loss) from disposed, abandoned or discontinued operations (but if such operations are classified as discontinued because they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of),

(iv) any net after-tax extraordinary, unusual or nonrecurring gain, loss or charge,

(v) the cumulative effect of a change in accounting principles,

(vi) any net after-tax income or loss (less all fees, expenses and charges related thereto) attributable to the extinguishment of Indebtedness or Hedging Obligations or other derivative instruments,

(vii) any non-cash gain, loss, expense or charge attributable to the movement in the mark-to-market valuation in respect of Hedge Agreements,

(viii) any unrealized foreign currency translation gains or losses, including in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person,

(ix) any non-cash expenses realized or resulting from stock option plans, employee benefit plans or agreements or post-employment benefit plans or agreements, or grants or sale of limited liability company interests, stock, stock appreciation, stock options, restricted stock, preferred stock or other equity based awards,

(x) any costs or expenses incurred in connection with the payment of dividend equivalent rights to option holders pursuant to any management equity plan, stock option plan or any other management or employee benefit plan or agreement or post-employment benefit plan or agreement will be excluded;

(xi) any non-cash charge, expense or other impact attributable to application of the purchase, fair value or recapitalization method of accounting (including the total

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amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-downs and write-offs of assets to the extent resulting from such purchase or recapitalization accounting adjustments), non-cash charges for deferred tax valuation allowances and non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP,

(xii) expenses related to the conversion of various employee benefit programs in connection with the Transactions, and non-cash compensation related expenses, and

(xiii) to the extent covered by insurance and actually reimbursed (or the Borrower has determined that there exists reasonable evidence that such amount will be reimbursed by the insurer and such amount is not denied by the applicable insurer in writing within 180 days and is reimbursed within 365 days of the date of such evidence (with a deduction in any future calculation of Consolidated Net Income for any amount so added back to the extent not so reimbursed within such 365 day period)), any expenses with respect to liability or casualty events or business interruption.

Notwithstanding the foregoing, for the purpose of Subsection 8.2(a)(3)(A) only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Borrower or a Restricted Subsidiary, and any income consisting of return of capital, repayment or other proceeds from dispositions or repayments of Investments consisting of Restricted Payments, in each case to the extent such income would be included in Consolidated Net Income and such related dividends, repayments, transfers, return of capital or other proceeds are applied by the Borrower to increase the amount of Restricted Payments permitted under Subsection 8.2(a)(3)(C) or (D).

"Consolidated Secured Indebtedness": as of any date of determination, (i) an amount equal to the Consolidated Total Indebtedness (without regard to clause (ii) of the definition thereof) as of such date that in each case is then secured by Liens on property or assets of the Borrower and its Restricted Subsidiaries (other than property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby), minus (ii) the sum of (A) the amount of such Indebtedness consisting of Indebtedness of a type referred to in, or Incurred pursuant to, Subsection 8.1(b)(ix) and (B) Unrestricted Cash of the Borrower and its Restricted Subsidiaries.

"Consolidated Secured Leverage Ratio": as of any date of determination, the ratio of (i) Consolidated Secured Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available, provided that:

(1) if, since the beginning of such period, the Borrower or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business, including any such disposition occurring in connection with a transaction causing a calculation to be made hereunder, or designated

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any Restricted Subsidiary as an Unrestricted Subsidiary (any such disposition or designation, a "Sale"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder, or designated any Unrestricted Subsidiary as a Restricted Subsidiary (any such Investment, acquisition or designation, "Purchase"), Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and

(3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Borrower or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Borrower or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that, in the event that the Borrower shall classify Indebtedness Incurred on the date of determination as secured in part pursuant to clause (k)(1) of the "Permitted Liens" definition in respect of Indebtedness Incurred pursuant to clause (ii) of the definition of Maximum Incremental Facilities Amount and in part pursuant to one or more other clauses of the definition of "Permitted Liens" (other than clause (s)), as provided in clause (x) of the final paragraph of such definition, any calculation of the Consolidated Secured Leverage Ratio, including in the definition of "Maximum Incremental Facilities Amount", shall not include any such Indebtedness (and shall not give effect to any Discharge of Indebtedness from the proceeds thereof) to the extent secured pursuant to any such other clause of such definition and (y) in the event that the Borrower shall classify Indebtedness Incurred on the date of determination as secured in part pursuant to clause (s) of the "Permitted Liens" definition and in part pursuant to one or more other clause of the definition of "Permitted Liens" (other than clause (k)(1) in respect of Indebtedness Incurred pursuant to clause (ii) of the definition of "Maximum Incremental Facilities Amount"), as provided in clause (y) of the final paragraph of such definition, any calculation of the Consolidated Secured Leverage Ratio shall not include any such Indebtedness (and shall not give effect to any Discharge of Indebtedness from the proceeds thereof) to the extent secured pursuant to any such other clause of such definition.

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the pro forma calculations in respect thereof (including in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer or another Responsible Officer of the Borrower; provided

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that with respect to cost savings or synergies relating to any Sale, Purchase or other transaction, the related actions are expected by the Borrower to be taken no later than 18 months after the date of determination.

"Consolidated Total Assets": as of any date of determination, the total assets, in each case reflected on the consolidated balance sheet of Parent as at the end of the most recently ended fiscal quarter for which a balance sheet is available, determined on a Consolidated basis in accordance with GAAP (and, in the case of any determination relating to any Incurrence of Indebtedness or Liens or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith).

"Consolidated Total Indebtedness": as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Indebtedness of the Borrower and its Restricted Subsidiaries as of such date consisting of (without duplication) Indebtedness for borrowed money (including Purchase Money Obligations and unreimbursed outstanding drawn amounts under funded letters of credit); Capitalized Lease Obligations; and debt obligations evidenced by bonds, debentures, notes or similar instruments, determined on a Consolidated basis in accordance with GAAP (excluding items eliminated in Consolidation, and for the avoidance of doubt, excluding Hedging Obligations) minus (ii) the sum of (A) the amount of such Indebtedness consisting of Indebtedness of a type referred to in, or Incurred pursuant to Subsection 8.1(b)(ix) and (B) Unrestricted Cash of the Borrower and its Restricted Subsidiaries.

"Consolidated Total Leverage Ratio": as of any date of determination, the ratio of (i) Consolidated Total Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of Parent are available, provided that:

(1) if, since the beginning of such period, the Borrower or any Restricted Subsidiary shall have made a Sale (including any Sale occurring in connection with a transaction causing a calculation to be made hereunder), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and

(3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Borrower or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Borrower or a Restricted Subsidiary since the beginning of such period,

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Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that, for purposes of the foregoing calculation, in the event that the Borrower shall classify Indebtedness Incurred on the date of determination as Incurred in part pursuant to Subsection 8.1(b)(x) (other than by reason of subclause (2) of the proviso to such clause (x)) and/or in part pursuant to one or more other clauses of Subsection 8.1(b) (as provided in Subsections 8.1(c)(ii)), Consolidated Total Indebtedness shall not include any such Indebtedness Incurred pursuant to one or more such other clauses of Subsection 8.1(b), and shall not give effect to any Discharge of any Indebtedness from the proceeds of any such Indebtedness being disregarded for purposes of the calculation of the Consolidated Total Leverage Ratio that otherwise would be included in Consolidated Total Indebtedness.

For purposes of this definition, whenever pro forma effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the pro forma calculations in respect thereof (including in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer or another Responsible Officer of the Borrower; provided that with respect to cost savings or synergies relating to any Sale, Purchase or other transaction, the related actions are expected by the Borrower to be taken no later than 18 months after the date of determination.

"Consolidated Working Capital": at any date, the excess of (a) the sum of all amounts (other than cash, Cash Equivalents and Temporary Cash Investments) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower at such date excluding the current portion of current and deferred income taxes over (b) the sum of all amounts that would, in conformity with GAAP, be set forth

opposite the caption “total current liabilities” (or any like caption) on a consolidated balance sheet of the Borrower on such date, including deferred revenue but excluding, without duplication, (i) the current portion of any Funded Debt, (ii) all Indebtedness consisting of Loans to the extent otherwise included therein, (iii) the current portion of interest and (iv) the current portion of current and deferred income taxes.

“Consolidation”: the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Borrower in accordance with GAAP; provided that “Consolidation” will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Borrower or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term “Consolidated” has a correlative meaning.

“Contract Consideration”: as defined in the definition of “Excess Cash Flow”.

“Contractual Obligation”: as to any Person, any provision of any material security issued by such Person or of any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

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“Contribution Amounts”: the aggregate amount of capital contributions applied by the Borrower to permit the Incurrence of Contribution Indebtedness pursuant to Subsection 8.1(b)(xi).

“Contribution Indebtedness”: Indebtedness of the Borrower or any Restricted Subsidiary in an aggregate principal amount not greater than twice the aggregate amount of cash contributions (other than Excluded Contributions, the proceeds from the issuance of Disqualified Stock or contributions by the Borrower or any Restricted Subsidiary) made to the capital of the Borrower or such Restricted Subsidiary after the Closing Date (whether through the issuance or sale of Capital Stock or otherwise); provided that such Contribution Indebtedness (a) is Incurred within 180 days after the receipt of the related cash contribution and (b) is so designated as Contribution Indebtedness pursuant to a certificate of a Responsible Officer of the Borrower on the date of Incurrence thereof.

“Currency Agreement”: in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

“Declined Amount”: as defined in Subsection 4.4(h).

“Default”: any of the events specified in Subsection 9.1, whether or not any requirement for the giving of notice (other than, in the case of Subsection 9.1(e), a Default Notice), the lapse of time, or both, or any other condition specified in Subsection 9.1, has been satisfied.

“Default Notice”: as defined in Subsection 9.1(e).

“Deposit Account”: any deposit account (as such term is defined in Article 9 of the UCC).

“Designated Noncash Consideration”: the Fair Market Value of noncash consideration received by the Borrower or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Noncash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth the basis of such valuation.

“Designation Date”: as defined in Subsection 2.10(f).

“Discharge”: the Borrower or any Restricted Subsidiary shall have repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on the relevant date of determination.

“Discount Prepayment Accepting Lender”: as defined in Subsection 4.4(l)(ii)(2).

“Discount Range”: as defined in Subsection 4.4(l)(iii)(1).

“Discount Range Prepayment Amount”: as defined in Subsection 4.4(l)(iii)(1).

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“Discount Range Prepayment Notice”: a written notice of the Borrower Solicitation of Discount Range Prepayment Offers made pursuant to Subsection 4.4(l) substantially in the form of Exhibit N.

“Discount Range Prepayment Offer”: the irrevocable written offer by a Lender, substantially in the form of Exhibit O, submitted in response to an invitation to submit offers following the Administrative Agent’s receipt of a Discount Range Prepayment Notice.

“Discount Range Prepayment Response Date”: as defined in Subsection 4.4(l)(iii)(1).

“Discount Range Proration”: as defined in Subsection 4.4(l)(iii)(3).

“Discounted Prepayment Determination Date”: as defined in Subsection 4.4(l)(iv)(3).

“Discounted Prepayment Effective Date”: in the case of a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offers or Borrower Solicitation of Discounted Prepayment Offers, or otherwise five Business Days following the receipt by each relevant Lender of notice from the Administrative Agent in accordance with Subsection 4.4(l)(ii), Subsection 4.4(l)(iii) or Subsection 4.4(l)(iv), as applicable unless a shorter period is agreed to between the Borrower and the Administrative Agent.

“Discounted Term Loan Prepayment”: as defined in Subsection 4.4(l)(i).

“Disinterested Directors”: with respect to any Affiliate Transaction, one or more members of the Board of Directors of the Borrower, or one or more members of the Board of Directors of a Parent Entity, having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member’s holding Capital Stock of the Borrower or any Parent Entity or any options, warrants or other rights in respect of such Capital Stock.

“Disposition”: as defined in the definition of the term “Asset Disposition” in this Subsection 1.1.

“Disqualified Lender” shall mean (i) any person identified by the Borrower to the Administrative Agent in writing by name that is or becomes an operating company competitor of the Borrower and/or any its Subsidiaries, (ii) any person that is identified by the Borrower to the Lead Arrangers and the Administrative Agent (or its

Affiliates) in writing by name on or prior to September 14, 2016; and (iii) any affiliate of any person described in clauses (i) or (ii) above that are either (x) reasonably identifiable solely on the basis of such affiliate's name or (y) identified in writing by name by the Borrower to the Administrative Agent from time to time, other than, with respect to this clause (iii), any bank, financial institution or fund that regularly invests in commercial loans or similar extensions of credit in the ordinary course of business and for which no personnel directly involved with the relevant person (A) makes investment decisions or (B) has access to non-public information relating to the Borrower and/or its Subsidiaries.

“Disqualified Stock”: with respect to any Person, any Capital Stock (other than Management Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a “change of control” or an Asset Disposition or other disposition) (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a “change of control” or an Asset Disposition or other disposition), in whole or in part, in each case on or prior to the Initial Term Loan Maturity Date; provided that Capital Stock issued to any employee benefit plan, or by any such plan to any employees of the Borrower or any Subsidiary, shall not constitute Disqualified Stock solely because it may be required to be repurchased or otherwise acquired or retired in order to satisfy applicable statutory or regulatory obligations.

“Dollars” and “\$”: dollars in lawful currency of the United States of America.

“Domestic Subsidiary”: any Restricted Subsidiary of the Borrower other than a Foreign Subsidiary.

“ECF Payment Amount”: as defined in Subsection 4.4(e)(iii)(A).

“ECF Payment Date”: as defined in Subsection 4.4(e)(iii).

“EEA Financial Institution”: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country”: any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority”: any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Engagement Letter”: the Engagement Letter, dated as of September 14, 2016, among the Borrower and the Lead Arrangers.

“Environmental Costs”: any and all costs or expenses (including attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, fines, penalties, damages, settlement payments, judgments and awards), of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to, any actual or alleged violation of, noncompliance with or liability under any Environmental Laws. Environmental Costs include any and all of the foregoing, without regard to whether they arise out of or are related to any past, pending or threatened proceeding of any kind.

“Environmental Laws”: any and all U.S. or foreign, federal, state, provincial, territorial, local or municipal laws, rules, orders, enforceable guidelines and orders-in-council, regulations, statutes, ordinances, codes, decrees, and such requirements of any Governmental Authority properly promulgated and having the force and effect of law or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning the management, discharge, release, registration or emissions of Materials of Environmental Concern or protection of human health (as it relates to exposure to Materials of Environmental Concern) or the environment, as have been, or now or at any relevant time hereafter are, in effect.

“Environmental Permits”: any and all permits, licenses, registrations, notifications, exemptions and any other authorization required under any Environmental Law.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time.

“EU Bail-In Legislation Schedule”: EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurodollar Loans”: Loans the rate of interest applicable to which is based upon the Adjusted LIBOR Rate.

“Event of Default”: any of the events specified in Subsection 9.1, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Excess Cash Flow”: for any period, an amount equal to the excess of:

- (a) the sum, without duplication, of
 - (i) Consolidated Net Income for such period,
 - (ii) an amount equal to the amount of all non-cash charges to the extent deducted in calculating such Consolidated Net Income and cash receipts to the extent excluded in calculating such Consolidated Net Income (except to the extent such cash receipts are attributable to revenue or other items that would be included in calculating Consolidated Net Income for any prior period),
 - (iii) decreases in Consolidated Working Capital for such period (other than any such decreases arising to from any acquisition or disposition of (a) any business unit, division, line of business or Person or (b) any assets other than in the ordinary course of business (each, an “ECF Acquisition” or “ECF Disposition”, respectively) by the Borrower and its Restricted Subsidiaries completed during such period, to from the application of purchase accounting or (z) as a result of the reclassification of any item from short-term to long-term or vice versa),

(iv) an amount equal to the aggregate net non-cash loss on Asset Dispositions (or any Disposition specifically excluded from the definition of the term “Asset Disposition”) by the Borrower and its Restricted Subsidiaries during such period (other than in the ordinary course of business) to the extent deducted in calculating such Consolidated Net Income,

(v) cash receipts in respect of Hedge Agreements during such period to the extent not otherwise included in calculating such Consolidated Net Income, and

(vi) any extraordinary, unusual or nonrecurring cash gain, over (b) the sum, without duplication, of

(i) an amount equal to the amount of all non-cash credits included in calculating such Consolidated Net Income and cash charges to the extent not deducted in calculating such Consolidated Net Income,

(ii) without duplication of amounts deducted pursuant to clause (xi) below in prior years, the amount of Capital Expenditures either made in cash or accrued during such period (provided that, whether any such Capital Expenditures shall be deducted for the period in which cash payments for such Capital Expenditures have been paid or the period in which such Capital Expenditures have been accrued shall be at the Borrower’s election; provided, further that, in no case shall any accrual of a Capital Expenditure which has previously been deducted give rise to a subsequent deduction upon the making of such Capital Expenditure in cash in the same or any subsequent period), except to the extent that such Capital Expenditures were financed with the proceeds of long-term Indebtedness of the Borrower or its Restricted Subsidiaries (unless such Indebtedness has been repaid),

(iii) the aggregate amount of all principal payments, purchases or other retirements of Indebtedness of the Borrower and its Restricted Subsidiaries, except to the extent financed with the proceeds of long-term Indebtedness of the Borrower or its Restricted Subsidiaries (including (A) the principal component of payments in respect of Capitalized Lease Obligations, (B) the amount of any repayment of Term Loans pursuant to Subsection 2.2(b), (C) the amount of a mandatory prepayment of Term Loans pursuant to Subsection 4.4(e)(i) and any mandatory prepayment, repayment or redemption of Pari Passu Indebtedness pursuant to requirements under the agreements governing such Pari Passu Indebtedness similar to the requirements set forth in Subsection 4.4(e)(i), to the extent required due to an Asset Disposition (or any disposition specifically excluded from the definition of the term “Asset Disposition”) that resulted in an increase to Consolidated Net Income and not in excess of the amount of such increase (except to the extent financed with the proceeds of long-term Indebtedness of the Borrower or its Restricted Subsidiaries), but excluding all other payments of Loans made during such period, and (D) the amount of

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repayment of Term Loans under Subsections 4.4(a) and 4.4(l), but excluding such payments, purchases or other retirements to the extent such payments, purchases or other retirements reduce the ECF Payment Amount pursuant to Subsection 4.4(e)(iii),

(iv) an amount equal to the aggregate net non-cash gain on Asset Dispositions (or any Disposition specifically excluded from the definition of the term “Asset Disposition”) by the Borrower and its Restricted Subsidiaries during such period (other than in the ordinary course of business) to the extent included in calculating such Consolidated Net Income,

(v) increases in Consolidated Working Capital for such period (other than any such increases arising (x) from any ECF Acquisition or ECF Disposition by the Borrower and its Restricted Subsidiaries completed during such period, (y) from the application of purchase accounting or (z) as a result of the reclassification from short-term to long-term or vice versa);

(vi) payments by the Borrower and its Restricted Subsidiaries during such period in respect of long-term liabilities of the Borrower and its Restricted Subsidiaries other than Indebtedness, to the extent not already deducted in calculating Consolidated Net Income,

(vii) without duplication of amounts deducted pursuant to clause (xi) below in prior fiscal years, the aggregate amount of cash consideration paid by the Borrower and its Restricted Subsidiaries (on a consolidated basis) in connection with Investments (including acquisitions) made during such period constituting “Permitted Investments” (other than Permitted Investments of the type described in clause (iii) of the definition thereof and intercompany Investments by and among the Borrower and its Restricted Subsidiaries) or made pursuant to Subsection 8.2 to the extent that such Investments were financed with internally generated cash flow of the Borrower and its Restricted Subsidiaries,

(viii) the amount of Restricted Payments (other than Investments) made in cash during such period (on a consolidated basis) by the Borrower and its Restricted Subsidiaries pursuant to Subsection 8.2(b) (other than Subsection 8.2(b)(vi)), to the extent such Restricted Payments were financed with internally generated cash flow of the Borrower and its Restricted Subsidiaries,

(ix) the aggregate amount of expenditures actually made by the Borrower and its Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such period and are not deducted or excluded in calculating Consolidated Net Income,

(x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Borrower and its Restricted Subsidiaries during such period that are made in connection with any prepayment of

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Indebtedness to the extent that such payments are not deducted in calculating Consolidated Net Income,

(xi) at the Borrower’s election, without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate consideration required to be paid in cash by the Borrower or any of its Restricted Subsidiaries pursuant to binding contracts (the “Contract Consideration”) entered into prior to or during such period relating to Investments constituting “Permitted Investments” (other than Permitted Investments of the type described in clause (iii) of the definition thereof and intercompany Investments by and among the Borrower and its Restricted Subsidiaries) or made pursuant to Subsection 8.2 or Capital Expenditures to be consummated or made during the period of four consecutive fiscal quarters of the Borrower following the end of such period; provided that to the extent the aggregate amount of internally generated cash actually utilized to finance such Investments and Capital Expenditures during such period of four consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,

(xii) (a) the amount of taxes (including penalties and interest) paid in cash or tax reserves set aside or payable (without duplication) in such period to the extent they exceed the amount of tax expense deducted in calculating such Consolidated Net Income for such period and (b) the amount of taxes

(including penalties and interest) to be paid in cash or tax reserves set aside or payable (without duplication) within 180 days after the end of such period provided that the amounts described in this clause (b) will not reduce Excess Cash Flow in subsequent periods,

(xiii) cash expenditures in respect of Hedge Agreements during such period to the extent not deducted in calculating such Consolidated Net Income, and

(xiv) any extraordinary, unusual or nonrecurring cash loss or charge (including fees, expenses and charges associated with the Transactions and any acquisition, merger, consolidation or amalgamation after the Closing Date).

“Exchange Act”: the Securities Exchange Act of 1934, as amended from time to time.

“Excluded Contribution”: Net Cash Proceeds, or the Fair Market Value of property or assets, received by the Borrower as capital contributions to the Borrower after the Closing Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Borrower, in each case to the extent designated as an Excluded Contribution pursuant to a certificate of a Responsible Officer of the Borrower and not previously included in the calculation set forth in Subsection 8.2(a)(3)(B)(x) for purposes of determining whether a Restricted Payment may be made.

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“Excluded Information”: as defined in Subsection 4.4(I)(i).

“Excluded Property”: has the meaning set forth in the Security Agreement.

“Excluded Subsidiary”: at any date of determination, any Subsidiary of the Borrower:

(a) that is an Immaterial Subsidiary;

(b) that is prohibited by Requirement of Law or Contractual Obligations existing on the Closing Date (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition but not entered into in contemplation thereof) from Guaranteeing the Term Loan Facility Obligations or if Guaranteeing the Term Loan Facility Obligations would require governmental (including regulatory) consent, approval, license or authorization unless such consent, approval, license or authorization has been received;

(c) with respect to which the Borrower and the Administrative Agent reasonably agree that the burden or cost or other consequences of providing a guarantee of the Term Loan Facility Obligations shall be excessive in view of the benefits to be obtained by the Lenders therefrom;

(d) with respect to which the provision of such guarantee of the Term Loan Facility Obligations would result in material adverse tax consequences to the Borrower or any of its Subsidiaries (as reasonably determined by the Borrower and notified in writing to the Administrative Agent by the Borrower);

(e) that is a Subsidiary of a Foreign Subsidiary;

(f) that is a joint venture or Non-Wholly Owned Subsidiary;

(g) that is an Unrestricted Subsidiary;

(h) that is a Captive Insurance Subsidiary;

(i) that is a Special Purpose Entity;

(j) that is a Subsidiary formed solely for the purpose of (x) becoming a Parent Entity, or (y) merging with the Borrower or any Parent Entity in connection with another Subsidiary becoming a Parent Entity, in each case to the extent such entity becomes a Parent Entity or is merged with the Borrower or any Parent Entity within 60 days of the formation thereof, or otherwise creating or forming a Parent Entity; or

(k) that is a not for profit Subsidiary;

provided that, notwithstanding the foregoing, any Subsidiary that Guarantees the payment of the Senior ABL Facility Agreement shall not be an Excluded Subsidiary.

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Subject to the proviso in the preceding sentence, any Subsidiary that fails to meet the foregoing requirements as of the last day of the period of the most recent four consecutive fiscal quarters for which consolidated financial statements of Parent are available shall continue to be deemed an Excluded Subsidiary hereunder until the date that is 60 days following the date on which such annual or quarterly financial statements were required to be delivered pursuant to Subsection 7.1 with respect to such period. If reasonably requested by the Administrative Agent, the Borrower shall provide to the Administrative Agent a list of all Excluded Subsidiaries promptly following such request.

“Excluded Taxes”: (a) any Taxes measured by or imposed upon the net income (however denominated) of any Agent or Lender or its applicable lending office, or any branch or affiliate thereof, and all franchise Taxes, branch profits Taxes, in each case imposed: (i) by the jurisdiction under the laws of which such Agent or Lender, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such Tax and such Agent or Lender, applicable lending office, branch or affiliate other than a connection arising solely from such Agent or Lender having executed, delivered or performed its obligations under, or received payment under or enforced, this Agreement or any Notes, (iii) in the case of the Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (a) such Lender acquires such interest in the Loan (other than pursuant to an assignment request by the Borrower under Section 4.13(c)) or (b) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.11, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iv) Taxes applicable to Lender or Agent’s failure to comply with Section 4.11(b), (c) and (d), and (v) any withholding Tax imposed by FATCA.

“Exempt Sale and Leaseback Transaction”: any Sale and Leaseback Transaction (a) in which the sale or transfer of property occurs within 180 days of the acquisition of such property by the Borrower or any of its Subsidiaries or (b) that involves property with a book value of \$10,000,000 or less and is not part of a series of related Sale and Leaseback Transactions involving property with an aggregate value in excess of such amount and entered into with a single Person or group of Persons. For purposes of the foregoing, “Sale and Leaseback Transaction” means any arrangement with any Person providing for the leasing by the Borrower or any of its Subsidiaries of real or personal property that has been or is to be sold or transferred by the Borrower or any such Subsidiary to such Person or to any other Person to whom funds have been

or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Subsidiary.

“Existing Credit Agreement”: the Credit Agreement, dated as of May 1, 2013 among the Borrower, Holdings, the lenders party thereto, GCI Capital Markets LLC as administrative agent and collateral agent and Golub Capital Markets LLC (f/k/a GCI Capital Markets LLC) as sole bookrunner and co-lead arranger and MCS Capital Markets LLC, as co-lead arranger and syndication agent, as in effect as of the date hereof.

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“Existing Term Loans”: as defined in Subsection 2.10(a).

“Existing Term Tranche”: as defined in Subsection 2.10(a).

“Extended Term Loans”: as defined in Subsection 2.10(a).

“Extended Term Tranche”: as defined in Subsection 2.10(a).

“Extending Lender”: as defined in Subsection 2.10(b).

“Extension”: as defined in Subsection 2.10(b).

“Extension Amendment”: as defined in Subsection 2.10(c).

“Extension Date”: as defined in Subsection 2.10(d).

“Extension Election”: as defined in Subsection 2.10(b).

“Extension of Credit”: as to any Lender, the making of an Initial Term Loan (excluding any Supplemental Term Loans being made under the Initial Term Loan Tranche).

“Extension Request”: as defined in Subsection 2.10(a).

“Extension Request Deadline”: as defined in Subsection 2.10(b).

“Extension Series”: all Extended Term Loans that are established pursuant to the same Extension Amendment (or any subsequent Extension Amendment to the extent such Extension Amendment expressly provides that the Extended Term Loans provided for therein are intended to be part of any previously established Extension Series) and that provide for the same interest margins and amortization schedule.

“Facility”: each of (a) the Initial Term Loan Facility, (b) Incremental Term Loans of the same Tranche, (c) any Extended Term Loans of the same Extension Series, (d) any Specified Refinancing Term Loans of the same Tranche and (e) any other committed facility hereunder and the Extensions of Credit made thereunder, and collectively the “Facilities”.

“Fair Market Value”: with respect to any asset or property, the fair market value of such asset or property as determined in good faith by senior management of the Borrower or the Board of Directors, whose determination shall be conclusive.

“FATCA”: Sections 1471 through 1474 of the Code as in effect on the Closing Date (and any amended or successor provisions that are substantially comparable), any regulations or other administrative authority promulgated thereunder, and any agreements entered into pursuant to Section 1471(b)(1) of the Code (or any amended or successor provisions that are substantially comparable) and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

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“Federal District Court”: as defined in Subsection 11.13(a).

“Federal Funds Effective Rate”: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Financing Disposition”: any sale, transfer, conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets by the Borrower or any Subsidiary thereof to or in favor of any Special Purpose Entity, or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets.

“FIRREA”: the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended from time to time.

“First Lien Obligations”: (i) the Term Loan Facility Obligations and (ii) the Additional Obligations, Permitted Debt Exchange Notes, Rollover Indebtedness and Refinancing Indebtedness in respect of the Indebtedness described in this clause (ii) (other than any such Additional Obligations, Permitted Debt Exchange Notes, Rollover Indebtedness and Refinancing Indebtedness that are unsecured or secured by a Lien ranking junior to the Lien securing the Term Loan Facility Obligations) secured by a first priority security interest in the Term Priority Collateral and a second priority security interest in the ABL Priority Collateral, collectively.

“first priority”: with respect to any Lien purported to be created in any Collateral pursuant to any Security Document, that such Lien is the most senior Lien to which such Collateral is subject (subject to Liens permitted hereunder (including Permitted Liens) applicable to such Collateral which have priority over the respective Liens on such Collateral created pursuant to the relevant Security Document (or, in the case of Collateral constituting Pledged Interests (as defined in the Security Agreement), Permitted Liens of the type described in clauses (a), (k)(4) (other than subclause (z)), (l), (m), (n), (p)(1), (s), (w) and, solely with respect to Permitted Liens described in the foregoing clauses, (o) of the definition thereof)). For purposes of this definition, a Lien purported to be created in any Collateral pursuant to any Security Document will be construed as the “most senior Lien” to which such Collateral is subject, notwithstanding the existence of a Permitted Lien on the Collateral that is pari passu with the Lien on such Collateral, so long as such Permitted Lien is subject to the terms of the ABL/Term Loan Intercreditor Agreement or an Other Intercreditor Agreement.

“Fiscal Year”: any period of twelve (12) consecutive months ending on the last Thursday of any calendar year or any other date of any calendar year

“Fixed GAAP Date”: the Closing Date, provided that at any time after the Closing Date, the Borrower may by written notice to the Administrative Agent 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”: (a) the definitions of the terms “Borrowing Base”, “Capital Expenditures”, “Capitalized Lease Obligation”, “Consolidated EBITDA”, “Consolidated Interest Expense”, “Consolidated Net Income”, “Consolidated Secured Indebtedness”, “Consolidated Secured Leverage Ratio”, “Consolidated Total Assets”, “Consolidated Total Indebtedness”, “Consolidated Total Leverage Ratio”, “Consolidated Working Capital”, “Consolidation”, “Excess Cash Flow”, “Foreign Borrowing Base”, “Inventory” or “Receivables”, (b) all defined terms in this Agreement 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 this Agreement or the Loan Documents that, at the Borrower’s election, may be specified by the Borrower by written notice to the Administrative Agent from time to time.

“Foreign Borrowing Base”: the sum of (1) 92.50% of the net ordinary liquidation value of inventory held by the Borrower’s Foreign Subsidiaries, (2) 90.00% of all Receivables of the Borrower’s Foreign Subsidiaries, and (3) Unrestricted Cash of the Borrower’s Foreign Subsidiaries (in each case, determined as of the end of the most recently ended fiscal month for which internal consolidated financial statements of the Borrower are available, and, in the case of any determination relating to any Incurrence of Indebtedness, on a pro forma basis including (x) any property or assets of a type described above acquired since the end of such fiscal month and (y) any property or assets of a type described above being acquired in connection therewith).

“Foreign Pension Plan”: a registered pension plan which is subject to applicable pension legislation other than ERISA or the Code, which the Borrower or any Restricted Subsidiary sponsors or maintains, or to which it makes or is obligated to make contributions.

“Foreign Plan”: each Foreign Pension Plan, deferred compensation or other retirement or superannuation plan, fund, program, agreement, commitment or arrangement whether oral or written, funded or unfunded, sponsored, established, maintained or contributed to, or required to be contributed to, or with respect to which any liability is borne, outside the United States of America, by the Borrower or any of its Restricted Subsidiaries, other than any such plan, fund, program, agreement or arrangement sponsored by a Governmental Authority.

“Foreign Subsidiary”: any Subsidiary of the Borrower (a) that is organized under the laws of any jurisdiction outside of the United States of America and any Subsidiary of such Foreign Subsidiary or (b) that is a Foreign Subsidiary Holdco. Any subsidiary of the Borrower which is organized and existing under the laws of Puerto Rico or any other territory of the United States of America shall be a Foreign Subsidiary.

“Foreign Subsidiary Holdco”: any Restricted Subsidiary of the Borrower, so long as such Restricted Subsidiary has no material assets other than securities or indebtedness of one or more Foreign Subsidiaries (or Subsidiaries thereof). Any Subsidiary which is a Foreign

Subsidiary Holdco that fails to meet the foregoing requirements as of any date of determination shall continue to be deemed a “Foreign Subsidiary Holdco” hereunder until the date that is 60 days following such date (or such later date as the Administrative Agent may reasonably agree).

“Funded Debt”: all Indebtedness of the Borrower and its Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of the Borrower or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of such debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Term Loans.

“GAAP”: generally accepted accounting principles in the United States of America 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 this Agreement), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, and subject to the following sentence. If at any time the SEC permits or requires U.S. domiciled companies subject to the reporting requirements of the Exchange Act to use IFRS in lieu of GAAP for financial reporting purposes, the Borrower may elect by written notice to the Administrative Agent to so use IFRS in lieu of GAAP 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 this Agreement) and (b) for prior periods, GAAP as defined in the first sentence of this definition. All ratios and computations based on GAAP contained in this Agreement shall be computed in conformity with GAAP.

“Governmental Authority”: the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supranational bodies such as the European Union or the European Central Bank).

“Guarantee”: any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person; provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guaranty Agreement”: the Term Loan Guaranty Agreement delivered to the Collateral Agent as of the date hereof, substantially in the form of Exhibit B hereto, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including any such obligation of the guaranteeing 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 (A) for the purchase or payment of any such primary obligation or (B) 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 owner of any such primary obligation against loss in respect thereof provided, however, that the term Guarantee Obligation shall

not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantor Subordinated Obligations": with respect to a Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Closing Date or thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Subsidiary Guarantor under its Subsidiary Guaranty pursuant to a written agreement.

"Guarantors": the collective reference to Holdings and each Subsidiary Guarantor; and, to the extent the Borrower is a guarantor of Obligations that do not constitute Term Loan Facility Obligations, the Borrower, individually, each a "Guarantor".

"Hedge Agreements": collectively, Interest Rate Agreements, Currency Agreements and Commodities Agreements.

"Hedging Obligations": as to any Person, the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"Holdings": FDO Acquisition Corp., a Delaware corporation, and any successor in interest thereto.

"Identified Participating Lenders": as defined in Subsection 4.4(l)(iii)(3).

"Identified Qualifying Lenders": as defined in Subsection 4.4(l)(iv)(3).

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"IFRS": International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto (or the Financial Accounting Standards Board, the Accounting Principles Board of the American Institute of Certified Public Accountants, or any successor to either such board, or the SEC, as the case may be), as in effect from time to time.

"Immaterial Subsidiary": any Subsidiary of the Borrower designated as such in writing by the Borrower to the Administrative Agent that (i) (x) contributed 5.00% or less of total revenues for the Borrower and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available, determined on a consolidated basis in accordance with GAAP, and (y) had consolidated assets representing 5.00% or less of Consolidated Total Assets as of the end of the most recently ended financial period for which consolidated financial statements of the Borrower are available; and (ii) together with all other Immaterial Subsidiaries designated pursuant to the preceding clause (i), (x) contributed 10.00% or less of total revenues for the Borrower and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available, determined on a consolidated basis in accordance with GAAP, and (y) had consolidated assets representing 10.00% or less of Consolidated Total Assets as of the end of the most recently ended financial period for which consolidated financial statements of the Borrower are available; provided, however, that no Subsidiary of the Borrower that Guarantees the payment of the Senior ABL Facility shall be an "Immaterial Subsidiary" hereunder. Subject to the proviso in the immediately preceding sentence, any Subsidiary so designated as an Immaterial Subsidiary that fails to meet the foregoing requirements as of the last day of the period of the most recent four consecutive fiscal quarters for which consolidated financial statements of the Borrower are available shall continue to be deemed an "Immaterial Subsidiary" hereunder until the date that is 60 days following the date on which such annual or quarterly financial statements were required to be delivered pursuant to Subsection 7.1(a) or 7.1(b) with respect to such period.

"Increase Supplement": as defined in Subsection 2.8(c).

"Incremental Commitment Amendment": as defined in Subsection 2.8(d).

"Incremental Commitments": as defined in Subsection 2.8(a)(ii).

"Incremental Indebtedness": Indebtedness Incurred by the Borrower pursuant to and in accordance with Subsection 2.8.

"Incremental Lenders": as defined in Subsection 2.8(b).

"Incremental Loans": as defined in Subsection 2.8(d).

"Incremental Term Loan": any Incremental Loan made pursuant to an Incremental Term Loan Commitment.

"Incremental Term Loan Commitments": as defined in Subsection 2.8(a).

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"Incur": issue, assume, enter into any Guarantee of, incur or otherwise become liable for; and the terms "Incurs," "Incurred" and "Incurrence" shall have a correlative meaning; provided that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, will not be deemed to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness": with respect to any Person on any date of determination (without duplication):

- (i) the principal of indebtedness of such Person for borrowed money;
- (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (iii) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);
- (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property (except Trade Payables), which purchase price is due more

than one year after the date of placing such property in final service or taking final delivery and title thereto;

(v) all Capitalized Lease Obligations of such Person;

(vi) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Borrower other than a Subsidiary Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by senior management of the Borrower, the Board of Directors of the Borrower or the Board of Directors of the issuer of such Capital Stock);

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(vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by the Borrower) and (B) the amount of such Indebtedness of such other Persons;

(viii) all Guarantees by such Person of Indebtedness of other Persons, to the extent so Guaranteed by such Person; and

(ix) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date shall be determined as set forth above or as otherwise provided for in this Agreement, or otherwise shall equal the amount thereof that would appear as a liability on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with GAAP.

“Indemnified Liabilities”: as defined in Subsection 11.5(d).

“Indemnitee”: as defined in Subsection 11.5(d).

“Information”: as defined in Subsection 11.16(a).

“Initial Agreement”: as defined in Subsection 8.3(c).

“Initial Term Loan”: as defined in Subsection 2.1.

“Initial Term Loan Commitment”: as to any Lender, its obligation to make Initial Term Loans to the Borrower pursuant to Subsection 2.1(a) in an aggregate amount not to exceed at any one time outstanding the amount set forth opposite such Lender's name in Schedule A under the heading “Initial Term Loan Commitment”; collectively, as to all the Lenders, the “Initial Term Loan Commitments”. The original aggregate amount of the Initial Term Loan Commitments on the Closing Date is \$350,000,000.

“Initial Term Loan Facility”: the Initial Term Loan Commitments and the Extensions of Credit made thereunder.

“Initial Term Loan Maturity Date”: September 30, 2023.

“Insolvency”: with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

“Intellectual Property”: as defined in Subsection 5.9.

“Intercreditor Agreement Supplement”: as defined in Subsection 10.8(a).

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“Interest Payment Date”: (a) as to any ABR Loan, the last Business Day of each March, June, September and December to occur while such Loan is outstanding, and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, (i) each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and (ii) the last day of such Interest Period.

“Interest Period”: with respect to any Eurodollar Loan:

(a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months (or if agreed to by each affected Lender, 12 months or a shorter period) thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months (or if agreed to by each affected Lender, 12 months or a shorter period) thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to the last day of the then current Interest Period with respect thereto; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that would otherwise extend beyond the Maturity Date shall (for all purposes other than Subsection 4.12) end on the Maturity Date;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a scheduled payment of any Eurodollar Loan during an Interest Period for such Eurodollar Loan.

“Interest Rate Agreement”: with respect to any Person, any interest rate protection agreement, future agreement, option agreement, swap agreement, cap agreement, collar agreement, hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

“Inventory”: goods held for sale, lease or use by a Person in the ordinary course of business, net of any reserve for goods that have been segregated by such Person to be returned to the applicable vendor for credit, as determined in accordance with GAAP.

“Investment”: in any Person by any other Person, any direct or indirect advance, loan or other extension of credit (other than to customers, dealers, licensees, franchisees, suppliers, consultants, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of “Unrestricted Subsidiary” and Subsection 8.2 only, (i) “Investment” shall include the portion (proportionate to the Borrower’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Borrower at the time that such Subsidiary is designated an Unrestricted Subsidiary, provided that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Borrower shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Borrower’s “Investment” in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Borrower’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation, (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value (as determined in good faith by the Borrower) at the time of such transfer and (iii) for purposes of Subsection 8.2(a)(3)(C), the amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary shall be the Fair Market Value of the Investment in such Unrestricted Subsidiary at the time of such redesignation. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Borrower’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; provided that to the extent that the amount of Restricted Payments outstanding at any time pursuant to Subsection 8.2(a) is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to Subsection 8.2(a).

“Investment Company Act”: the Investment Company Act of 1940, as amended from time to time.

“Investment Grade Rating”: a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, or any equivalent rating by any other nationally recognized rating agency.

“Investment Grade Securities”: (i) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents); (ii) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Borrower and its Subsidiaries; (iii) investments in any fund that invests exclusively in investments of the type described in clauses (i) and (ii) above, which fund may also hold immaterial amounts of cash pending investment or distribution; and (iv) corresponding

instruments in countries other than the United States customarily utilized for high quality investments.

“Joinder” means an agreement, substantially in the form attached hereto as Exhibit K, pursuant to which, among other things, a Person becomes a party to, and bound by the terms of, the Loan Documents in the same capacity and to the same extent as a Guarantor.

“Judgment Conversion Date”: as defined in Subsection 11.8(a).

“Judgment Currency”: as defined in Subsection 11.8(a).

“Junior Capital”: collectively, any Indebtedness of any Parent Entity or the Borrower that (i) is not secured by any asset of any Loan Party or any Restricted Subsidiary, (ii) is expressly subordinated to the prior payment in full of the Term Loan Facility Obligations hereunder on terms consistent with those for senior subordinated high yield debt securities issued by U.S. companies sponsored by one or more of the Permitted Holders (as determined in good faith by the Borrower, which determination shall be conclusive), (iii) has a final maturity date that is not earlier than, and provides for no scheduled payments of principal prior to, the date that is 91 days after the Initial Term Loan Maturity Date (other than through conversion or exchange of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Borrower, Capital Stock of any Parent Entity or any other Junior Capital), (iv) has no mandatory redemption or prepayment obligations other than obligations that are subject to the prior payment in full in cash of the Initial Term Loans and (v) does not require the payment of cash interest until the date that is 91 days after the Initial Term Loan Maturity Date.

“Junior Debt”: any Subordinated Obligations and Guarantor Subordinated Obligations.

“Junior Lien Intercreditor Agreement”: an intercreditor agreement in form and substance reasonably satisfactory to the Borrower, the Collateral Agent and the Collateral Representative of Junior Debt, to be entered into as required by the terms hereof, as amended, supplemented, waived or otherwise modified from time to time.

“LCA Election”: as defined in Subsection 1.2(i).

“LCA Test Date”: as defined in Subsection 1.2(i).

“Lead Arrangers”: UBS Securities LLC, Merrill Lynch, Pierce Fenner & Smith Incorporated, Barclays Bank PLC, Goldman Sachs Bank USA and Wells Fargo Securities, LLC.

“Lender Joinder Agreement”: as defined in Subsection 2.8(c).

“Lenders”: the several lenders from time to time parties to this Agreement together with, in the case of any such lender that is a bank or financial institution, any affiliate of any such bank or financial institution through which such bank or financial institution elects, by notice to the Administrative Agent and the Borrower, to make any Loans available to the Borrower, provided that for all purposes of voting or consenting with respect to (a) any amendment, supplementation or modification of any Loan Document, (b) any waiver of any of

the requirements of any Loan Document or any Default or Event of Default and its consequences or (c) any other matter as to which a Lender may vote or consent pursuant to Subsection 11.1, the bank or financial institution making such election shall be deemed the "Lender" rather than such affiliate, which shall not be entitled to so vote or consent.

"Liabilities": collectively, any and all claims, obligations, liabilities, causes of action, actions, suits, proceedings, investigations, judgments, decrees, losses, damages, fees, costs and expenses (including interest, penalties and fees and disbursements of attorneys, accountants, investment bankers and other professional advisors), in each case whether incurred, arising or existing with respect to third parties or otherwise at any time or from time to time.

"LIBOR Rate": with respect each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined by the Administrative Agent to be:

(a) the ICE Benchmark Administration LIBOR Rate or the successor thereto if the ICE Benchmark Administration is no longer making a LIBOR rate available, as published by Reuters (or such other commercially available source providing quotations of ICE LIBOR as may be designated by the Administrative Agent from time to time in its reasonable discretion and as consented to by the Borrower) at approximately 11:00 a.m., London time, two (2) London Banking Days prior to the commencement of such Interest Period, for dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; or

(b) if no such page is available, the rate which results from interpolating on a linear basis between: (i) the rate appearing on the ICE Benchmark Administration page (or on any successor or substitute page of such service) for the longest period (for which that rate is available) which is less than the Interest Period and (ii) the rate appearing on the ICE Benchmark Administration page (or on any successor or substitute page of such service) for the shortest period (for which that rate is available) which exceeds the Interest Period, each as of approximately 11:00 A.M., London time, two Business Days prior to the commencement of such Interest Period; or

(c) if no such page is available and it is not possible to calculate the interpolated rate pursuant to clause (b) above, the arithmetic mean of the rates (rounded upwards to the nearest 1/100th of 1.00% per annum) as supplied to the Administrative Agent at its request to leading banks in the London interbank market two London Business Days before the first day of such Interest Period for United States Dollar deposits of a duration equal to the duration of such Interest Period.

"Lien": any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Limited Condition Acquisition": any acquisition of any assets, business, or Person or any Investment, in either case, permitted by this Agreement whose consummation is not conditioned on the availability of, or on obtaining, third-party financing.

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"Loan": each Initial Term Loan, Incremental Term Loan, Extended Term Loan and Specified Refinancing Term Loan; collectively, the "Loans".

"Loan Documents": this Agreement, the Notes, the ABL/Term Loan Intercreditor Agreement, the Security Agreement, the Guaranty Agreement, the Trademark Security Agreement, any Junior Lien Intercreditor Agreement (on and after the execution thereof), each other document designated a "Loan Document" by the Borrower and the Administrative Agent, each Other Intercreditor Agreement (on and after the execution thereof), and any other Security Documents, each as amended, supplemented, waived or otherwise modified from time to time.

"Loan Parties": Holdings, the Borrower and the Subsidiary Guarantors; individually, a "Loan Party".

"London Banking Day": any day on which dealings in dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Management Advances": (1) loans or advances made to directors, management members, officers, employees or consultants of any Parent Entity, the Borrower or any Restricted Subsidiary (x) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (y) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility, or (z) in the ordinary course of business and (in the case of this clause (z)) not exceeding \$7,500,000 in the aggregate outstanding at any time, (2) promissory notes of Management Investors acquired in connection with the issuance of Management Stock to such Management Investors, (3) Management Guarantees, or (4) other Guarantees of borrowings by Management Investors in connection with the purchase of Management Stock, which Guarantees are permitted under Subsection 8.1.

"Management Guarantees": guarantees (x) of up to an aggregate principal amount outstanding at any time of \$15,000,000 of borrowings by Management Investors in connection with their purchase of Management Stock or (y) made on behalf of, or in respect of loans or advances made to, directors, officers, employees or consultants of any Parent Entity, the Borrower or any Restricted Subsidiary (1) in respect of travel, entertainment and moving related expenses incurred in the ordinary course of business, or (2) in the ordinary course of business and (in the case of this clause (2)) not exceeding \$7,500,000 in the aggregate outstanding at any time.

"Management Indebtedness": Indebtedness Incurred to (a) any Person other than a Management Investor of up to an aggregate principal amount outstanding at any time of \$15,000,000, and (b) any Management Investor, in each case, to finance the repurchase or other acquisition of Capital Stock of the Borrower, any Restricted Subsidiary or any Parent Entity (including any options, warrants or other rights in respect thereof) from any Management Investor, which repurchase or other acquisition of Capital Stock is permitted by Subsection 8.2.

"Management Investors": the management members, officers, directors, employees and other members of the management of any Parent Entity, the Borrower or any of their respective Subsidiaries, or family members or relatives of any of the foregoing (provided that, solely for purposes of the definition of "Permitted Holders", such relatives shall include

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only those Persons who are or become Management Investors in connection with estate planning for or inheritance from other Management Investors, as determined in good faith by the Borrower, which determination shall be conclusive), or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Borrower, any Restricted Subsidiary or any Parent Entity.

"Management Stock": Capital Stock of the Borrower, any Restricted Subsidiary or any Parent Entity (including any options, warrants or other rights in respect thereof) held by any of the Management Investors.

"Material Adverse Effect": a material adverse effect on (a) the business, operations, property or financial condition of the Borrower and its Restricted Subsidiaries taken as a whole, (b) the validity or enforceability as to the Loan Parties (taken as a whole) party thereto of the Loan Documents taken as a whole or (c) the rights or remedies of the Agents and the Lenders under the Loan Documents, in each case taken as a whole.

“Material Non-Public Information”: (a) if the Borrower is a public reporting company, material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing for purposes of United States Federal and state securities laws, and (b) if the Borrower is not a public reporting company, information that is (i) of the type that would not be publicly available if the Borrower were a public reporting company and (ii) material with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing for purposes of United States Federal and state securities laws.

“Material Subsidiaries”: Restricted Subsidiaries of the Borrower constituting, individually or in the aggregate (as if such Restricted Subsidiaries constituted a single Subsidiary), a “significant subsidiary” in accordance with Rule 1-02 under Regulation S-X.

“Materials of Environmental Concern”: any pollutants, contaminants, hazardous or toxic substances or materials or wastes defined, listed, or regulated as such in or under, or which may give rise to liability under, any applicable Environmental Law, including gasoline, petroleum (including crude oil or any fraction thereof), petroleum products or by-products, asbestos, pesticides, herbicides, fungicides and polychlorinated biphenyls.

“Maturity Date”: the Initial Term Loan Maturity Date, for any Extended Term Tranche the “Maturity Date” (or comparable term) set forth in the applicable Extension Amendment, for any Incremental Commitments the “Maturity Date” (or comparable term) set forth in the applicable Incremental Commitment Amendment and for any Specified Refinancing Tranche the “Maturity Date” (or comparable term) set forth in the applicable Specified Refinancing Amendment, as the context requires.

“Maximum Incremental Facilities Amount”: at any date of determination, the sum of (i) \$100,000,000 plus, the aggregate principal amount of voluntary prepayments of Term Loans to the extent such prepayments are not funded with the proceeds of Indebtedness, plus (ii) an additional amount if, after giving effect to the Incurrence of such additional amount (or on the date of the initial commitment to lend such additional amount after giving pro forma effect to the

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Incurrence of the entire committed amount of such additional amount), the Consolidated Secured Leverage Ratio shall not exceed 3.70:1.00 (as set forth in an officer’s certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent at the time of such Incurrence, together with calculations demonstrating compliance with such ratio (it being understood that (A) if pro forma effect is given to the entire committed amount of any such additional amount on the date of initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness, such committed amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause, (B) for purposes of calculating the Consolidated Secured Leverage Ratio, any additional amount Incurred pursuant to clause (ii) of this definition shall be treated as if such amount is Consolidated Secured Indebtedness, regardless of whether such amount is actually so secured) (C) unless the Borrower elects otherwise, any Incremental Term Loan will be deemed incurred first pursuant to clause (ii) above to the extent permitted hereunder and (D) the Borrower shall, in its sole discretion, classify or reclassify Indebtedness Incurred pursuant to clause (i) above (or any portion thereof) at any time after the Incurrence thereof if such Indebtedness satisfies the requirements of clause (ii) above).

“Minimum Exchange Tender Condition”: as defined in Subsection 2.9(b).

“Minimum Extension Condition”: as defined in Subsection 2.10(g).

“Moody’s”: Moody’s Investors Service, Inc., and its successors.

“Mortgaged Fee Properties”: the collective reference to each real property owned in fee by the Loan Parties listed on Schedule 5.8 or required to be mortgaged as Collateral pursuant to the requirements of Subsection 7.9, including the land and all buildings, improvements, structures and fixtures now or subsequently located thereon and owned by any such Loan Party; in each case, unless and until such time as the Mortgage on such real property is released in accordance with the terms and provisions hereof and thereof.

“Mortgages”: each of the mortgages and deeds of trust, or similar security instruments executed and delivered by any Loan Party to the Collateral Agent, in form and substance to be reasonably agreed between the Borrower and the Collateral Agent, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“Most Recent Four Quarter Period”: the four-fiscal-quarter period of the Borrower ending on the last day of the most recently completed Fiscal Year or fiscal quarter for which financial statements of the Borrower have been (or have been required to be) delivered under Subsection 7.1(a) or 7.1(b).

“Multiemployer Plan”: a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Available Cash”: from an Asset Disposition or Recovery Event, an amount equal to the cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are

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the subject of such Asset Disposition or Recovery Event or received in any other non-cash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or to be accrued as a liability under GAAP, in each case, as a consequence of, or in respect of, such Asset Disposition or Recovery Event (including as a consequence of any transfer of funds in connection with the application thereof in accordance with Subsection 8.4), (ii) all payments made, and all installment payments required to be made, on any Indebtedness (other than Pari Passu Indebtedness) (x) that is secured by any assets subject to such Asset Disposition or involved in such Recovery Event, in accordance with the terms of any Lien upon such assets, or (y) that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition or Recovery Event, including but not limited to any payments required to be made to increase borrowing availability under any revolving credit facility, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition or Recovery Event, or to any other Person (other than Parent or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition or subject to such Recovery Event, (iv) any liabilities or obligations associated with the assets disposed of in such Asset Disposition or involved in such Recovery Event and retained, indemnified or insured by the Borrower or any Restricted Subsidiary after such Asset Disposition or Recovery Event, including pension and other post-employment benefit liabilities, liabilities related to environmental matters, and liabilities relating to any indemnification obligations associated with such Asset Disposition or Recovery Event, (v) in the case of an Asset Disposition, the amount of any purchase price or similar adjustment (x) claimed by any Person to be owed by the Borrower or any Restricted Subsidiary, until such time as such claim shall have been settled or otherwise finally resolved, or (y) paid or payable by the Borrower or any Restricted Subsidiary, in either case in respect of such Asset Disposition and (vi) in the case of any Recovery Event, any amount thereof that constitutes or represents reimbursement or compensation for any amount previously paid or to be paid by the Borrower or any of its Subsidiaries.

“Net Cash Proceeds”: with respect to any issuance or sale of any securities of the Borrower or any Subsidiary by the Borrower or any Subsidiary, or any capital contribution, or any Incurrence of Indebtedness, the cash proceeds of such issuance, sale, contribution or Incurrence net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale, contribution or Incurrence and net of all taxes paid or payable as a result, or in respect, thereof.

“New York Courts”: as defined in Subsection 11.13(a).

“New York Supreme Court”: as defined in Subsection 11.13(a).

“Non-Consenting Lender”: as defined in Subsection 11.1(g).

“Non-Excluded Taxes”: (a) all Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and to the extent not otherwise described in (a), Other Taxes.

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“Non-Extending Lender”: as defined in Subsection 2.10(e).

“Non-Wholly Owned Subsidiary”: each Subsidiary of the Borrower that is not a Wholly Owned Subsidiary.

“Note”: as defined in Subsection 2.2(a).

“Obligation Currency”: as defined in Subsection 11.8(a).

“Obligations”: with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, Guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

“OFAC”: as defined in Subsection 5.21(b).

“Offered Amount”: as defined in Subsection 4.4(l)(iv)(1).

“Offered Discount”: as defined in Subsection 4.4(l)(iv)(1).

“OID”: as defined in Subsection 2.8(d).

“Organizational Documents”: with respect to any Person, (a) the articles of incorporation, certificate of incorporation or certificate of formation (or the equivalent organizational documents) of such Person and (b) the bylaws or operating agreement (or the equivalent governing documents) of such Person.

“Other Intercreditor Agreement”: an intercreditor agreement in form and substance reasonably satisfactory to the Borrower and the Collateral Agent.

“Other Representatives”: each of UBS Securities LLC, Merrill Lynch, Pierce Fenner & Smith Incorporated, Barclays Bank PLC, Goldman Sachs Bank USA and Wells Fargo Securities, LLC, in their collective capacity as Joint Bookrunners.

“Other Taxes”: has the meaning in Section 11.5.

“Outstanding Amount”: with respect to the Loans on any date, the principal amount thereof after giving effect to any borrowings and prepayments or repayments thereof occurring on such date.

“Parent”: FDO Holdings, Inc., a Delaware corporation, and any successor in interest thereto.

“Parent Entity”: any of Parent, Holdings, any Other Parent, and any other Person that is a Subsidiary of Parent, Holdings, or any Other Parent and of which Borrower is a

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Subsidiary. As used herein, “Other Parent” means a Person of which the Borrower becomes a Subsidiary after the Closing Date that is designated by the Borrower as an “Other Parent”; provided that either (x) immediately after the Borrower first becomes a Subsidiary of such Person, more than 50.00% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50.00% of the Voting Stock of a Parent Entity of the Borrower immediately prior to the Borrower first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Borrower first becoming a Subsidiary of such Person. In no event shall the Borrower be deemed to be a “Parent Entity”.

“Parent Expenses”: (i) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with maintaining its existence or in connection with its reporting obligations under, or in connection with compliance with, applicable laws or applicable rules of any governmental, regulatory or self-regulatory body or stock exchange, this Agreement or any other agreement or instrument relating to Indebtedness of the Borrower or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, the Exchange Act or the respective rules and regulations promulgated thereunder, (ii) expenses incurred by any Parent Entity in connection with the acquisition, development, maintenance, ownership, prosecution, protection and defense of its intellectual property and associated rights (including but not limited to trademarks, service marks, trade names, trade dress, patents, copyrights and similar rights, including registrations and registration or renewal applications in respect thereof; inventions, processes, designs, formulae, trade secrets, know-how, confidential information, computer software, data and documentation, and any other intellectual property rights; and licenses of any of the foregoing) to the extent such intellectual property and associated rights relate to the business or businesses of the Borrower or any Subsidiary thereof, (iii) indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its charter or bylaws or pursuant to written agreements with or for the benefit of any such Person, or obligations in respect of director and officer insurance (including premiums therefor), (iv) other administrative and operational expenses of any Parent Entity incurred in the ordinary course of business, and (v) fees and expenses incurred by any Parent Entity in connection with any offering of Capital Stock or Indebtedness, (w) which offering is not completed, or (x) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Borrower or a Restricted Subsidiary, or (y) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity shall cause the amount of such expenses to be repaid to the Borrower or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

“Pari Passu Indebtedness”: Indebtedness with a Lien on the Term Priority Collateral ranking pari passu with the Liens securing the Term Loan Facility Obligations.

“Participant”: as defined in Subsection 11.6(c)(i).

“Participant Register”: as defined in Subsection 11.6(b)(v).

“Participating Lender”: as defined in Subsection 4.4(l)(iii)(2).

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“Patriot Act”: as defined in Subsection 11.18.

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

“Permitted Affiliated Assignee”: (a) any Sponsor, (b) each of the Affiliates and investment managers of a Sponsor, (c) any fund or account managed by any of the Persons described in clause (a) or (b) of this definition, (d) any employee benefit plan of any Parent Entity, the Borrower or any of its Restricted Subsidiaries and any person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan and (e) investment vehicles of Management Investors, but excluding natural persons.

“Permitted Debt Exchange”: as defined in Subsection 2.9(a).

“Permitted Debt Exchange Notes”: as defined in Subsection 2.9(a).

“Permitted Debt Exchange Offer”: as defined in Subsection 2.9(a).

“Permitted Holders”: any of the following: (i) any member of the Sponsor Group; (ii) any of the Management Investors and their respective Affiliates, (iii) any investment fund or vehicle managed, sponsored or advised by any member of the Sponsor Group or any Affiliate thereof, and any Affiliate of or successor to any such investment fund or vehicle; (iv) any limited or general partners of, or other investors in, any member of the Sponsor Group or any Affiliate thereof, or any such investment fund or vehicle; (v) any “group” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date) of which any of the Persons specified in clause (i), (ii), (iii) or (iv) above is a member (provided that (without giving effect to the existence of such “group” or any other “group”) one or more of such Persons collectively have beneficial ownership, directly or indirectly, of more than 50.00% of the total voting power of the Voting Stock of the Borrower or the Parent Entity held by such “group”), and any other Person that is a member of such “group”; and (vi) any Person acting in the capacity of an underwriter (solely to the extent that and for so long as such Person is acting in such capacity) in connection with a public or private offering of Capital Stock of any Parent Entity or the Borrower. In addition, any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date) whose status as a “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) constitutes or results in a Change of Control in respect of which the Borrower make a Change of Control Offer pursuant to Subsection 8.8(a) (whether or not in connection with any repayment or repurchase of Indebtedness outstanding pursuant to Junior Debt), together with its Affiliates, shall thereafter constitute Permitted Holders.

“Permitted Investment”: an Investment by the Borrower or any Restricted Subsidiary in, or consisting of, any of the following:

(i) a Restricted Subsidiary, the Borrower, or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person in contemplation of so becoming a Restricted Subsidiary);

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(ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary (and, in each case, any Investment held by such other Person that was not acquired by such Person in contemplation of such merger, consolidation or transfer);

(iii) Temporary Cash Investments, Investment Grade Securities or Cash Equivalents;

(iv) receivables owing to the Borrower or any Restricted Subsidiary, if created or acquired in the ordinary course of business;

(v) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with Subsection 8.4;

(vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or of other claims asserted by, the Borrower or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(vii) Investments existing or made pursuant to legally binding written commitments in existence on the Closing Date and set forth on Schedule 1.1(f);

(viii) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with Subsection 8.1;

(ix) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Subsection 8.6;

(x) (1) Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by, to, in or in favor of any Special Purpose Entity, including Investments of funds held in accounts permitted or required by the arrangements governing such Financing Disposition or any related Indebtedness, or (2) any promissory note issued by the Borrower or any Parent Entity, provided that if such Parent Entity receives cash from the relevant Special Purpose Entity in exchange for such note, an equal cash amount is contributed by any Parent Entity to the Borrower;

(xi) bonds secured by assets leased to and operated by the Borrower or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Borrower or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;

(xii) [reserved];

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(xiii) any Investment to the extent made using Capital Stock of the Borrower (other than Disqualified Stock), Capital Stock of any Parent Entity or Junior

Capital as consideration;

(xiv) Management Advances;

(xv) Investments in Related Businesses in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available;

(xvi) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of Subsection 8.5(b) (except transactions described in clauses (i), (ii)(4), (iii), (v), (vi), (ix) and (x) therein), including any Investment pursuant to any transaction described in Subsection 8.5(b)(ii) (whether or not any Person party thereto is at any time an Affiliate of the Borrower);

(xvii) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Borrower or any of its Subsidiaries, which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(xviii) other Investments in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available; and

(xix) additional Investments so long as, on a *pro forma basis*, the Consolidated Total Leverage Ratio is less than or equal to 3.00:1.00.

If any Investment pursuant to clause (xv), (xviii) or (xix) above, or Subsection 8.2(b)(vi), as applicable, is made in any Person that is not a Restricted Subsidiary and such Person thereafter (A) becomes a Restricted Subsidiary or (B) is merged or consolidated into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary, then such Investment shall thereafter be deemed to have been made pursuant to clause (i) or (ii) above, respectively, and not clause (xv), (xviii) or (xix) above, or Subsection 8.2(b)(vi), as applicable.

“Permitted Liens”:

(a) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Borrower and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower or a Subsidiary thereof, as the case may be, in accordance with GAAP;

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(b) Liens with respect to outstanding motor vehicle fines and carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(c) pledges, deposits or Liens in connection with workers' compensation, professional liability insurance, insurance programs, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(d) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(e) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, declarations, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries, taken as a whole;

(f) Liens existing on, or provided for under written arrangements existing on, the Closing Date and set forth on Schedule 1.1(e), or (in the case of any such Liens securing Indebtedness of the Borrower or any of its Subsidiaries existing or arising under written arrangements existing on the Closing Date) securing any Refinancing Indebtedness in respect of such Indebtedness (other than Indebtedness Incurred under Subsection 8.1(b)(i) and secured under clause (k)(1) of this definition), so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(g) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Borrower or any Restricted Subsidiary of the Borrower has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(h) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Bank Products Obligations, Purchase Money Obligations or Capitalized Lease Obligations Incurred in compliance with Subsection 8.1;

(i) Liens arising out of judgments, decrees, orders or awards in respect of which the Borrower or any Restricted Subsidiary shall in good faith be prosecuting an appeal or

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proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(j) leases, subleases, licenses or sublicenses to or from third parties;

(k) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) Indebtedness Incurred in compliance with Subsection 8.1(b)(i) pursuant to (a) this Agreement and the other Loan Documents, (b) the Senior ABL Facility, (c) any Permitted Debt Exchange Notes (and any Refinancing Indebtedness in respect thereof), (d) any Rollover Indebtedness (and any Refinancing Indebtedness in respect thereof) and (e) any Additional Obligations (and any Refinancing Indebtedness in respect thereof), provided, that any Liens on Collateral pursuant to subclause (b), (c), (d) or (e) of this clause (k)(1) shall be subject to the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or an Other Intercreditor Agreement, as applicable, (2) Indebtedness Incurred in compliance with clauses (b)(iv), (b)(v), (b)(vii), (b)(viii) (other than with respect to clause (H) thereof), or clauses (b)(iii)(B) and (C) of Subsection 8.1, (3) any Indebtedness Incurred in compliance with Subsection 8.1(b)(xiii); provided that any Liens securing such Indebtedness shall rank junior to the Liens securing the Term Loan Facility Obligations and shall be subject to the Junior Lien Intercreditor Agreement or an Other Intercreditor Agreement, as applicable, (4) (A) Acquisition Indebtedness Incurred in compliance with Subsection 8.1(b)(x) or (xi); provided that (x) such Liens are limited to all or part of the same property or assets, including Capital Stock (plus improvements,

accessions, proceeds or dividends or distributions in respect thereof, or replacements of any thereof) acquired, or of any Person acquired or merged or consolidated with or into the Borrower or any Restricted Subsidiary, in any transaction to which such Acquisition Indebtedness relates, (v) on the date of the Incurrence of such Indebtedness after giving effect to such Incurrence, (I) the Consolidated Secured Leverage Ratio would be equal to or less than 3.70:1.00 or (II) the Consolidated Secured Leverage Ratio would equal or be less than the Consolidated Secured Leverage Ratio immediately prior to giving effect thereto or (z) such Liens rank junior to the Liens securing the Term Loan Facility Obligations and shall be subject to the ABL/Term Loan Intercreditor Agreement, the Junior Lien Intercreditor Agreement or an Other Intercreditor Agreement, as applicable, or (B) any Refinancing Indebtedness Incurred in respect thereof, (5) Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor (limited, in the case of this clause (k)(5), to Liens on any of the property and assets of any Restricted Subsidiary that is not a Subsidiary Guarantor or the Capital Stock of such Restricted Subsidiary), or (6) obligations in respect of Management Advances or Management Guarantees, in each case under the foregoing clauses (1) through (6) including Liens securing any Guarantee of any thereof;

(l) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Borrower (or at the time the Borrower or a Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger, consolidation or amalgamation with or into the Borrower or any Restricted Subsidiary); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; provided.

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further, that for purposes of this clause (l), if a Person other than the Borrower is the Successor Borrower with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Borrower, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Borrower or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Borrower;

(m) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or any joint venture that is not a Subsidiary of the Borrower that secure Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture, respectively;

(n) any encumbrance or restriction (including, but not limited to, pursuant to put and call agreements or buy/sell arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(o) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness secured by (other than any Indebtedness described in clause (k)(1) above of this definition), or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(p) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, including Liens arising under or by reason of the Perishable Agricultural Commodities Act of 1930, as amended from time to time, (2) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) [reserved], (4) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (including in connection with purchase orders and other agreements with customers), (6) in favor of the Borrower or any Subsidiary (other than Liens on property or assets of the Borrower or any Subsidiary Guarantor in favor of any Subsidiary that is not a Subsidiary Guarantor), (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (8) on inventory or other goods and proceeds securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (9) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (10) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, or (11) arising in connection with repurchase agreements permitted under Subsection 8.1 on assets that are the subject of such repurchase agreements;

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(q) other Liens securing Indebtedness or other obligations that in the aggregate do not exceed at any time outstanding an amount equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available at the time of Incurrence of such Indebtedness or other obligations;

(r) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) or other obligations of, or in favor of, any Special Purpose Entity, or in connection with a Special Purpose Financing or otherwise, Incurred pursuant to clause (b)(ix) of Subsection 8.1;

(s) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Indebtedness Incurred in compliance with Subsection 8.1; provided that on the date of Incurrence of such Indebtedness after giving effect to such Incurrence (or 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, in which case such committed amount may thereafter be borrowed and reborrowed in whole or in part, from time to time, without further compliance with this clause), the Consolidated Secured Leverage Ratio shall not exceed 3.70:1.00; and

(t) Liens on the Collateral, if such Liens rank junior to the Liens on such Collateral in relation to the Lien securing the Loans and the Subsidiary Guarantees; provided that such Liens shall be subject to the Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, as applicable.

For purposes of determining compliance with this definition, (v) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (w) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Borrower shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (x) in the event that a portion of Indebtedness secured by a Lien could be classified as secured in part pursuant to clause (k)(1) above in respect of Indebtedness Incurred pursuant to clause (ii) of the definition of Maximum Incremental Facilities Amount (giving effect to the Incurrence of such portion of such Indebtedness), the Borrower, in its sole discretion, may classify such portion of such Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (k)(1) above in respect of Indebtedness Incurred pursuant to clause (ii) of the definition of Maximum Incremental Facilities Amount and the remainder of the Indebtedness as having been secured pursuant to one or more of the other applicable clauses of this definition (other than clause (s)), (y) in the event that a portion of Indebtedness secured by a Lien could be classified in part pursuant to clause (s) above (giving effect to the Incurrence of such portion of Indebtedness), the Borrower, in its sole discretion, may classify such portion of Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (s) above and the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of this definition (other than clause (k)(1) above in respect of Indebtedness Incurred pursuant to clause (ii) of the definition of "Maximum Incremental Facilities Amount") and (z) if any Liens securing Indebtedness are

Incurred to refinance Liens securing Indebtedness initially Incurred in reliance on a basket measured by reference to a percentage of Consolidated EBITDA at the time of incurrence, and such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Indebtedness secured by such Liens does not exceed the principal amount of such Indebtedness secured by such Liens being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing.

“Permitted Payment”: as defined in Subsection 8.2(b).

“Person”: an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower, any Restricted Subsidiary or any Commonly Controlled Entity is an “employer” as defined in Section 3(5) of ERISA.

“Platform”: Intralinks, SyndTrak Online or any other similar electronic distribution system.

“Pledged Interests”: as defined in the Security Agreement.

“Preferred Stock”: as applied to the Capital Stock of any corporation or company, Capital Stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation or company, over Capital Stock of any other class of such corporation or company.

“Prepayment Date”: as defined in Subsection 4.4(h).

“Public Lender”: as defined in Subsection 7.2.

“Purchase”: as defined in clause (2) of the definition of “Consolidated Secured Leverage Ratio”.

“Purchase Money Obligations”: any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified IPO”: the issuance by the Borrower or any Parent Entity of its common equity interests or the sale by selling stockholders of common equity interests of the Borrower or any Parent Entity, in either case, in an underwritten public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act (whether the

offering is primary or secondary) and such equity interests are listed on a nationally-recognized stock exchange in the U.S.

“Qualifying Lender”: as defined in Subsection 4.4(l)(iv)(3).

“Rating Agency”: Moody’s or S&P or, if Moody’s or S&P or both shall not make a rating on the Term Loans publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Borrower which shall be substituted for Moody’s or S&P or both, as the case may be.

“Receivable”: a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

“Recovery Event”: any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of the Borrower or any Restricted Subsidiary constituting Collateral giving rise to Net Available Cash to the Borrower or such Restricted Subsidiary, as the case may be, in excess of \$10,000,000, to the extent that such settlement or payment does not constitute reimbursement or compensation for amounts previously paid by the Borrower or any Restricted Subsidiary in respect of such casualty or condemnation.

“refinance”: refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in this Agreement shall have a correlative meaning.

“Refinancing Agreement”: as defined in Subsection 8.3(c).

“Refinancing Indebtedness”: Indebtedness that is Incurred to refinance Indebtedness (or unutilized commitments in respect of Indebtedness) Incurred pursuant to this Agreement and the Loan Documents, the Senior ABL Facility and any Indebtedness (or unutilized commitments in respect of Indebtedness) existing on the Closing Date and set forth on Schedule 8.1 or Incurred (or established) in compliance with this Agreement (including Indebtedness of the Borrower that refinances Indebtedness of the other Borrower or any Restricted Subsidiary (to the extent permitted in this Agreement) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; provided that (1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness (x) has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the final Stated Maturity of the Indebtedness being refinanced (or, if shorter, the Maturity Date of the Initial Term Loans), (y) has a weighted average life to maturity at the time such Refinancing Indebtedness is Incurred that is equal to or longer than the remaining weighted average life to maturity of the Indebtedness being refinanced (or, if shorter, the remaining weighted average life to maturity of the Initial Term Loans) and (z) if an Event of Default under Subsection 9.1(a) or (f) is

continuing, is subordinated in right of payment to the Term Loan Facility Obligations to the same extent as the Indebtedness being refinanced, (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under the financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in

compliance with Subsection 8.1 immediately prior to such refinancing, plus (z) fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such Refinancing Indebtedness, (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor that refinances Indebtedness of the Borrower or a Subsidiary Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to Subsection 8.1 or (y) Indebtedness of the Borrower or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary and (4) if the Indebtedness being refinanced constitutes Additional Obligations, Rollover Indebtedness, Permitted Debt Exchange Notes or Term Loan Facility Obligations incurred pursuant to this Agreement and the other Loan Documents (or Refinancing Indebtedness in respect of the foregoing Indebtedness), (w) the Refinancing Indebtedness complies with the requirements of the definition of “Additional Obligations” (other than clause (ii) thereof), (x) if the Indebtedness being refinanced is unsecured and an Event of Default under Subsection 9.1(a) or (f) is continuing, the Refinancing Indebtedness is unsecured and (y) if the Indebtedness being refinanced is secured by a Lien ranking junior to the Liens securing the Term Loan Facility Obligations and an Event of Default under Subsection 9.1(a) or (f) is continuing, the Refinancing Indebtedness is unsecured or secured by a Lien ranking junior to the Liens securing the Term Loan Facility Obligations.

“Register”: as defined in Subsection 11.6(b)(iv).

“Regulation D”: Regulation D of the Board as in effect from time to time.

“Regulation S-X”: Regulation S-X promulgated by the SEC, as in effect on the Closing Date.

“Regulation T”: Regulation T of the Board as in effect from time to time.

“Regulation U”: Regulation U of the Board as in effect from time to time.

“Regulation X”: Regulation X of the Board as in effect from time to time.

“Reinvestment Period”: as defined in Subsection 8.4(b)(i).

“Related Business”: those businesses in which the Borrower or any of its Subsidiaries is engaged on the Closing Date, or that are similar, related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

“Related Parties”: with respect to any Person, such Person’s affiliates and the partners, officers, directors, trustees, employees, employees, shareholders, members, attorneys

and other advisors, agents and controlling persons of such person and of such person’s affiliates and “Related Party” shall mean any of them.

“Related Taxes”: (x) any taxes, charges or assessments, including but not limited to sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar taxes, charges or assessments (other than federal, state or local taxes measured by income and federal, state or local withholding imposed by any government or other taxing authority on payments made by any Parent Entity other than to another Parent Entity), required to be paid by any Parent Entity by virtue of its being incorporated or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Borrower, any of its Subsidiaries or any Parent Entity), or being a holding company parent of the Borrower, any of its Subsidiaries or any Parent Entity or receiving dividends from or other distributions in respect of the Capital Stock of the Borrower, any of its Subsidiaries or any Parent Entity, or having guaranteed any obligations of the Borrower or any Subsidiary thereof, or having made any payment in respect of any of the items for which the Borrower or any of its Subsidiaries is permitted to make payments to any Parent Entity pursuant to Subsection 8.2, or acquiring, developing, maintaining, owning, prosecuting, protecting or defending its intellectual property and associated rights (including but not limited to receiving or paying royalties for the use thereof) relating to the business or businesses of the Borrower or any Subsidiary thereof, (y) any taxes attributable to any taxable period (or portion thereof) ending on or prior to the Closing Date, or to the consummation of any of the Transactions, or to any Parent Entity’s receipt of (or entitlement to) any payment in connection with the Transactions, including any payment received after the Closing Date pursuant to any agreement related to the Transactions or (z) so long as the Borrower and its Subsidiaries are members of a group filing a federal, state, foreign, provincial or local consolidated or combined income tax return with any Parent Entity as the parent, any relevant federal, state, foreign, provincial or local taxes measured by income for which any Parent Entity is liable to the extent attributable to the Borrower or its relevant Subsidiaries up to an amount not to exceed, with respect to federal taxes, the amount of any such taxes that the Borrower and its Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis as if the Borrower had filed a consolidated return on behalf of an affiliated group (as defined in Section 1504 of the Code) of which it were the common parent, or with respect to state and local taxes, the amount of any such taxes that the Borrower and its relevant Subsidiaries would have been required to pay on a separate company basis, or on a consolidated, combined, unitary or affiliated basis as if the Borrower had filed a consolidated, combined, unitary or affiliated return on behalf of an affiliated group (as defined in the applicable state or local tax laws for filing such return) consisting only of the Borrower and its relevant Subsidiaries. Taxes include all interest, penalties and additions relating thereto.

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the 30 day notice period is waived under Section 21, 22, 23, 24, 25, 27 or 28 of PBGC Regulation Section 4043 or any successor regulation thereto.

“Repricing Transaction”: the prepayment, refinancing, substitution or replacement of all or a portion of the Initial Term Loans (including, without limitation, as may be effected through any amendment, waiver or modification to this Agreement relating to the interest rate for, or weighted average yield of, the Initial Term Loans), (a) if the primary purpose

of such prepayment, refinancing, substitution, replacement, amendment, waiver or modification is (as reasonably determined by the Borrower in good faith) to refinance the Initial Term Loans at a lower “effective yield” (taking into account, among other factors, margin, upfront or similar fees or original issue discount shared with all providers of such financing, but excluding the effect of any arrangement, commitment, underwriting, structuring, syndication or other fees payable in connection therewith that are not shared with all providers of such financing, and without taking into account any fluctuations in the Adjusted LIBOR Rate, but including any LIBOR floor or similar floor that is higher than the then Adjusted LIBOR Rate), (b) if the prepayment, refinancing, substitution, replacement, amendment, waiver or modification is effectuated by the incurrence by the Borrower or any Subsidiary of new Indebtedness, such new Indebtedness is first lien secured term loan financing, and (c) if such prepayment, refinancing, substitution, replacement, amendment, waiver or modification results in first lien secured term loan financing having an “effective yield” (as reasonably determined by the Administrative Agent, in consultation with the Borrower, consistent with generally accepted financial practices, after giving effect to, among other factors, margin, upfront or similar fees or original issue discount shared with all providers of such financing (calculated based on assumed four-year average life and without present value discount), but excluding the effect of any arrangement, commitment, underwriting, structuring, syndication or other fees payable in connection therewith that are not shared with all providers of such financing, and without taking into account any fluctuations in the Adjusted LIBOR Rate, but including any LIBOR floor or similar floor that is higher than the then applicable Adjusted LIBOR Rate) that is less than the “effective yield” (as reasonably determined by the Administrative Agent, in consultation with the Borrower, on the same basis) of the Initial Term Loans prior to being so prepaid, refinanced, substituted or replaced or subject to such amendment, waiver or modification to this Agreement.

“Required Lenders”: Lenders the Term Credit Percentages of which aggregate greater than 50.00%.

“Requirement of Law”: as to any Person, the Organizational Documents of such Person, and any law, statute, ordinance, code, decree, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its material property or to which such Person or any of its material property is subject, including laws, ordinances and regulations pertaining to zoning, occupancy and subdivision of real properties; provided that the foregoing shall not apply to any non-binding recommendation of any Governmental Authority.

“Responsible Officer”: as to any Person, any of the following officers of such Person: (a) the chief executive officer or the president of such Person and, with respect to financial matters, the chief financial officer, the treasurer, the controller or the Vice President—Finance (or substantial equivalent) of such Person, (b) any vice president of such Person or, with respect to financial matters, any assistant treasurer or assistant controller of such Person, in each case who has been designated in writing to the Administrative Agent or the Collateral Agent as a Responsible Officer by such chief executive officer or president of such Person or, with respect to financial matters, by such chief financial officer of such Person, (c) with respect to Subsection 7.7 and without limiting the foregoing, the general counsel of such Person and (d) with respect to ERISA matters, the senior vice president—human resources (or substantial equivalent) of such Person.

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“Restricted Payment”: as defined in Subsection 8.2(a).

“Restricted Payment Transaction”: any Restricted Payment permitted pursuant to Subsection 8.2, any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of the term “Restricted Payment” (including pursuant to the exception contained in clause (i) of such definition and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

“Restricted Subsidiary”: any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

“Rollover Indebtedness”: Indebtedness of a Loan Party issued to any Lender in lieu of such Lender’s pro rata portion of any repayment of Term Loans made pursuant to Subsection 4.4(a) or (c); so long as (other than in connection with a refinancing in full of the Facilities) such Indebtedness would not have a weighted average life to maturity earlier than the remaining weighted average life to maturity of the Term Loans being repaid.

“S&P”: Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors.

“Sale”: as defined in clause (1) of the definition of “Consolidated Secured Leverage Ratio”.

“Sanctioned Country” means, at any time, a country or territory which is itself the subject or target of any Sanctions (as of the Closing Date, Cuba, Iran, North Korea, Sudan, Syria, and the Crimea region of Ukraine).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“SEC”: the United States Securities and Exchange Commission.

“Secured Parties”: the “Secured Parties” as defined in the Security Agreement.

“Securities Act”: the Securities Act of 1933, as amended from time to time.

“Security Agreement”: the Term Loan Security Agreement delivered to the Collateral Agent as of the date hereof, substantially in the form of Exhibit G hereto, as the same may be amended, supplemented, waived or otherwise modified from time to time.

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“Security Documents”: the collective reference to each Mortgage related to any Mortgaged Fee Property, the Security Agreement, the Guaranty Agreement, the Trademark Security Agreement and all other similar security documents hereafter delivered to the Collateral Agent granting or perfecting a Lien on any asset or assets of any Person to secure the obligations and liabilities of the Loan Parties hereunder and/or under any of the other Loan Documents or to secure any guarantee of any such obligations and liabilities, including any security documents executed and delivered or caused to be delivered to the Collateral Agent pursuant to Subsection 7.9(a), 7.9(b) or 7.9(c), in each case, as amended, supplemented, waived or otherwise modified from time to time.

“Senior ABL Facility”: the collective reference to the Senior ABL Facility Agreement, any ABL Facility Documents, any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior ABL Agreement or one or more other credit agreements, indentures or financing agreements or otherwise, unless such agreement, instrument or document expressly provides that it is not intended to be and is not a Senior ABL Facility). Without limiting the generality of the foregoing, the term “Senior ABL Facility” shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Borrower as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Senior ABL Facility Agreement”: the Credit Agreement, dated as of the May 1, 2013 (as amended, restated, amended and restated or otherwise modified on or prior to the date hereof), among Holdings, the Borrower, the lenders and other financial institutions party thereto from time to time and Wells Fargo Bank, National Association, as administrative agent and collateral agent thereunder, as such agreement may be amended, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original administrative agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior ABL Facility Agreement or one or more other credit agreements or otherwise, unless such agreement, instrument or other document expressly provides that it is not intended to be and is not a Senior ABL Facility Agreement). Any reference to the Senior ABL Facility Agreement hereunder shall be deemed a reference to each Senior ABL Facility Agreement then in existence.

“Set”: the collective reference to Eurodollar Loans of a single Tranche, the then current Interest Periods with respect to all of which begin on the same date

“Settlement Service”: as defined in Subsection 11.6(b).

“Single Employer Plan”: any Plan which is covered by Title IV or Section 302 of ERISA or Section 412 of the Code, but which is not a Multiemployer Plan.

“Solicited Discount Proration”: as defined in Subsection 4.4(l)(iv)(3).

“Solicited Discounted Prepayment Amount”: as defined in Subsection 4.4(l)(iv)(1).

“Solicited Discounted Prepayment Notice”: an irrevocable written notice of the Borrower Solicitation of Discounted Prepayment Offers made pursuant to Subsection 4.4(l)(iv) substantially in the form of Exhibit P.

“Solicited Discounted Prepayment Offer”: the irrevocable written offer by each Lender, substantially in the form of Exhibit Q, submitted following the Administrative Agent’s receipt of a Solicited Discounted Prepayment Notice.

“Solicited Discounted Prepayment Response Date”: as defined in Subsection 4.4(l)(iv)(1).

“Solvent” and “Solvency”: with respect to the Borrower and its Subsidiaries on a consolidated basis after giving effect to the Transactions on the Closing Date means (i) the Fair Value and Present Fair Salable Value of the assets of the Borrower and its Subsidiaries taken as a whole exceed their Stated Liabilities and Identified Contingent Liabilities; (ii) the Borrower and its Subsidiaries taken as a whole do not have Unreasonably Small Capital; and (iii) the Borrower and its Subsidiaries taken as a whole will be able to pay their Stated Liabilities and Identified Contingent Liabilities as they mature (all capitalized terms used in this definition (other than “Borrower”, “Closing Date”, “Transactions” and “Subsidiary” which have the meanings set forth in this Agreement) shall have the meaning assigned to such terms in the form of solvency certificate attached hereto as Exhibit H).

“Special Purpose Entity”: (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets and/or (ii) financing or refinancing in respect of Capital Stock of any Special Purpose Subsidiary.

“Special Purpose Financing”: any financing or refinancing of assets consisting of or including Receivables of the Borrower or any Restricted Subsidiary that have been transferred to a Special Purpose Entity or made subject to a Lien in a Financing Disposition (including any financing or refinancing in respect of Capital Stock of a Special Purpose Subsidiary held by another Special Purpose Subsidiary).

“Special Purpose Financing Expense”: for any period, (a) the aggregate interest expense for such period on any Indebtedness of any Special Purpose Subsidiary that is a Restricted Subsidiary, which Indebtedness is not recourse to the Borrower or any Restricted

Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), and (b) Special Purpose Financing Fees.

“Special Purpose Financing Fees”: 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 in connection with, any Special Purpose Financing.

“Special Purpose Financing Undertakings”: representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Borrower or any of its Restricted Subsidiaries that the Borrower determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; provided that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes, (ii) Hedging Obligations or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Borrower or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, or (iii) any Guarantee in respect of customary recourse obligations (as determined in good faith by the Borrower, which determination shall be conclusive) in connection with any Special Purpose Financing or Financing Disposition, including in respect of Liabilities in the event of any involuntary case commenced with the collusion of any Special Purpose Subsidiary or any Affiliate thereof, or any voluntary case commenced by any Special Purpose Subsidiary, under any applicable bankruptcy law, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Borrower or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

“Special Purpose Subsidiary”: any Subsidiary of the Borrower that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) owning or holding Capital Stock of any Special Purpose Subsidiary and/or engaging in any financing or refinancing in respect thereof, and (y) any business or activities incidental or related to such business, and (b) is designated as a “Special Purpose Subsidiary” by the Borrower.

“Specified Discount”: as defined in Subsection 4.4(l)(ii)(1).

“Specified Discount Prepayment Amount”: as defined in Subsection 4.4(l)(ii)(1).

“Specified Discount Prepayment Notice”: an irrevocable written notice of the Borrower Offer of Specified Discount Prepayment made pursuant to Subsection 4.4(l)(ii) substantially in the form of Exhibit R.

“Specified Discount Prepayment Response”: the written response by each Lender, substantially in the form of Exhibit S, to a Specified Discount Prepayment Notice.

“Specified Discount Prepayment Response Date”: as defined in Subsection 4.4(l)(ii)(1).

“Specified Discount Proration”: as defined in Subsection 4.4(l)(ii)(3).

“Specified Existing Term Tranche”: as defined in Subsection 2.10(a)(ii).

“Specified Refinancing Amendment”: an amendment to this Agreement effecting the incurrence of such Specified Refinancing Term Loan Facilities in accordance with Subsection 2.11.

“Specified Refinancing Indebtedness”: Indebtedness incurred by the Borrower pursuant to and in accordance with Subsection 2.11.

“Specified Refinancing Lenders”: as defined in Subsection 2.11(b).

“Specified Refinancing Term Loan Facilities”: as defined in Subsection 2.11(a).

“Specified Refinancing Term Loans”: as defined in Subsection 2.11(a).

“Specified Refinancing Tranche”: Specified Refinancing Term Loan Facilities with the same terms and conditions made on the same day and any Supplemental Term Loans in respect thereof added to such Tranche pursuant to Subsection 2.8.

“Sponsor Group”: Ares Corporate Opportunities Fund III, L.P, FS Equity Partners VI, L.P. and FS Affiliates VI, L.P. and each of their respective Affiliates, other than the Loan Parties and their respective Subsidiaries.

“Sponsors”: Ares Corporate Opportunities Fund III, L.P., FS Equity Partners VI, L.P. and FS Affiliates VI, L.P.

“Stated Maturity”: with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such Indebtedness at the option of the holder thereof upon the happening of any contingency).

“Statutory Reserves”: for any day as applied to a Eurodollar Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the United States Federal Reserve System in New York City with deposits exceeding \$1,000,000,000 against “Eurocurrency liabilities” (as such term is used in Regulation D). Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under Regulation D.

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“Submitted Amount”: as defined in Subsection 4.4(l)(iii)(1).

“Submitted Discount”: as defined in Subsection 4.4(l)(iii)(1).

“Subordinated Obligations”: any Indebtedness of the Borrower (whether outstanding on the Closing Date or thereafter Incurred) that is expressly subordinated in right of payment to the Term Loan Facility Obligations pursuant to a written agreement.

“Subsection 2.10 Additional Amendment”: as defined in Subsection 2.10(c).

“Subsidiary”: as to any Person, a corporation, partnership, limited liability company or other entity (a) of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such corporation, partnership, limited liability company or other entity are at the time owned by such Person, or (b) the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person and, in the case of this clause (b), which is treated as a consolidated subsidiary for accounting purposes. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Subsidiary Guarantor”: (x) each Domestic Subsidiary (other than the Borrower and any Excluded Subsidiary) of the Borrower which executes and delivers a Subsidiary Guaranty pursuant to Subsection 7.9 or otherwise, in each case, unless and until such time as the respective Subsidiary Guarantor (a) ceases to constitute a Domestic Subsidiary of the Borrower in accordance with the terms and provisions hereof, (b) is designated an Unrestricted Subsidiary pursuant to the terms of this Agreement or (c) is released from all of its obligations under the Subsidiary Guaranty in accordance with terms and provisions thereof and (y) each other Subsidiary of the Borrower which the Borrower causes to execute and deliver a Subsidiary Guaranty pursuant to the last sentence of Subsection 7.9(b) or otherwise, in each case, unless and until such time as the respective Subsidiary Guarantor (a) ceases to constitute a Subsidiary of the Borrower in accordance with the terms and provisions hereof, (b) is designated an Unrestricted Subsidiary pursuant to the terms of this Agreement or (c) is released from all of its obligations under the Subsidiary Guaranty in accordance with terms and provisions thereof.

“Subsidiary Guaranty”: the guaranty of the Term Loan Facility Obligations of the Borrower under the Loan Documents provided pursuant to the Guaranty Agreement.

“Successor Borrower”: as defined in Subsection 8.7(a)(i).

“Supplemental Term Loan Commitments”: as defined in Subsection 2.8(a)(ii).

“Supplemental Term Loans”: Term Loans made in respect of Supplemental Term Loan Commitments.

“Taxes”: any and all present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied,

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collected, withheld or assessed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Temporary Cash Investments”: any of the following: (i) any investment in (x) direct obligations of the United States of America, a member state of the European Union or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Borrower or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof, or obligations Guaranteed by the United States of America or a member state of the European Union or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by

the Borrower or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (v) direct obligations of any foreign country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (ii) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by (x) any bank or other institutional lender under this Agreement or any Senior ABL Facility or any affiliate thereof or (y) a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of \$250,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization) at the time such Investment is made, (iii) repurchase obligations with a term of not more than 30 days for underlying securities or instruments of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Borrower or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (v) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vi) Indebtedness or Preferred Stock (other than of the Borrower or any of its Subsidiaries) having a rating of "A" or higher by S&P or "A2" or higher by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vii) investment funds investing 95.00% of their assets in securities of the type described in clauses (i) through (vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a

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country recognized by the United States of America, in each case, having capital and surplus in excess of \$250,000,000 (or the foreign currency equivalent thereof), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act of 1940, as amended and (ix) similar investments approved by the Board of Directors in the ordinary course of business.

"Term Credit Percentage": as to any Lender at any time, the percentage of the aggregate outstanding Term Loans (if any) of the Lenders and aggregate unused Term Loan Commitments of the Lenders (if any) then constituted by such Lender's outstanding Term Loans (if any) and such Lender's unused Term Loan Commitments (if any).

"Term Loan Commitment": as to any Lender, the aggregate of its Initial Term Loan Commitments, Incremental Term Loan Commitments and Supplemental Term Loan Commitments; collectively as to all Lenders the "Term Loan Commitments".

"Term Loan Facility Obligations": obligations of the Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during (or would accrue but for) the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Term Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties under the Loan Documents.

"Term Loans": the Initial Term Loans, Incremental Term Loans, Extended Term Loans and Specified Refinancing Term Loans, as the context requires.

"Term Priority Collateral": as defined in the ABL/Term Loan Intercreditor Agreement, whether or not the same remains in full force and effect.

"Trade Payables": with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Trademark Security Agreement": the Term Loan Trademark Security Agreement delivered to the Collateral Agent as of the date hereof, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Tranche": with respect to Term Loans or commitments, refers to whether such Term Loans or commitments are (1) Initial Term Loans or Initial Term Loan Commitments, (2) Incremental Loans or Incremental Term Loan Commitments with the same terms and conditions made on the same day and any Supplemental Term Loans added to such Tranche pursuant to Subsection 2.8, (3) Extended Term Loans (of the same Extension Series), or (4) Specified

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Refinancing Term Loan Facilities with the same terms and conditions made on the same day and any Supplemental Term Loans added to such Tranche pursuant to Subsection 2.8.

"Transactions": collectively, any or all of the following: (a) the Closing Date Dividend, (b) the execution and delivery of the Loan Documents, the creation of the Liens pursuant to the Security Documents and the initial borrowings hereunder, (c) the amendments to or amendment and restatement of the ABL Facility Documents and the borrowings thereunder, and the repayment of Obligations outstanding thereunder immediately prior to the effectiveness of such amendment or amendment and restatement on the Closing Date, (d) repayment of all existing Obligations outstanding under the Existing Credit Agreement with the proceeds of the Initial Term Loans on the Closing Date and (e) the payment of all fees, costs and expenses incurred in connection with the foregoing.

"Transferee": any Participant or Assignee.

"Type": the type of Loan determined based on the interest option applicable thereto, with there being two Types of Loans hereunder, namely ABR Loans and Eurodollar Loans.

"UCC": the Uniform Commercial Code as in effect in the State of New York from time to time.

"United States Person": any United States person within the meaning of Section 7701(a)(30) of the Code.

"Unrestricted Cash": at any date of determination, the aggregate amount of cash, Cash Equivalents and Temporary Cash Investments included in the cash accounts that would be listed on the consolidated balance sheet of the Borrower prepared in accordance with GAAP as of the end of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available to the extent such cash is not classified as "restricted" for financial statement purposes (unless so classified solely because of any provision under the Loan Documents or any other agreement or instrument governing

other Indebtedness that is subject to the ABL/Term Loan Intercreditor Agreement, the Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement governing the application thereof or because they are subject to a Lien securing Indebtedness that is subject to the ABL/Term Loan Intercreditor Agreement, the Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement) excluding, however, the proceeds from any Incurrence of Indebtedness borrowed on the date of such determination that are not (in the good faith judgment of the Borrower) intended to be used for working capital purposes.

“Unrestricted Subsidiary”: (i) any Subsidiary of the Borrower that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Borrower (including any newly acquired or newly formed Subsidiary of the Borrower) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Borrower or any other Restricted Subsidiary of the Borrower that is not a

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Subsidiary of the Subsidiary to be so designated; provided, that (A) such designation was made at or prior to the Closing Date, or (B) (i) immediately after such designation, no Event of Default under Subsection 9.1(a) or (f) shall have occurred and be continuing and (ii) on a pro forma basis, Consolidated Total Leverage Ratio is less than or equal to (x) 3.70:1.00 or (y) Consolidated Total Leverage Ratio immediately prior to giving effect to such designation. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, that (A) such Unrestricted Subsidiary, both before and immediately after giving effect to such designation, shall be a Wholly Owned Subsidiary of the Borrower, (B) immediately after such designation, no Event of Default under Subsection 9.1(a) or (f) shall have occurred and be continuing and (C) on a pro forma basis, Consolidated Total Leverage Ratio is less than or equal to (x) 3.70:1.00 or (y) Consolidated Total Leverage Ratio immediately prior to giving effect to such designation. Any such designation by the Board of Directors shall be evidenced to the Administrative Agent by promptly filing with the Administrative Agent a copy of the resolution of the Borrower's Board of Directors giving effect to such designation and a certificate of a Responsible Officer of the Borrower certifying that such designation complied with the foregoing provisions.

“U.S. Tax Compliance Certificate”: as defined in Subsection 4.11(b)(ii)(2).

“Voting Stock”: as to any entity, all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

“Wholly Owned Subsidiary”: as to any Person, any Subsidiary of such Person of which such Person owns, directly or indirectly through one or more Wholly Owned Subsidiaries, all of the Capital Stock of such Subsidiary other than directors qualifying shares or shares held by nominees.

“Write-Down and Conversion Powers”: with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“Yield”: as defined in Section 2.8(d).

1.2 Other Definitional and Interpretive Provisions. Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any Notes, any other Loan Document or any certificate or other document made or delivered pursuant hereto.

(a) As used herein and in any Notes and any other Loan Document, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Borrower and its Restricted Subsidiaries not defined in Subsection 1.1 and accounting terms partly defined in Subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(b) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any

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particular provision of this Agreement, and Section, Subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Any reference herein to any Person shall be construed to include such Person's successors and assigns permitted hereunder. Any reference herein to financial statements of the Borrower shall be construed to include financial statements of the Borrower or any Parent Entity whose financial statements satisfy the Borrower's reporting obligations under Subsection 7.1.

(c) For purposes of determining any financial ratio or making any financial calculation for any fiscal quarter (or portion thereof) ending prior to the Closing Date, the components of such financial ratio or financial calculation shall be determined on a pro forma basis to give effect to the Transactions as if they had occurred at the beginning of such four-quarter period; and each Person that is a Restricted Subsidiary upon giving effect to the Transactions shall be deemed to be a Restricted Subsidiary for purposes of the components of such financial ratio or financial calculation as of the beginning of such four-quarter period.

(d) [Reserved].

(e) Any financial ratios required to be satisfied in order for a specific action to be permitted under this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (rounding up if there is no nearest number).

(f) Any references in this Agreement to “cash and/or Cash Equivalents”, “cash, Cash Equivalents and/or Temporary Cash Investments” or any similar combination of the foregoing shall be construed as not double counting cash or any other applicable amount which would otherwise be duplicated therein.

(g) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(h) In connection with any action being taken in connection with a Limited Condition Acquisition, for purposes of determining compliance with any provision of this Agreement which requires that no Default, Event of Default or specified Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Borrower, be deemed satisfied, so long as no Default, Event of Default or specified Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Acquisition are entered into. For the avoidance of doubt, if the Borrower has exercised its option under the first sentence of this clause (h), and any Default or Event of Default occurs following the date the definitive agreements for the applicable Limited Condition Acquisition were entered into and prior to the consummation of such Limited Condition Acquisition, any such Default or Event of Default shall be deemed to not have occurred or be continuing for

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purposes of determining whether any action being taken in connection with such Limited Condition Acquisition is permitted hereunder.

- (i) In connection with any action being taken in connection with a Limited Condition Acquisition, for purposes of:
 - (i) determining compliance with any provision of this Agreement which requires the calculation of the Consolidated Secured Leverage Ratio or the Consolidated Total Leverage Ratio; or
 - (ii) testing baskets set forth in this Agreement (including baskets measured as a percentage of Consolidated EBITDA);

in each case, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Acquisition, an LCA Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition are entered into (the "LCA Test Date"), and if, after giving pro forma effect to the Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCA Test Date for which consolidated financial statements of the Borrower are available, the Borrower could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with. For the avoidance of doubt, if the Borrower has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Borrower or the Person subject to such Limited Condition Acquisition, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Borrower has made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, or the making of Restricted Payments, Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Borrower or the designation of an Unrestricted Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated or the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

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SECTION 2

Amount and Terms of Commitments

2.1 Initial Term Loans. Subject to the terms and conditions hereof, each Lender holding an Initial Term Loan Commitment severally agrees to make, in Dollars, in a single draw on the Closing Date, one or more term loans (each, an "Initial Term Loan") to Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A under the heading "Initial Term Loan Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Initial Term Loans:

- (i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and
- (ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Initial Term Loan Commitment of such Lender.

Once repaid, Initial Term Loans incurred hereunder may not be reborrowed. On the Closing Date (after giving effect to the incurrence of Initial Term Loans on such date), the Initial Term Loan Commitment of each Lender shall terminate.

2.2 Notes. (a) The Borrower agrees that, upon the request to the Administrative Agent by any Lender made on or prior to the Closing Date or in connection with any assignment pursuant to Subsection 11.6(b), in order to evidence such Lender's Loan, the Borrower will execute and deliver to such Lender a promissory note substantially in the form of Exhibit A (each, as amended, supplemented, replaced or otherwise modified from time to time, a "Note"), in each case with appropriate insertions therein as to payee, date and principal amount, payable to such Lender and in a principal amount equal to the unpaid principal amount of the applicable Loans made (or acquired by assignment pursuant to Subsection 11.6(b)) by such Lender to the Borrower. Each Note shall be dated the Closing Date and shall be payable as provided in Subsection 2.2(b) and provide for the payment of interest in accordance with Subsection 4.1.

(b) The Initial Term Loans of all the Lenders shall be payable in consecutive quarterly installments beginning on December 31, 2016 up to and including the Initial Term Loan Maturity Date (subject to reduction as provided in Subsection 4.4), on the dates and in the principal amounts, subject to adjustment as set forth below, equal to the respective amounts set forth below (together with all accrued interest thereon) opposite the applicable installment dates (or, if less, the aggregate amount of such Initial Term Loans then outstanding):

Date	Amount
Each March 31, June 30, September 30 and December 31 ending prior to the Initial Term Loan Maturity Date	0.25% of the aggregate initial principal amount of the Initial Term Loans on the Closing Date
Initial Term Loan Maturity Date	all unpaid aggregate principal

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Date	Amount
	amounts of any outstanding Initial Term Loans

2.3 Procedure for Initial Term Loan Borrowing. The Borrower shall have given the Administrative Agent notice (which notice shall be irrevocable after funding) one business day prior to the Closing Date specifying the amount of the Initial Term Loans to be borrowed. Upon receipt of such notice, the Administrative Agent shall promptly notify each applicable Lender thereof. Each Lender having an Initial Term Loan Commitment will make the amount of its pro rata share of the Initial Term Loan Commitments available to the Administrative Agent, in each case for the account of the Borrower, at the office of the Administrative Agent specified in Subsection 11.2 on the Closing Date in funds immediately available to the Administrative Agent. The Administrative Agent shall credit the account of the Borrower on the books of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent for the Borrower (at such account or accounts as designated by the Borrower) by the Lenders and in like funds as received by the Administrative Agent.

2.4 [Reserved].

2.5 Repayment of Loans. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent in Dollars for the account of each Lender the then unpaid principal amount of each Initial Term Loan of such Lender made to the Borrower, on the Initial Term Loan Maturity Date (or such earlier date on

which the Initial Term Loans become due and payable pursuant to Section 9). The Borrower hereby further agrees to pay interest on the unpaid principal amount of such Initial Term Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Subsection 4.1.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Subsection 11.6(b), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable to each applicable Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder and each applicable Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Subsection 2.5(c) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation

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of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6 [Reserved].

2.7 [Reserved].

2.8 Incremental Facilities. (a) So long as no Event of Default under Subsection 9.1 (a) or (f) exists or would arise therefrom, the Borrower shall have the right, at any time and from time to time after the Closing Date, (i) to request new term loan commitments under one or more new term loan credit facilities to be included in this Agreement (the "Incremental Term Loan Commitments"), and (ii) to increase the Existing Term Loans by requesting new term loan commitments to be added to a Tranche of Term Loans (the "Supplemental Term Loan Commitments") and, together with the Incremental Term Loan Commitments, the "Incremental Commitments"; provided that, (i) the aggregate amount of Incremental Commitments permitted pursuant to this Subsection 2.8 shall not exceed, at the time the respective Incremental Commitment becomes effective (and after giving effect to the Incurrence of Indebtedness in connection therewith and the application of proceeds of any such Indebtedness to refinance other Indebtedness), an amount that could then be Incurred in compliance with Subsection 8.1(b)(i), (ii) if any portion of an Incremental Commitment is to be incurred in reliance on clause (ii) of the definition of "Maximum Incremental Facilities Amount", the Borrower shall have delivered a certificate to the Administrative Agent, certifying compliance with the financial test set forth in such clause (together with calculations demonstrating compliance with such test) and (iii) if any portion of an Incremental Commitment is to be incurred in reliance on clause (i) of the definition of "Maximum Incremental Facilities Amount", the Borrower shall have delivered a certificate to the Administrative Agent, certifying the amount of the available basket in such clause to be used for the incurrence of such Incremental Commitment. Any loans made in respect of any such Incremental Commitment (other than Supplemental Term Loan Commitments) shall be made by creating a new Tranche. Each Incremental Commitment made available pursuant to this Subsection 2.8 shall be in a minimum aggregate amount of at least \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof (or in such lower minimum amounts or multiples as agreed to by the Administrative Agent in its reasonable discretion).

(b) Each request from the Borrower pursuant to this Subsection 2.8 shall set forth the requested amount and proposed terms of the relevant Incremental Commitments. The Incremental Commitments (or any portion thereof) may be made by any existing Lender or by any other bank or financial institution (any such bank or other financial institution, an "Additional Incremental Lender", and the Additional Incremental Lenders together with any existing Lender providing Incremental Commitments, the "Incremental Lenders"); provided that if such Additional Incremental Lender is not already a Lender hereunder or an Affiliate of a Lender hereunder or an Approved Fund, the consent of the Administrative Agent (in each case, such consent not to be unreasonably withheld, conditioned or delayed) shall be required (it being understood that any such Additional Incremental Lender that is an Affiliated Lender shall be subject to the provisions of Subsection 11.6(h), *mutatis mutandis*, to the same extent as if such Incremental Commitments and related Obligations had been obtained by such Lender by way of assignment).

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(c) Supplemental Term Loan Commitments shall become commitments under this Agreement pursuant to a supplement specifying the Tranche of Term Loans to be increased, executed by the Borrower and each increasing Lender substantially in the form attached hereto as Exhibit I-1 (the "Increase Supplement") or by each Additional Incremental Lender substantially in the form attached hereto as Exhibit I-2 (the "Lender Joinder Agreement"), as the case may be, which shall be delivered to the Administrative Agent for recording in the Register. Upon effectiveness of the Lender Joinder Agreement each Additional Incremental Lender shall be a Lender for all intents and purposes of this Agreement and the term loan made pursuant to such Supplemental Term Loan Commitment shall be a Term Loan under the applicable Tranche of Term Loans.

(d) Incremental Commitments (other than Supplemental Term Loan Commitments) shall become commitments under this Agreement pursuant to an amendment (an "Incremental Commitment Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower and each applicable Incremental Lender. An Incremental Commitment Amendment may, without the consent of any other Lender, effect such amendments to any Loan Documents as may be necessary or appropriate, in the opinion of the Borrower and the Administrative Agent, to effect the provisions of this Subsection 2.8; provided, however, that (i) (A) the Incremental Commitments will not be guaranteed by any Subsidiary of the Borrower other than the Subsidiary Guarantors, and will be secured on a pari passu basis by the same Collateral securing the Initial Term Loans (so long as any such Incremental Commitments (and related Obligations) are subject to the ABL/Term Loan Intercreditor Agreement or an Other Intercreditor Agreement), (B) the Incremental Commitments and any incremental loans drawn thereunder (the "Incremental Loans") shall rank pari passu in right of payment with or (at the Borrower's option) junior to the Initial Term Loans, (C) no Incremental Commitment Amendment may provide for any Incremental Commitment or any Incremental Loans to be secured by any Collateral or other assets of any Loan Party that do not also secure the Initial Term Loans and (D) so long as any Initial Term Loans are outstanding, no Incremental Commitment Amendment may provide for any mandatory prepayment from the Net Cash Proceeds of Asset Dispositions (other than any Asset Disposition in respect of any assets, business or Person the acquisition of which was financed, all or in part, with Incremental Loans provided pursuant to such Incremental Commitment Amendment and the disposition of which was contemplated by any definitive agreement in respect of such acquisition and in a manner not otherwise prohibited by this Agreement) or Recovery Event or from Excess Cash Flow, to the extent the Net Cash Proceeds of such Asset Disposition or Recovery Event or such Excess Cash Flow are required to be applied to repay the Initial Term Loans pursuant to Subsection 4.4(e), on more than a ratable basis with the Initial Term Loans (after giving effect to any amendment in accordance with Subsection 11.1(d)(vi)); (ii) no Lender will be required to provide any such Incremental Commitment unless it so agrees; (iii) the maturity date and the weighted average life to maturity of such Incremental Term Loan Commitments shall be no earlier than or shorter than, as the case may be, the Initial Term Loan Maturity Date or the remaining weighted average life to maturity of the Initial Term Loans, as applicable (other than an earlier maturity date and/or shorter weighted average life to maturity for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date than the Initial Term Loan Maturity Date or a shorter weighted average life to maturity than the remaining weighted average life to maturity of the Initial Term Loans, as applicable); (iv) the interest rate margins

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and (subject to clause (iii) above) amortization schedule applicable to the loans made pursuant to the Incremental Commitments shall be determined by the Borrower and the applicable Incremental Lenders; provided that in the event that the applicable interest rate margins for any term loans Incurred by the Borrower under any Incremental Term Loan Commitment made are higher than the applicable interest rate margin for the Initial Term Loans by more than 50 basis points, then the Applicable Margin for the Initial Term Loans shall be increased to the extent necessary so that the applicable interest rate margin for the Initial Term Loans is equal to the applicable interest rate margins for such Incremental Term Loan Commitment minus 50 basis points; provided, further that, in determining the applicable interest rate margins (the “Yield”) for the Initial Term Loans and the Incremental Term Loans, (A) original issue discount (“OID”) or upfront fees payable generally to all participating Incremental Lenders in lieu of OID (which shall be deemed to constitute like amounts of OID) payable by the Borrower to the Lenders under the Initial Term Loans or any Incremental Term Loan in the initial primary syndication thereof shall be included (with OID and upfront fees being equated to interest based on an assumed four-year life to maturity) (provided that, if the Initial Term Loans are issued in a manner such that all Initial Term Loans were not issued with a uniform amount of OID or upfront fees within the Tranche of Initial Term Loans, the amount of OID and upfront fees attributable to the entire Tranche of Initial Term Loans shall be determined on a weighted average basis); (B) any arrangement, structuring or other fees payable in connection with the Incremental Term Loans that are not shared with all Additional Incremental Lenders providing such Incremental Term Loans shall be excluded; (C) any amendments to the Applicable Margin on the Initial Term Loans that became effective subsequent to the Closing Date but prior to the time of such Incremental Term Loans shall also be included in such calculations and (D) if the Incremental Term Loans include an interest rate floor greater than the interest rate floor applicable to the Initial Term Loans, such increased amount shall be equated to the applicable interest rate margin for purposes of determining whether an increase to the Applicable Margin for the Initial Term Loans shall be required, to the extent an increase in the interest rate floor for the Initial Term Loans would cause an increase in the interest rate then in effect thereunder, and in such case the interest rate floor (but not the Applicable Margin) applicable to the Initial Term Loans shall be increased by such amount; (v) such Incremental Commitment Amendment may provide (1) for the inclusion, as appropriate, of Additional Incremental Lenders in any required vote or action of the Required Lenders or of the Lenders of each Tranche hereunder, (2) class voting and other class protections for any additional credit facilities, (3) for the amendment of the definitions of “Additional Obligations”, “Disqualified Stock”, “Junior Capital” and “Refinancing Indebtedness” and Subsection 8.8(b), in each case only to extend the maturity date and the weighted average life to maturity requirements, from the Initial Term Loan Maturity Date and remaining weighted average life to maturity of the Initial Term Loans to the extended maturity date and the remaining weighted average life to maturity of such Incremental Term Loans, as applicable, and (4) for the amendment of clause (iii) of the definition of “Additional Obligations” to provide for the applicable mandatory prepayment protections to apply to such Incremental Term Loans; and (vi) the other terms and documentation in respect thereof, to the extent not consistent with this Agreement as in effect prior to giving effect to the Incremental Commitment Amendment, shall otherwise be reasonably satisfactory to the Borrower; provided that to the extent such terms and documentation are not consistent with, in the case of Incremental Term Loans, the terms and documentation governing the Initial Term Loans (except

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to the extent permitted by clauses (iv) or (v) above), they shall be reasonably satisfactory to the Borrower and the Administrative Agent.

2.9 Permitted Debt Exchanges. (a) Notwithstanding anything to the contrary contained in this Agreement, pursuant to one or more offers (each, a “Permitted Debt Exchange Offer”) made from time to time by the Borrower to all Lenders (other than any Lender that, if requested by the Borrower, is unable to certify that it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) or an institutional “accredited investor” (as defined in Rule 501 under the Securities Act)) with outstanding Term Loans of a particular Tranche, as selected by the Borrower, the Borrower may from time to time following the Closing Date consummate one or more exchanges of Term Loans of such Tranche for Additional Obligations in the form of notes (such notes, “Permitted Debt Exchange Notes,” and each such exchange a “Permitted Debt Exchange”), so long as the following conditions are satisfied: (i) the aggregate principal amount (calculated on the face amount thereof) of Term Loans exchanged shall be equal to or more than the aggregate principal amount (calculated on the face amount thereof) of Permitted Debt Exchange Notes issued in exchange for such Term Loans, (ii) the aggregate principal amount (calculated on the face amount thereof) of all Term Loans exchanged by the Borrower pursuant to any Permitted Debt Exchange shall automatically be cancelled and retired by the Borrower on the date of the settlement thereof (and, if requested by the Administrative Agent, any applicable exchanging Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, or such other form as may be reasonably requested by the Administrative Agent, in respect thereof pursuant to which the respective Lender assigns its interest in the Term Loans being exchanged pursuant to the Permitted Debt Exchange to the Borrower for immediate cancellation), (iii) if the aggregate principal amount of all Term Loans (calculated on the face amount thereof) tendered for exchange by Lenders in respect of the relevant Permitted Debt Exchange Offer (with no Lender being permitted to tender a principal amount of Term Loans which exceeds the principal amount of the applicable Tranche actually held by it) shall exceed the maximum aggregate principal amount of Term Loans offered to be exchanged by the Borrower pursuant to such Permitted Debt Exchange Offer, then the Borrower shall exchange Term Loans subject to such Permitted Debt Exchange Offer tendered by such Lenders ratably up to such maximum amount based on the respective principal amounts so tendered, (iv) each such Permitted Debt Exchange Offer shall be made on a pro rata basis to the Lenders (other than any Lender that, if requested by the Borrower, is unable to certify that it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) or an institutional “accredited investor” (as defined in Rule 501 under the Securities Act)) based on their respective aggregate principal amounts of outstanding Term Loans of the applicable Tranche, (v) all documentation in respect of such Permitted Debt Exchange shall be consistent with the foregoing and all written communications generally directed to the Lenders in connection therewith shall be in form and substance consistent with the foregoing and made in consultation with the Administrative Agent and (vi) any applicable Minimum Exchange Tender Condition shall be satisfied. Notwithstanding anything to the contrary herein, no Lender shall have any obligation to agree to have any of its Loans or Commitments exchanged pursuant to any Permitted Debt Exchange Offer.

(b) With respect to all Permitted Debt Exchanges effected by the Borrower pursuant to this Subsection 2.9, (i) such Permitted Debt Exchanges (and the cancellation of the exchanged Term Loans in connection therewith) shall not constitute voluntary or mandatory

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payments or prepayments for purposes of Subsection 4.4 and (ii) such Permitted Debt Exchange Offer shall be made for not less than \$5,000,000 in aggregate principal amount of Term Loans (or such lower principal amount as agreed to by the Administrative Agent in its reasonable discretion); provided that subject to the foregoing clause (ii), the Borrower may at its election specify as a condition (a “Minimum Exchange Tender Condition”) to consummating any such Permitted Debt Exchange that a minimum amount (to be determined and specified in the relevant Permitted Debt Exchange Offer in the Borrower’s discretion) of Term Loans be tendered.

(c) In connection with each Permitted Debt Exchange, the Borrower shall provide the Administrative Agent at least ten Business Days’ (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and the Borrower and the Administrative Agent, acting reasonably, shall mutually agree to such procedures as may be necessary or advisable to accomplish the purposes of this Subsection 2.9 and without conflict with Subsection 2.9(d); provided that the terms of any Permitted Debt Exchange Offer shall provide that the date by which the relevant Lenders are required to indicate their election to participate in such Permitted Debt Exchange shall be not less than five Business Days following the date on which the Permitted Debt Exchange Offer is made (or such shorter period as may be agreed to by the Administrative Agent in its reasonable discretion).

(d) The Borrower shall be responsible for compliance with, and hereby agree to comply with, all applicable securities and other laws in connection with each Permitted Debt Exchange, it being understood and agreed that (x) neither the Administrative Agent nor any Lender assumes any responsibility in connection with the Borrower’s compliance with such laws in connection with any Permitted Debt Exchange (other than the Borrower’s reliance on any certificate delivered by a Lender pursuant to Subsection 2.9(a) above for which such Lender shall bear sole responsibility) and (y) each Lender shall be solely responsible for its compliance with any applicable “insider trading” laws and regulations to which such Lender may be subject under the Securities Exchange Act of 1934, as amended.

2.10 Extension of Term Loans. (a) The Borrower may at any time and from time to time request that all or a portion of the Term Loans of one or more

Tranches (including any Extended Term Loans) existing at the time of such request (each, an “Existing Term Tranche” and the Term Loans of such Tranche, the “Existing Term Loans”) be converted to extend the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of any Existing Term Tranche (any such Existing Term Tranche which has been so extended, an “Extended Term Tranche” and the Term Loans of such Tranche, the “Extended Term Loans”) and to provide for other terms consistent with this Subsection 2.10; provided that (i) any such request shall be made by the Borrower to all Lenders with Term Loans with a like maturity date (whether under one or more Tranches) on a pro rata basis (based on the aggregate outstanding principal amount of the applicable Term Loans), and (ii) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower. In order to establish any Extended Term Tranche, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders of the applicable Existing Term Tranche) (an “Extension Request”) setting forth the proposed terms of the Extended Term Tranche to be established, which terms shall be identical to those applicable to the Existing Term Tranche from which they are to be extended (the “Specified Existing Term Tranche”), except (x) all or any of the final maturity dates of such Extended Term Tranches may be delayed to later

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dates than the final maturity dates of the Specified Existing Term Tranche, (v) (A) the interest margins with respect to the Extended Term Tranche may be higher or lower than the interest margins for the Specified Existing Term Tranche and/or (B) additional fees may be payable to the Lenders providing such Extended Term Tranche in addition to or in lieu of any increased margins contemplated by the preceding clause (A), in each case to the extent provided in the applicable Extension Amendment, and (z) amortization with respect to the Extended Term Tranche may be greater or lesser than amortization for the Specified Existing Term Tranche, so long as the Extended Term Tranche does not have a weighted average life to maturity shorter than the remaining weighted average life to maturity at such time of the Specified Existing Term Tranche; provided that, notwithstanding anything to the contrary in this Subsection 2.10 or otherwise, assignments and participations of Extended Term Tranches shall be governed by the same or, at the Borrower’s discretion, more restrictive assignment and participation provisions than the assignment and participation provisions applicable to Initial Term Loans set forth in Subsection 11.6. No Lender shall have any obligation to agree to have any of its Existing Term Loans converted into an Extended Term Tranche pursuant to any Extension Request. Any Extended Term Tranche shall constitute a separate Tranche of Term Loans from the Specified Existing Term Tranches and from any other Existing Term Tranches (together with any other Extended Term Tranches so established on such date).

(b) The Borrower shall provide the applicable Extension Request at least ten Business Days (or such shorter period as the Administrative Agent may agree in its reasonable discretion) prior to the date on which Lenders under the applicable Existing Term Tranche or Existing Term Tranches are requested to respond. Any Lender (an “Extending Lender”) wishing to have all or a portion of its Specified Existing Term Tranche converted into an Extended Term Tranche shall notify the Administrative Agent (each, an “Extension Election”) on or prior to the date specified in such Extension Request of the amount of its Specified Existing Term Tranche that it has elected to convert into an Extended Term Tranche. In the event that the aggregate amount of the Specified Existing Term Tranche subject to Extension Elections exceeds the amount of Extended Term Tranches requested pursuant to the Extension Request, the Specified Existing Term Tranches subject to Extension Elections shall be converted to Extended Term Tranches on a pro rata basis based on the amount of Specified Existing Term Tranches included in each such Extension Election. In connection with any extension of Term Loans pursuant to this Subsection 2.10 (each, an “Extension”), the Borrower shall agree to such procedures regarding timing, rounding and other administrative adjustments to ensure reasonable administrative management of the credit facilities hereunder after such Extension, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Subsection 2.10. The Borrower may amend, revoke or replace an Extension Request pursuant to procedures reasonably acceptable to the Administrative Agent at any time prior to the date (the “Extension Request Deadline”) on which Lenders under the applicable Existing Term Tranche are requested to respond to the Extension Request. Any Lender may revoke an Extension Election at any time prior to 5:00 p.m. on the date that is two Business Days prior to the Extension Request Deadline, at which time the Extension Election will become irrevocable (unless otherwise agreed by the Borrower). The revocation of an Extension Election prior to the Extension Request Deadline shall not prejudice any Lender’s right to submit a new Extension Election prior to the Extension Request Deadline.

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(c) Extended Term Tranches shall be established pursuant to an amendment (an “Extension Amendment”) to this Agreement (which may include amendments to (i) provisions related to maturity, interest margins, fees or amortization referenced in clauses (x) through (z) of Subsection 2.10(a), (ii) the definitions of “Additional Obligations”, “Disqualified Stock”, “Junior Capital” and “Refinancing Indebtedness” and Subsection 8.8(b) to amend the maturity date and the weighted average life to maturity requirements, from the Initial Term Loan Maturity Date and remaining weighted average life to maturity of the Initial Term Loans to the extended maturity date and the remaining weighted average life to maturity of such Extended Term Tranche, as applicable and (iii) clause (iii) of the definition of “Additional Obligations” to provide for the applicable mandatory prepayment protections to apply to such Extended Term Tranche, and which, in each case, except to the extent expressly contemplated by the third to last sentence of this Subsection 2.10(c) and notwithstanding anything to the contrary set forth in Subsection 11.1, shall not require the consent of any Lender other than the Extending Lenders with respect to the Extended Term Tranches established thereby) executed by the Loan Parties, the Administrative Agent, and the Extending Lenders. No Extension Amendment shall provide for any Extended Term Tranche in an aggregate principal amount that is less than \$5,000,000 (or such lower principal amount as agreed to by the Administrative Agent in its reasonable discretion). Notwithstanding anything to the contrary in this Agreement and without limiting the generality or applicability of Subsection 11.1 to any Subsection 2.10 Additional Amendments, any Extension Amendment may provide for additional terms and/or additional amendments other than those referred to or contemplated above (any such additional amendment, a “Subsection 2.10 Additional Amendment”) to this Agreement and the other Loan Documents; provided that such Subsection 2.10 Additional Amendments do not become effective prior to the time that such Subsection 2.10 Additional Amendments have been consented to (including pursuant to consents applicable to holders of any Extended Term Tranches provided for in any Extension Amendment) by such of the Lenders, Loan Parties and other parties (if any) as may be required in order for such Subsection 2.10 Additional Amendments to become effective in accordance with Subsection 11.1; provided, further, that no Extension Amendment may provide for any Extended Term Tranche to be secured by any Collateral or other assets of any Loan Party that does not also secure the Specified Existing Term Tranche. It is understood and agreed that each Lender has consented for all purposes requiring its consent, and shall at the effective time thereof be deemed to consent to each amendment to this Agreement and the other Loan Documents authorized by this Subsection 2.10 and the arrangements described above in connection therewith except that the foregoing shall not constitute a consent on behalf of any Lender to the terms of any Subsection 2.10 Additional Amendment. In connection with any Extension Amendment, at the request of the Administrative Agent or the Extending Lenders, the Borrower shall deliver an opinion of counsel reasonably acceptable to the Administrative Agent as to the enforceability of such Extension Amendment, this Agreement as amended thereby, and such of the other Loan Documents (if any) as may be amended thereby.

(d) Notwithstanding anything to the contrary contained in this Agreement, on any date on which any Existing Term Tranche is converted to extend the related scheduled maturity date(s) in accordance with clause (a) above (an “Extension Date”), in the case of the Specified Existing Term Tranche of each Extending Lender, the aggregate principal amount of such Specified Existing Term Tranche shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Term Tranche so converted by such Lender on such date, and such Extended Term Tranches shall be established as a separate Tranche from the

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Specified Existing Term Tranche and from any other Existing Term Tranches (together with any other Extended Term Tranches so established on such date).

(e) If, in connection with any proposed Extension Amendment, any Lender declines to consent to the applicable extension on the terms and by the deadline set forth in the applicable Extension Request (each such other Lender, a “Non-Extending Lender”) then the Borrower may, on notice to the Administrative Agent and the Non-Extending Lender, (i) replace such Non-Extending Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Subsection 11.6 (with the assignment fee and any other costs and expenses to be paid by the Borrower in such instance) all of its rights and obligations under this Agreement to one or more

assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender; provided, further, that the applicable assignee shall have agreed to provide Extended Term Loans on the terms set forth in such Extension Amendment; and provided, further, that all obligations of the Borrower owing to the Non-Extending Lender relating to the Existing Term Loans so assigned shall be paid in full by the assignee Lender (or, at its option, the Borrower) to such Non-Extending Lender concurrently with such Assignment and Acceptance or (ii) if no Event of Default exists under Subsection 9.1(a) or (f), upon notice to the Administrative Agent, prepay the Existing Term Loans, in whole or in part, subject to Subsection 4.12, without premium or penalty. In connection with any such replacement under this Subsection 2.10, if the Non-Extending Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (A) the date on which the replacement Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (B) the date as of which all obligations of the Borrower owing to the Non-Extending Lender relating to the Existing Term Loans so assigned shall be paid in full by the assignee Lender (or, at its option, the Borrower) to such Non-Extending Lender, then such Non-Extending Lender shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date, the Administrative Agent shall record such assignment in the Register and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Non-Extending Lender.

(f) Following any Extension Date, with the written consent of the Borrower, any Non-Extending Lender may elect to have all or a portion of its Existing Term Loans deemed to be an Extended Term Loan under the applicable Extended Term Tranche on any date (each date a “Designation Date”) prior to the maturity date of such Extended Term Tranche; provided that such Lender shall have provided written notice to the Borrower and the Administrative Agent at least 10 Business Days prior to such Designation Date (or such shorter period as the Administrative Agent may agree in its reasonable discretion). Following a Designation Date, the Existing Term Loans held by such Lender so elected to be extended will be deemed to be Extended Term Loans of the applicable Extended Term Tranche, and any Existing Term Loans held by such Lender not elected to be extended, if any, shall continue to be “Existing Term Loans” of the applicable Tranche.

(g) With respect to all Extensions consummated by the Borrower pursuant to this Subsection 2.10, (i) such Extensions shall not constitute optional or mandatory payments or prepayments for purposes of Subsection 4.4 and (ii) no Extension Request is required to be in

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any minimum amount or any minimum increment, provided that the Borrower may at its election specify as a condition (a “Minimum Extension Condition”) to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Request in the Borrower’s sole discretion and may be waived by the Borrower) of Existing Term Loans of any or all applicable Tranches be extended. The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Subsection 2.10 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans on such terms as may be set forth in the relevant Extension Request) and hereby waive the requirements of any provision of this Agreement (including Subsections 4.4 and 4.8) or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Subsection 2.10.

2.11 Specified Refinancing Facilities. (a) The Borrower may, from time to time, add one or more new term loan facilities (the “Specified Refinancing Term Loan Facilities”) to the Facilities to refinance all or any portion of any Tranche of Term Loans then outstanding under this Agreement; provided that (i) the Specified Refinancing Term Loan Facilities will not be guaranteed by any Subsidiary of the Borrower other than the Subsidiary Guarantors, and will be secured on a pari passu or (at the Borrower’s option) junior basis by the same Collateral securing the Term Loan Facility Obligations (so long as any such Specified Refinancing Amendments (and related Obligations) are subject to the ABL/Term Loan Intercreditor Agreement, a Junior Lien Intercreditor Agreement or an Other Intercreditor Agreement), (ii) the Specified Refinancing Term Loan Facilities and any term loans drawn thereunder (the “Specified Refinancing Term Loans”) shall rank pari passu in right of payment with or (at the Borrower’s option) junior to the Term Loan Facility Obligations, (iii) no Specified Refinancing Amendment may provide for any Specified Refinancing Term Loan Facility or any Specified Refinancing Term Loans to be secured by any Collateral or other assets of any Loan Party that do not also secure the Term Loan Facility Obligations, (iv) the Specified Refinancing Term Loan Facilities will have such pricing, amortization (subject to clause (v) below) and optional and mandatory prepayment terms as may be agreed by the Borrower and the applicable Lenders thereof, (v) the maturity date and the weighted average life to maturity of the Specified Term Loan Facilities shall be no earlier than or shorter than, as the case may be, the Maturity Date of the Tranche of Term Loans being refinanced or the remaining weighted average life to maturity at such time of the Term Loans being refinanced, as applicable (other than an earlier maturity date and/or shorter weighted average life to maturity for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date or a shorter weighted average life to maturity than the Maturity Date of the Tranche of Term Loans being refinanced or the remaining weighted average life to maturity at such time of the Term Loans being refinanced, as applicable), (vi) the Net Cash Proceeds of such Specified Refinancing Term Loan Facility shall be applied, substantially concurrently with the incurrence thereof, to the pro rata prepayment of outstanding Term Loans being so refinanced, in each case pursuant to Subsection 4.4, and (vii) the Specified Refinancing Term Loan Facilities shall not have a principal or commitment amount greater than the Term Loans being refinanced plus the aggregate amount of all fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing.

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(b) Each request from the Borrower pursuant to this Subsection 2.11 shall set forth the requested amount and proposed terms of the relevant Specified Refinancing Term Loan Facility. The Specified Refinancing Term Loan Facilities (or any portion thereof) may be made by any existing Lender or by any other bank or financial institution (any such bank or other financial institution, an “Additional Specified Refinancing Lender”, and the Additional Specified Refinancing Lenders together with any existing Lender providing Specified Refinancing Term Loan Facilities, the “Specified Refinancing Lenders”); provided that if such Additional Specified Refinancing Lender is not already a Lender hereunder or an Affiliate of a Lender hereunder or an Approved Fund, the consent of the Administrative Agent (in each case, such consent not to be unreasonably withheld, conditioned or delayed) shall be required (it being understood that any such Additional Specified Refinancing Lender that is an Affiliated Lender shall be subject to the provisions of Subsection 11.6(h), *mutatis mutandis*, to the same extent as if such Specified Refinancing Term Loan Facilities and related Obligations had been obtained by such Lender by way of assignment).

(c) Specified Refinancing Term Loan Facilities shall become facilities under this Agreement pursuant to a Specified Refinancing Amendment to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower and each applicable Specified Refinancing Lender. Any Specified Refinancing Amendment may, without the consent of any other Lender, effect such amendments to any Loan Documents as may be necessary or appropriate, in the opinion of the Borrower and the Administrative Agent, to effect the provisions of this Subsection 2.11, in each case on terms consistent with this Subsection 2.11.

(d) Any loans made in respect of any such Specified Refinancing Term Loan Facility shall be made by creating a new Tranche. Each Specified Refinancing Term Loan Facility made available pursuant to this Subsection 2.11 shall be in a minimum aggregate amount of at least \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof (or such lower minimum amounts or multiples as agreed to by the Administrative Agent in its reasonable discretion).

(e) The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Specified Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Specified Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary or appropriate to reflect the existence and terms of the Specified Refinancing Term Loan Facilities incurred pursuant thereto (including the addition of such Specified Refinancing Term Loan Facilities as separate “Facilities” and “Tranches” hereunder and treated in a manner consistent with the Term Loan Facility being refinanced, including for purposes of prepayments and voting). Any Specified Refinancing Amendment may, without the consent of any Person other than the Borrower, the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed) and the Lenders providing such Specified Refinancing Term Loan Facilities, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Subsection 2.11.

SECTION 3

[Reserved]

SECTION 4

General Provisions Applicable to Loans

4.1 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Adjusted LIBOR Rate determined for such day plus the Applicable Margin in effect for such day.

(b) Each ABR Loan shall bear interest for each day that it is outstanding at a rate per annum equal to the Alternate Base Rate in effect for such day plus the Applicable Margin in effect for such day.

(c) Upon notice by the Administrative Agent, given at the request of the Required Lenders, following the occurrence and during the continuation of an Event of Default pursuant to Subsection 9.1(a) or (f), the Borrower will pay interest on overdue amounts hereunder at a rate per annum which is k in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the relevant foregoing provisions of this Subsection 4.1, plus 2.00% and (y) in the case of other amounts (including overdue interest), the rate described in clause (b) of this Subsection 4.1 for ABR Loans accruing interest at the Alternate Base Rate plus 2.00%, in each case from the date of such notice until such overdue amounts are paid in full (as well after as before any judgment relating thereto).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to clause (c) of this Subsection 4.1 shall be payable from time to time on demand.

(e) It is the intention of the parties hereto to comply strictly with applicable usury laws; accordingly, it is stipulated and agreed that the aggregate of all amounts which constitute interest under applicable usury laws, whether contracted for, charged, taken, reserved, or received, in connection with the indebtedness evidenced by this Agreement or any Notes, or any other document relating or referring hereto or thereto, now or hereafter existing, shall never exceed under any circumstance whatsoever the maximum amount of interest allowed by applicable usury laws.

4.2 Conversion and Continuation Options. (a) Subject to its obligations pursuant to Subsection 4.12(c), the Borrower may elect from time to time to convert outstanding Loans of a given Tranche from Eurodollar Loans to ABR Loans by the Borrower giving the Administrative Agent irrevocable notice of such election prior to 12:00 P.M., New York City time three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to such election. The Borrower may elect from time to time to convert outstanding Term Loans of a given Tranche from ABR Loans to Eurodollar Loans, by the Borrower giving the Administrative Agent irrevocable notice of such election prior to 2:00

P.M., New York City time at least three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each affected Lender thereof. All or any part of outstanding Eurodollar Loans or ABR Loans may be converted as provided herein, provided that (i) (unless the Required Lenders otherwise consent) no Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing and, in the case of any Default (other than a Default under Subsection 9.1(f)), the Administrative Agent has given notice to the Borrower that no such conversions may be made and (ii) no Term Loan may be converted into a Eurodollar Loan after the date that is one month prior to the applicable Maturity Date.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent of the length of the next Interest Period to be applicable to such Eurodollar Loan, determined in accordance with the applicable provisions of the term “Interest Period” set forth in Subsection 1.1, provided that no Eurodollar Loan may be continued as such (i) (unless the Required Lenders otherwise consent) when any Default or Event of Default has occurred and is continuing and, in the case of any Default (other than a Default under Subsection 9.1(f)), the Administrative Agent has given notice to the Borrower that no such continuations may be made or (ii) after the date that is one month prior to the applicable Maturity Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this clause (b) or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice of continuation pursuant to this Subsection 4.2(b), the Administrative Agent shall promptly notify each affected Lender thereof.

4.3 Minimum Amounts; Maximum Sets. All borrowings, conversions and continuations of Term Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Set shall be equal to \$1,000,000 or a whole multiple of \$250,000 in excess thereof and so that there shall not be more than 20 Sets at any one time outstanding.

4.4 Optional and Mandatory Prepayments. (a) The Borrower may at any time and from time to time prepay the Term Loans, in whole or in part, subject to Subsection 4.12, without premium or penalty (except as provided in Subsection 4.5(b)), upon notice by the Borrower to the Administrative Agent prior to 2:00 P.M., New York City time at least three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to the date of prepayment (in the case of Eurodollar Loans), or prior to 2:00 P.M., New York City time on the date of prepayment (in the case of ABR Loans) (or such later time as may be agreed by the Administrative Agent in its reasonable discretion). Such notice shall specify, in the case of any prepayment of Term Loans, the applicable Tranche being repaid, and if a combination thereof, the principal amount allocable to each, the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans or a combination thereof, and, in each case if a combination thereof, the principal amount allocable to each. Any such notice may state that such notice is conditioned upon the occurrence or non-

occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Upon the receipt of any such notice the Administrative Agent shall promptly notify each affected Lender thereof. If any such notice is given and not revoked, the amount specified in such notice shall be due and payable on the date specified therein, together with (if a Eurodollar Loan is prepaid other than at the end of the Interest Period applicable thereto) any amounts payable pursuant to Subsection 4.12. Partial prepayments pursuant to this Subsection 4.4(a) shall be in a minimum amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof; provided that, notwithstanding the foregoing, any Term Loan may be prepaid in its entirety. Each prepayment of Initial Term Loans pursuant to this Subsection 4.4(a) made prior to the date that is six months after the Closing Date in an amount equal to the Net Cash Proceeds received by the Borrower or any Restricted Subsidiary from its incurrence of new

Indebtedness under first lien secured term loan financing incurred in a Repricing Transaction shall be accompanied by the payment of the fee required by Subsection 4.5(b).

- (b) [Reserved].
- (c) [Reserved].
- (d) [Reserved].

(e) Mandatory Prepayment of Term Loans. (i) The Borrower shall, in accordance with Subsection 4.4(g), prepay the Term Loans to the extent required by Subsection 8.4(b) (subject to Subsection 8.4(c)), (ii) if on or after the Closing Date, the Borrower or any Restricted Subsidiaries shall Incur Indebtedness for borrowed money (excluding Indebtedness permitted pursuant to Subsection 8.1 other than Specified Refinancing Term Loans), the Borrower shall, in accordance with Subsection 4.4(g), prepay the Term Loans (or, in the case of the incurrence of any Specified Refinancing Term Loans, the Tranche of Term Loans being refinanced) in an amount equal to 100.00% of the Net Cash Proceeds thereof minus the portion of such Net Cash Proceeds applied (to the extent the Borrower or any of its Subsidiaries is required by the terms thereof) to prepay, repay or purchase Pari Passu Indebtedness on a no more than pro rata basis with the Term Loans, in each case with such prepayment to be made on or before the fifth Business Day following notice given to each Lender of the Prepayment Date, as contemplated by Subsection 4.4(h), and (iii) the Borrower shall, in accordance with Subsection 4.4(g), prepay the Term Loans no later than the 10th Business Day after the 120th day following the last day of the immediately preceding Fiscal Year (commencing with the first Fiscal Year commencing after the Closing Date) (each, an “ECF Payment Date”), in an amount equal to (A)(1) 50.00% (as may be adjusted pursuant to the last proviso of this clause (iii)) of the Borrower’s Excess Cash Flow for such Fiscal Year minus (2) the sum of (w) the aggregate principal amount of Term Loans (including Incremental Term Loans, Extended Term Loans and Specified Refinancing Term Loans, in each case to the extent constituting Pari Passu Indebtedness) prepaid pursuant to Subsection 4.4(a) and Pari Passu Indebtedness (in the case of revolving loans, to the extent accompanied by a corresponding permanent commitment reduction) voluntarily prepaid, repaid, repurchased or retired and any prepayment of Term Loans (including Incremental Term Loans, Extended Term Loans and Specified Refinancing Term Loans, in each case to the extent constituting Pari Passu Indebtedness) pursuant to Subsection

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4.4(l) (provided that such deduction for prepayments pursuant to Subsection 4.4(l) shall be limited to the actual cash amount of such prepayment), in each case during such Fiscal Year (which, in any event, shall not include any designated prepayment pursuant to clause (x) below), (x) the aggregate principal amount of Term Loans (including Incremental Term Loans, Extended Term Loans and Specified Refinancing Term Loans, in each case to the extent constituting Pari Passu Indebtedness) prepaid pursuant to Subsection 4.4(a) and Pari Passu Indebtedness (in the case of revolving loans, to the extent accompanied by a corresponding permanent commitment reduction) voluntarily prepaid, repaid, repurchased or retired and any prepayment of Term Loans (including Incremental Term Loans, Extended Term Loans and Specified Refinancing Term Loans, in each case to the extent constituting Pari Passu Indebtedness) pursuant to Subsection 4.4(l) (provided that such deduction for prepayments pursuant to Subsection 4.4(l) shall be limited to the actual cash amount of such prepayment), in each case during the period beginning with the day following the last day of such Fiscal Year and ending on the ECF Payment Date and stated by the Borrower as prepaid pursuant to this Subsection 4.4(e)(iii) (provided that no prepayments made pursuant to the other clauses of this Subsection 4.4(e) shall be included in Subsections 4.4(e)(iii)(A)(2)(w) or (x)), (y) any ABL Facility Loans prepaid to the extent accompanied by a corresponding permanent commitment reduction under the Senior ABL Facility during such Fiscal Year (which, in any event, shall not include any designated prepayment pursuant to clause (z) below), and (z) the aggregate principal amount of ABL Facility Loans prepaid to the extent accompanied by a corresponding permanent commitment reduction under the Senior ABL Facility during the period beginning with the day following the last day of such Fiscal Year and ending on the ECF Payment Date and stated by the Borrower as prepaid pursuant to this Subsection 4.4(e)(iii), in each case, excluding prepayments funded with proceeds from the Incurrence of long-term Indebtedness (including a revolving credit facility) (the amount described in this clause (A), the “ECF Payment Amount”) minus (B) the portion of such ECF Payment Amount applied (to the extent Borrower or any of its Subsidiaries is required by the terms thereof) to prepay, repay or purchase Pari Passu Indebtedness on a no more than pro rata basis with the Term Loans; provided that such percentage in clause (1) above shall be reduced to (I) 25.00% if the Consolidated Secured Leverage Ratio as of the last day of the immediately preceding Fiscal Year was less than or equal to 3.00:1.00 but greater than 2.50:1.00 and (II) 0% if the Consolidated Secured Leverage Ratio as of the last day of the immediately preceding Fiscal Year was less than or equal to 2.50:1.00. Nothing in this Subsection 4.4(e) shall limit the rights of the Agents and the Lenders set forth in Section 9.

- (f) [Reserved].

(g) Subject to the last sentence of Subsection 4.4(h) and Subsection 4.4(k), each prepayment of Term Loans pursuant to Subsection 4.4(e) (other than a prepayment with the proceeds of Specified Refinancing Term Loans) shall be allocated to the Tranches of Term Loans as directed by the Borrower or, absent such direction, pro rata among the Initial Term Loans, the Incremental Term Loans, the Extended Term Loans and the Specified Refinancing Term Loans. Each prepayment of Term Loans pursuant to Subsection 4.4(a) shall be applied within each Tranche of Term Loans to the respective installments of principal thereof in the manner directed by the Borrower (or, if no such direction is given, in direct order of maturity). Each prepayment of Term Loans pursuant to Subsection 4.4(e) shall be applied within each applicable Tranche of Term Loans, first, to the accrued interest on the principal amount of Term Loans being prepaid and second, to the respective installments of principal thereof in the manner

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directed by the Borrower (or, if no such direction is given, in direct order of maturity). Notwithstanding any other provision of this Subsection 4.4, a Lender may, at its option, and if agreed by the Borrower, in connection with any prepayment of Term Loans pursuant to Subsection 4.4(a) or (e), exchange such Lender’s portion of the Term Loan to be prepaid for Rollover Indebtedness, in lieu of such Lender’s pro rata portion of such prepayment (and any such Term Loans so exchanged shall be deemed repaid for all purposes under the Loan Documents).

(h) The Borrower shall give notice to the Administrative Agent of any mandatory prepayment of the Term Loans (x) pursuant to Subsection 4.4(e)(iii), three Business Days prior to the date on which such payment is due and (y) pursuant to any other provision of Subsection 4.4(e), promptly (and in any event within five Business Days) upon becoming obligated to make such prepayment. Such notice shall state that the Borrower is offering to make or will make such mandatory prepayment (i) in the case of mandatory prepayments pursuant to Subsection 4.4(e)(i), on or before the date specified in Subsection 8.4(b) and (ii) in the case of mandatory prepayments pursuant to any other clause of Subsection 4.4(e), on or before the date specified in such clause, as the case may be (each, a “Prepayment Date”). Subject to the following sentence, once given, such notice shall be irrevocable and all amounts subject to such notice shall be due and payable on the Prepayment Date (except as otherwise provided in the last sentence of this Subsection 4.4(h)). Any such notice of prepayment pursuant to Subsection 4.4(e) may state that such notice is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent, on or prior to the specified effective date) if such condition is not satisfied. Upon receipt by the Administrative Agent of such notice, the Administrative Agent shall immediately give notice to each Lender of the prepayment and the Prepayment Date. The Borrower (in its sole discretion) may give each Lender the option (in its sole discretion) to elect to decline any such prepayment by giving notice of such election in writing to the Administrative Agent by 11:00 A.M., New York City time, on the date that is three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to the Prepayment Date. Upon receipt by the Administrative Agent of such notice, the Administrative Agent shall immediately notify the Borrower of such election. Any amount (the “Declined Amount”) so declined by any Lender may, at the option of the Borrower, be applied to the payment or prepayment of Indebtedness, including any Junior Debt, or otherwise be retained by the Borrower and its Restricted Subsidiaries and/or applied by the Borrower or any of its Restricted Subsidiaries in any manner not inconsistent with this Agreement.

- (i) Amounts prepaid on account of Term Loans pursuant to Subsection 4.4(a), (e) or (l) may not be reborrowed.

(j) Notwithstanding the foregoing provisions of this Subsection 4.4, if at any time any prepayment of the Term Loans pursuant to Subsection 4.4(a) or (e) would result, after giving effect to the procedures set forth in this Agreement, in the Borrower incurring breakage costs under Subsection 4.12 as a result of Eurodollar Loans being prepaid other than on the last day of an Interest Period with respect thereto, then, the Borrower may, so long as no Default or Event of Default shall have occurred and be continuing, in its sole discretion, initially (i) deposit a portion (up to 100.00%) of the amounts that otherwise would have been paid in respect of such

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Eurodollar Loans with the Administrative Agent (which deposit must be equal in amount to the amount of such Eurodollar Loans not immediately prepaid), to be held as security for the obligations of the Borrower to make such prepayment pursuant to a cash collateral agreement to be entered into on terms reasonably satisfactory to the Administrative Agent with such cash collateral to be directly applied upon the first occurrence thereafter of the last day of an Interest Period with respect to such Eurodollar Loans (or such earlier date or dates as shall be requested by the Borrower) or (ii) make a prepayment of Term Loans in accordance with Subsection 4.4(a) or (e) with an amount equal to a portion (up to 100.00%) of the amounts that otherwise would have been paid in respect of such Eurodollar Loans (which prepayment, together with any deposits pursuant to clause (i) above, must be equal in amount to the amount of such Eurodollar Loans not immediately prepaid); provided that, in the case of either clause (i) or (ii) above, such unpaid Eurodollar Loans shall continue to bear interest in accordance with Subsection 4.1 until such unpaid Eurodollar Loans or the related portion of such Eurodollar Loans, as the case may be, have or has been prepaid. In addition, if the Borrower reasonably determines in good faith that any amounts attributable to Foreign Subsidiaries that are required to be applied to prepay Term Loans pursuant to Subsection 4.4(e) would result in material adverse tax consequences to Parent or any of its Restricted Subsidiaries, then the Borrower shall not be required to prepay such amounts as required thereunder; provided that the Borrower shall take commercially reasonable actions to permit repatriation of the proceeds subject to such prepayments in order to effect such prepayments without incurring material adverse tax consequences.

(k) Notwithstanding anything to the contrary herein, this Subsection 4.4 may be amended (and the Lenders hereby irrevocably authorize the Administrative Agent to enter into any such amendments) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new classes or tranches of Term Loans added pursuant to Subsections 2.8, 2.10 and 2.11, as applicable, or pursuant to any other credit or letter of credit facility added pursuant to Subsection 2.8 or 11.1(e).

(l) Notwithstanding anything in any Loan Document to the contrary, so long as no Event of Default under Subsection 9.1(a) or (f) has occurred and is continuing, the Borrower may prepay the outstanding Term Loans on the following basis:

(i) The Borrower shall have the right to make a voluntary prepayment of Term Loans at a discount to par (such prepayment, the “Discounted Term Loan Prepayment”) pursuant to a Borrower Offer of Specified Discount Prepayment, a Borrower Solicitation of Discount Range Prepayment Offers, or a Borrower Solicitation of Discounted Prepayment Offers, in each case made in accordance with this Subsection 4.4(l); provided that the Borrower shall not initiate any action under this Subsection 4.4(l) in order to make a Discounted Term Loan Prepayment unless (1) at least ten Business Days shall have passed since the consummation of the most recent Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) or (2) at least three Business Days shall have passed since the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or in the case of Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower’s election not to

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accept any Solicited Discounted Prepayment Offers made by a Lender (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion). Each Lender participating in any Discounted Term Loan Prepayment acknowledges and agrees that in connection with such Discounted Term Loan Prepayment, (1) the Borrower then may have, and later may come into possession of, information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to a decision by such Lender to participate in such Discounted Term Loan Prepayment (“Excluded Information”), (2) such Lender has independently and, without reliance on Holdings, the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to participate in such Discounted Term Loan Prepayment notwithstanding such Lender’s lack of knowledge of the Excluded Information and (3) none of Holdings, the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against Holdings, the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender participating in any Discounted Term Loan Prepayment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders. Any Term Loans prepaid pursuant to this Subsection 4.4(l) shall be immediately and automatically cancelled.

(ii) Borrower Offer of Specified Discount Prepayment.

(1) The Borrower may from time to time offer to make a Discounted Term Loan Prepayment by providing the Administrative Agent with three Business Days’ (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) notice in the form of a Specified Discount Prepayment Notice; provided that (I) any such offer shall be made available, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such offer shall specify the aggregate Outstanding Amount offered to be prepaid (the “Specified Discount Prepayment Amount”), the Tranches of Term Loans subject to such offer and the specific percentage discount to par value (the “Specified Discount”) of the Outstanding Amount of such Term Loans to be prepaid, (III) the Specified Discount Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$500,000, and (IV) each such offer shall remain outstanding through the Specified Discount Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Specified Discount Prepayment Notice and a form of the Specified Discount Prepayment Response to be completed and returned by each such Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York City time, on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date designated by the Administrative Agent and approved by the Borrower) (the “Specified Discount Prepayment Response Date”).

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(2) Each relevant Lender receiving such offer shall notify the Administrative Agent (or its delegate) by the Specified Discount Prepayment Response Date whether or not it agrees to accept a prepayment of any of its relevant then outstanding Term Loans at the Specified Discount and, if so (such accepting Lender, a “Discount Prepayment Accepting Lender”), the amount of such Lender’s Outstanding Amount and Tranches of Term Loans to be prepaid at such offered discount. Each acceptance of a Discounted Term Loan Prepayment by a Discount Prepayment Accepting Lender shall be irrevocable. Any Lender whose Specified Discount Prepayment Response is not received by the Administrative Agent by the Specified Discount Prepayment Response Date shall be deemed to have declined to accept the Borrower Offer of Specified Discount Prepayment.

(3) If there is at least one Discount Prepayment Accepting Lender, the Borrower will make prepayment of outstanding Term Loans pursuant to this Subsection 4.4(l)(ii) to each Discount Prepayment Accepting Lender in accordance with the respective Outstanding Amount and Tranches of

Term Loans specified in such Lender's Specified Discount Prepayment Response given pursuant to the foregoing clause (2); provided that, if the aggregate Outstanding Amount of Term Loans accepted for prepayment by all Discount Prepayment Accepting Lenders exceeds the Specified Discount Prepayment Amount, such prepayment shall be made pro rata among the Discount Prepayment Accepting Lenders in accordance with the respective Outstanding Amounts accepted to be prepaid by each such Discount Prepayment Accepting Lender and the Administrative Agent (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the "Specified Discount Proration"). The Administrative Agent shall promptly, and in any case within three Business Days following the Specified Discount Prepayment Response Date, notify (I) the Borrower of the respective Lenders' responses to such offer, the Discounted Prepayment Effective Date and the aggregate Outstanding Amount of the Discounted Term Loan Prepayment and the Tranches to be prepaid, (II) each Lender of the Discounted Prepayment Effective Date, and the aggregate Outstanding Amount and the Tranches of all Term Loans to be prepaid at the Specified Discount on such date, and (III) each Discount Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the Outstanding Amount, Tranche and Type of Term Loans of such Lender to be prepaid at the Specified Discount on such date. Each determination by the Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with Subsection 4.4(l)(vi) below (subject to Subsection 4.4(l)(x) below).

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(iii) Borrower Solicitation of Discount Range Prepayment Offers

(1) The Borrower may from time to time solicit Discount Range Prepayment Offers by providing the Administrative Agent with three Business Days' (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) notice in the form of a Discount Range Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such notice shall specify the maximum aggregate Outstanding Amount of the relevant Term Loans that the Borrower is willing to prepay at a discount (the "Discount Range Prepayment Amount"), the Tranches of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "Discount Range") of the Outstanding Amount of such Term Loans willing to be prepaid by the Borrower, (III) the Discount Range Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$500,000, and (IV) each such solicitation by the Borrower shall remain outstanding through the Discount Range Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding relevant Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York City time, on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date as may be designated by the Administrative Agent and approved by the Borrower) (the "Discount Range Prepayment Response Date"). Each relevant Lender's Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the "Submitted Discount") at which such Lender is willing to allow prepayment of any or all of its then outstanding Term Loans and the maximum aggregate Outstanding Amount and Tranches of such Term Loans such Lender is willing to have prepaid at the Submitted Discount (the "Submitted Amount"). Any Lender whose Discount Range Prepayment Offer is not received by the Administrative Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range.

(2) The Administrative Agent shall review all Discount Range Prepayment Offers received by it by the Discount Range Prepayment Response Date and will determine (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) the Applicable Discount and Term Loans to be prepaid at such Applicable Discount in accordance with this Subsection 4.4(l)(iii). The Borrower agrees to accept on the Discount Range Prepayment Response Date all Discount Range Prepayment Offers received by Administrative Agent by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par being referred to as the "Applicable Discount")

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which yields a Discounted Term Loan Prepayment in an aggregate Outstanding Amount equal to the lesser of (I) the Discount Range Prepayment Amount and (II) the sum of all Submitted Amounts. Each Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following Subsection 4.4(l)(iii)(3)) at the Applicable Discount (each such Lender, a "Participating Lender").

(3) If there is at least one Participating Lender, the Borrower will prepay the respective outstanding Term Loans of each Participating Lender in the aggregate Outstanding Amount and of the Tranches specified in such Lender's Discount Range Prepayment Offer at the Applicable Discount; provided that if the Submitted Amount by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discount Range Prepayment Amount, prepayment of the Outstanding Amount of the relevant Term Loans for those Participating Lenders whose Submitted Discount is a discount to par greater than or equal to the Applicable Discount (the "Identified Participating Lenders") shall be made pro rata among the Identified Participating Lenders in accordance with the Submitted Amount of each such Identified Participating Lender and the Administrative Agent (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the "Discount Range Proration"). The Administrative Agent shall promptly, and in any case within three Business Days following the Discount Range Prepayment Response Date, notify (w) the Borrower of the respective Lenders' responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate Outstanding Amount of the Discounted Term Loan Prepayment and the Tranches to be prepaid, (x) each Lender of the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate Outstanding Amount and Tranches of all Term Loans to be prepaid at the Applicable Discount on such date, (y) each Participating Lender of the aggregate Outstanding Amount and Tranches of such Lender to be prepaid at the Applicable Discount on such date, and (z) if applicable, each Identified Participating Lender of the Discount Range Proration. Each determination by the Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with Subsection 4.4(l)(vi) below (subject to Subsection 4.4(l)(x) below).

(iv) Borrower Solicitation of Discounted Prepayment Offers

(1) The Borrower may from time to time solicit Solicited Discounted Prepayment Offers by providing the Administrative Agent with three Business Days' (or such shorter period as may be agreed by the

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Administrative Agent in its reasonable discretion) notice in the form of a Solicited Discounted Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such

notice shall specify the maximum aggregate Outstanding Amount of the Term Loans and the Tranches of Term Loans the Borrower is willing to prepay at a discount (the “Solicited Discounted Prepayment Amount”), (III) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$500,000, and (IV) each such solicitation by the Borrower shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York City time, on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date as may be designated by the Administrative Agent and approved by the Borrower) (the “Solicited Discounted Prepayment Response Date”). Each Lender’s Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date, and (z) specify both a discount to par (the “Offered Discount”) at which such Lender is willing to allow prepayment of its then outstanding Term Loans and the maximum aggregate Outstanding Amount and Tranches of such Term Loans (the “Offered Amount”) such Lender is willing to have prepaid at the Offered Discount. Any Lender whose Solicited Discounted Prepayment Offer is not received by the Administrative Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount to their par value.

(2) The Administrative Agent shall promptly provide the Borrower with a copy of all Solicited Discounted Prepayment Offers received by it by the Solicited Discounted Prepayment Response Date. The Borrower shall review all such Solicited Discounted Prepayment Offers and select, at its sole discretion, the smallest of the Offered Discounts specified by the relevant responding Lenders in the Solicited Discounted Prepayment Offers that the Borrower is willing to accept (the “Acceptable Discount”), if any; provided that the Acceptable Discount shall not be an Offered Discount that is larger than the smallest Offered Discount for which the sum of all Offered Amounts affiliated with Offered Discounts that are larger than or equal to such smallest Offered Discount would, if purchased at such smallest Offered Discount, yield an amount at least equal to the Solicited Discounted Prepayment Amount. If the Borrower elects to accept any Offered Discount as the Acceptable Discount, then as soon as practicable after the determination of the Acceptable Discount, but in no event later than by the third Business Day after the date of receipt by the Borrower from the Administrative Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this clause (2) (the “Acceptance Date”), the Borrower shall submit an Acceptance and Prepayment Notice to the Administrative Agent setting forth the Acceptable Discount. If the

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Administrative Agent shall fail to receive an Acceptance and Prepayment Notice from the Borrower by the Acceptance Date, the Borrower shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

(3) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by Administrative Agent by the Solicited Discounted Prepayment Response Date, within three Business Days after receipt of an Acceptance and Prepayment Notice (the “Discounted Prepayment Determination Date”), the Administrative Agent will determine (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) the aggregate Outstanding Amount and the Tranches of Term Loans (the “Acceptable Prepayment Amount”) to be prepaid by the Borrower at the Acceptable Discount in accordance with this Subsection 4.4(l)(iv). If the Borrower elects to accept any Acceptable Discount, then the Borrower agrees to accept all Solicited Discounted Prepayment Offers received by the Administrative Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Lender that has submitted a Solicited Discounted Prepayment Offer to accept prepayment at an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Offered Amount (subject to any required proration pursuant to the following sentence) at the Acceptable Discount (each such Lender, a “Qualifying Lender”). The Borrower will prepay outstanding Term Loans pursuant to this Subsection 4.4(l)(iv) to each Qualifying Lender in the aggregate Outstanding Amount and of the Tranches specified in such Lender’s Solicited Discounted Prepayment Offer at the Acceptable Discount; provided that if the aggregate Offered Amount by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount, prepayment of the Outstanding Amount of the Term Loans for those Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount (the “Identified Qualifying Lenders”) shall be made pro rata among the Identified Qualifying Lenders in accordance with the Offered Amount of each such Identified Qualifying Lender and the Administrative Agent (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the “Solicited Discount Proration”). On or prior to the Discounted Prepayment Determination Date, the Administrative Agent shall promptly notify (w) the Borrower of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the Discounted Term Loan Prepayment and the Tranches to be prepaid, (x) each Lender of the Discounted Prepayment Effective Date, the Acceptable Discount, and the Acceptable Prepayment Amount of all Term Loans and the Tranches to be prepaid at the Applicable Discount on such date, (y) each Qualifying Lender of the aggregate Outstanding Amount and the Tranches of such Lender to be prepaid at the Acceptable Discount on such date, and (z) if applicable, each Identified Qualifying Lender of the Solicited Discount Proration. Each determination by the

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Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with Subsection 4.4(l)(vi) below (subject to Subsection 4.4(l)(x) below).

(v) Expenses. In connection with any Discounted Term Loan Prepayment, the Borrower and the Lenders acknowledge and agree that the Administrative Agent may require as a condition to any Discounted Term Loan Prepayment, the payment of reasonable out-of-pocket costs and expenses from the Borrower in connection therewith.

(vi) Payment. If any Term Loan is prepaid in accordance with Subsections 4.4(l)(ii) through (iv) above, the Borrower shall prepay such Term Loans on the Discounted Prepayment Effective Date. The Borrower shall make such prepayment to the Administrative Agent, for the account of the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, at the Administrative Agent’s office in immediately available funds not later than 11:00 A.M., New York City time, on the Discounted Prepayment Effective Date and all such prepayments shall be applied to the remaining principal installments of the Term Loans in inverse order of maturity. The Term Loans so prepaid shall be accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this Subsection 4.4(l) shall be paid to the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable. The aggregate Outstanding Amount of the Tranches of the Term Loans outstanding shall be deemed reduced by the full par value of the aggregate Outstanding Amount of the Tranches of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment. The Lenders hereby agree that, in connection with a prepayment of Term Loans pursuant to this Subsection 4.4(l) and notwithstanding anything to the contrary contained in this Agreement, (i) interest in respect of the Term Loans may be made on a non-pro rata basis among the Lenders holding such Term Loans to reflect the payment of accrued interest to certain Lenders as provided in this Subsection 4.4(l)(vi) and (ii) all subsequent prepayments and repayments of the Term Loans (except as otherwise contemplated by this Agreement) shall be made on a pro rata basis among the respective Lenders based upon the then outstanding principal amounts of the Term Loans then held by the respective Lenders after giving effect to any prepayment pursuant to this Subsection 4.4(l) as if made at par. It is also understood and agreed that prepayments pursuant to this Subsection 4.4(l) shall not be subject to Subsection 4.4(a), or, for the avoidance of doubt, Subsection 11.7(a) or the pro rata allocation requirements of Subsection 4.8(a).

(vii) Other Procedures. To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent with the provisions in this Subsection 4.4(l), established by the Administrative Agent acting in its reasonable discretion and as reasonably agreed

(viii) Notice. Notwithstanding anything in any Loan Document to the contrary, for purposes of this Subsection 4.4(l), each notice or other communication required to be delivered or otherwise provided to the Administrative Agent (or its delegate) shall be deemed to have been given upon the Administrative Agent's (or its delegate's) actual receipt during normal business hours of such notice or communication; provided that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next Business Day.

(ix) Actions of Administrative Agent. The Borrower and the Lenders acknowledges and agrees that the Administrative Agent may perform any and all of its duties under this Subsection 4.4(l) by itself or through any Affiliate of the Administrative Agent and expressly consents to any such delegation of duties by the Administrative Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions in this Agreement shall apply to each Affiliate of the Administrative Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this Subsection 4.4(l) as well as to activities of the Administrative Agent in connection with any Discounted Term Loan Prepayment provided for in this Subsection 4.4(l).

(x) Revocation. The Borrower shall have the right, by written notice to the Administrative Agent, to revoke in full (but not in part) its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discount Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor at its discretion at any time on or prior to the applicable Specified Discount Prepayment Response Date (and if such offer is so revoked, any failure by the Borrower to make any prepayment to a Lender pursuant to this Subsection 4.4(l) shall not constitute a Default or Event of Default under Subsection 9.1 or otherwise).

(xi) No Obligation. This Subsection 4.4(l) shall not (i) require the Borrower to undertake any prepayment pursuant to this Subsection 4.4(l) or (ii) limit or restrict the Borrower from making voluntary prepayments of the Term Loans in accordance with the other provisions of this Agreement.

4.5 Administrative Agent's Fee; Other Fees. (a) The Borrower agrees to pay to the Administrative Agent the fees as set forth in the Agent Fee Letter on the payment dates set forth therein.

(b) If, prior to the date that is six months after the Closing Date, the Borrower makes an optional prepayment in full of the Initial Term Loans in an amount equal to the Net Cash Proceeds received by the Borrower or any Restricted Subsidiary from its incurrence of new Indebtedness under first lien secured term loan financing in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each Lender, a prepayment premium of 1.00% of the aggregate principal amount of Initial Term Loans being prepaid. If, prior to the date that is six months after the Closing Date, any Lender is replaced pursuant to Subsection 11.1(g) in connection with any amendment of this Agreement (including in connection with any refinancing transaction permitted under Subsection 11.6(g) to replace the Initial Term Loans) that results in a Repricing Transaction, such Lender (and not any Person who

replaces such Lender pursuant to Subsection 2.10(e) or 11.1(g) shall receive a fee equal to 1.00% of the principal amount of the Initial Term Loans of such Lender assigned to a replacement Lender pursuant to Subsection 2.10(e) or 11.1(g).

4.6 Computation of Interest and Fees. (a) Interest (other than interest based on the Base Rate) shall be calculated on the basis of a 360-day year for the actual days elapsed; and interest based on the Base Rate shall be calculated on the basis of a 365-day year (or 366-day year, as the case may be) for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the affected Lenders of each determination of an Adjusted LIBOR Rate. Any change in the interest rate on a Term Loan resulting from a change in the Alternate Base Rate or the Statutory Reserves shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the affected Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and each of the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender a statement showing in reasonable detail the calculations used by the Administrative Agent in determining any interest rate pursuant to Subsection 4.1, excluding any LIBOR Rate which is based upon the Reuters Monitor Money Rates Service page and any ABR Loan which is based upon the Alternate Base Rate.

4.7 Inability to Determine Interest Rate. If, prior to the first day of any Interest Period, the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate with respect to any Eurodollar Loan for such Interest Period (the "Affected Eurodollar Rate"), the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (a) any Eurodollar Loans the rate of interest applicable to which is based on the Affected Eurodollar Rate requested to be made on the first day of such Interest Period shall be made as ABR Loans and (b) any Term Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Loans the rate of interest applicable to which is based upon the Affected Eurodollar Rate shall be converted to or continued as ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans the rate of interest applicable to which is based upon the Affected Eurodollar Rate shall be made or continued as such, nor shall the Borrower have the right to convert ABR Loans to Eurodollar Loans, the rate of interest applicable to which is based upon the Affected Eurodollar Rate.

4.8 Pro Rata Treatment and Payments. (a) Except as expressly otherwise provided herein, each payment (including each prepayment, but excluding payments made pursuant to Subsections 2.8, 2.9, 2.10, 2.11, 4.5(b), 4.9, 4.10, 4.11, 4.12, 4.13(d), 11.1(g) or 11.6) by the Borrower on account of principal of and interest on account of any Loans of a given Tranche (other than (w) payments in respect of any difference in the Applicable Margin, Adjusted LIBOR Rate or Alternate Base Rate in respect of any Tranche, (x) any payments

pursuant to Subsection 4.4(e) to the extent declined by any Lender in accordance with Subsection 4.4(h), (y) any payments pursuant to Subsection 4.4(l) which shall be allocated as set forth in Subsection 4.4(l) and (z) any prepayments pursuant to Subsection 11.6(h)(i)(y) shall be allocated by the Administrative Agent pro rata according to the respective outstanding principal amounts of such Term Loans of such Tranche then held by the respective Lenders; provided that a Lender may, at its option, and if agreed by the Borrower, exchange such Lender's portion of a Term Loan to be prepaid for Rollover Indebtedness, in lieu of such Lender's pro rata portion of such prepayment, pursuant to the last sentence of Subsection 4.4(g). All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made on or prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 P.M., New York City time (or such later time as may be agreed by the Administrative Agent in its reasonable discretion)), on the due date thereof to the Administrative Agent for the account of the Lenders holding the relevant Loans, the Lenders, the Administrative Agent, or the Other Representatives, as the case may be, at the Administrative Agent's office specified in Subsection 11.2, in Dollars in immediately available funds. Payments

received by the Administrative Agent after such time shall be deemed to have been received on the next Business Day. The Administrative Agent shall distribute such payments to such Lenders or Other Representatives, as the case may be, if any such payment is received prior to 2:00 P.M., New York City time, on a Business Day, in like funds as received prior to the end of such Business Day and otherwise the Administrative Agent shall distribute such payment to such Lenders or Other Representatives, as the case may be, on the next succeeding Business Day. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day (and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension) unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. This Subsection 4.8(a) may be amended in accordance with Subsection 11.1(d) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new Tranches added pursuant to Subsections 2.8, 2.10 and 2.11, as applicable.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower in respect of such borrowing a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Subsection 4.8(b)

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shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall notify the Borrower of the failure of such Lender to make such amount available to the Administrative Agent and the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans hereunder on demand from the Borrower; provided that the foregoing notice and recovery provisions shall not apply to the funding of Initial Term Loans on the Closing Date.

4.9 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof in each case occurring after the Closing Date shall make it unlawful for any Lender to make or maintain any Eurodollar Loans as contemplated by this Agreement ("Affected Loans"), (a) such Lender shall promptly give written notice of such circumstances to the Borrower and the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Affected Loans, continue Affected Loans as such and convert an ABR Loan to an Affected Loan shall forthwith be cancelled and, until such time as it shall no longer be unlawful for such Lender to make or maintain such Affected Loans, such Lender shall then have a commitment only to make an ABR Loan when an Affected Loan is requested and (c) such Lender's Loans then outstanding as Affected Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Affected Loans or within such earlier period as required by law. If any such conversion or prepayment of an Affected Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Subsection 4.12.

4.10 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender):

- (i) shall subject such Lender to any Tax of any kind whatsoever with respect to any Eurodollar Loans made or maintained by it or its obligation to make or maintain Eurodollar Loans, except for Non-Excluded Taxes, Taxes imposed by FATCA and franchise Taxes or branch profits Taxes, of such Lender or its applicable lending office, branch profits, or any affiliate thereof;
- (ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the LIBOR Rate hereunder; or
- (iii) shall impose on such Lender any other condition (excluding Taxes);

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and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrower from such Lender, through the Administrative Agent in accordance herewith, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable with respect to such Eurodollar Loans; provided that, in any such case, the Borrower may elect to convert the Eurodollar Loans made by such Lender hereunder to ABR Loans by giving the Administrative Agent at least three Business Days' (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) notice of such election, in which case the Borrower shall promptly pay to such Lender, upon demand, without duplication, amounts theretofore required to be paid to such Lender pursuant to this Subsection 4.10(a) and such amounts, if any, as may be required pursuant to Subsection 4.12. If any Lender becomes entitled to claim any additional amounts pursuant to this Subsection 4.10(a), it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in this clause (a) has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Subsection 4.10(a) submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Subsection 4.10(a), the Borrower shall not be required to compensate a Lender pursuant to this Subsection 4.10(a) (i) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor or (ii) for any amounts, if such Lender is applying this provision to the Borrower in a manner that is inconsistent with its application of "increased cost" or other similar provisions under other syndicated credit agreements to similarly situated borrowers. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or liquidity or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) from any Governmental Authority, in each case, made subsequent to the Closing Date, does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender to be material, then from time to time, within ten Business Days after submission by such Lender to the Borrower (through the Administrative Agent) of a written request therefor certifying (x) that one of the events described in this clause (b) has occurred and describing in reasonable detail the nature of such event, (y) as to the reduction of the rate of return on capital resulting from such event and (z) as to the additional amount or amounts demanded by such Lender or corporation and a reasonably detailed explanation of the calculation thereof, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or corporation for such reduction.

Such a certificate as to any additional amounts payable pursuant to this Subsection 4.10(b) submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Subsection 4.10(b), the Borrower shall not be required to compensate a Lender pursuant to this Subsection 4.10(b) (i) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor or (ii) for any amounts, if such Lender is applying this provision to the Borrower in a manner that is inconsistent with its application of "increased cost" or other similar provisions under other syndicated credit agreements to similarly situated borrowers. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(c) Notwithstanding anything herein to the contrary, the Dodd Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, regulations, guidelines and directives promulgated thereunder or issued in connection therewith, and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, in each case shall be deemed to have been enacted, adopted or issued, as applicable, subsequent to the Closing Date for all purposes herein.

4.11 Taxes. (a) Except as provided below in this Subsection 4.11 or as required by law (which, for purposes of this Subsection 4.11, shall include FATCA), all payments made by or on account of any Loan Party or the Agents under this Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of any Taxes; provided that if any Non-Excluded Taxes are required to be withheld from any amounts payable by or on account of any Loan Party to any Agent or any Lender hereunder or under any Notes, the amounts so payable by the applicable Loan Party shall be increased to the extent necessary to yield to such Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Loan Parties shall be entitled to deduct and withhold, and no Loan Party shall be required to indemnify for, any Excluded Taxes or (y) with respect to any Non-Excluded Taxes imposed in connection with the payment of any fees paid under this Agreement unless such Non-Excluded Taxes are imposed as a result of a change in treaty, law or regulation that occurred after such Agent acquired such interest in the Loan hereunder, such Lender acquired such interest in the Loan hereunder, including assignment other than pursuant to Section 4.13(c), if such Agent or Lender is a non-U.S. intermediary or flow-through entity for U.S. federal income tax purposes, after the relevant beneficiary or member of such Agent or Lender became such a beneficiary or member, if later (any such change, at such time, a "Change in Law"). Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the respective Lender or Agent, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate Governmental Authority in accordance with applicable law or the Borrower fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the Lenders and the Agents for any incremental Taxes,

interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this Subsection 4.11 shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(b) Each Agent and each Lender that is not a United States Person shall:

(i) (1) on or before the date of any payment by the Borrower under this Agreement or any Notes to, or for the account of, such Agent or Lender, deliver to the Borrower and the Administrative Agent two accurate and complete executed copies of Internal Revenue Service Forms W-8BEN or W-8BEN-E, as applicable (certifying that it is a resident of the applicable country within the meaning of the income tax treaty between the United States and that country) or Forms W-8ECI, or successor applicable form, as the case may be, in each case certifying that it is entitled to receive all payments under this Agreement and any Notes without deduction or withholding of any United States federal withholding taxes;

(2) deliver to the Borrower and the Administrative Agent two further accurate and complete executed copies of forms or certifications provided in Subsection 4.11(b)(i)(1) on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form or certificate previously delivered by it to the Borrower;

(3) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent; and

(4) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that, in determining the reasonableness of a request under this clause (4), such Lender shall be entitled to consider the cost (to the extent unreimbursed by any Loan Party) which would be imposed on such Lender of complying with such request; or

(ii) in the case of any such Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and is claiming the so-called "portfolio interest exemption",

(1) represent to the Borrower and the Administrative Agent that it is not (A) a bank within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code;

(2) deliver to the Borrower on or before the date of any payment by the Borrower with a copy to the Administrative Agent, (A) two certificates substantially in the form of Exhibit D-1 or D-2 hereto (any such certificate a "U.S. Tax Compliance Certificate") and (B) two accurate and complete executed copies of Internal Revenue Service Forms W-8BEN or W-8BEN-E, as applicable, or successor applicable form, certifying to such Lender's legal entitlement at the date of such form to an exemption from U.S. withholding tax under the provisions of Section 871(h) or Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes (and shall also deliver to the Borrower and the Administrative Agent two further accurate and complete executed copies of forms or certificates on or before the date it expires or becomes obsolete and after the occurrence of any event requiring a change in the most recently provided form or certificate and, if necessary, obtain any extensions of time reasonably requested by the Borrower or the Administrative Agent for filing and completing such forms or certificates); and

(3) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that, in determining the reasonableness of a request under this clause (3), such Lender shall be entitled to consider the cost (to the extent unreimbursed by the Borrower) which would be imposed on such Lender of

complying with such request; or

(iii) in the case of any such Agent or Lender that is a non-U.S. intermediary or flow-through entity for U.S. federal income tax purposes,

(1) on or before the date of any payment by the Borrower under this Agreement or any Notes to, or for the account of, such Agent or Lender, deliver to the Borrower and the Administrative Agent two accurate and complete executed copies of Internal Revenue Service Forms W-8IMY and, if any beneficiary or member of such Lender is claiming the so-called “portfolio interest exemption”, (I) represent to the Borrower and the Administrative Agent that (A) neither such Lender nor the beneficiary or member of such Lender is a bank within the meaning of Section 881(c)(3)(A) of the Code, (B) the beneficiary or member of such Lender is not a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (C) the beneficiary or member of such Lender is not a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code, and (II) also deliver to the Borrower and the Administrative Agent two U.S. Tax Compliance Certificates substantially in the form of Exhibit D-3 or D-4 certifying to such beneficiary’s or member’s legal entitlement at the date of such certificate to an exemption from U.S. withholding

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tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes; and

(A) with respect to each beneficiary or member of such Agent or Lender that is not claiming the so-called “portfolio interest exemption”, also deliver to the Borrower and the Administrative Agent two accurate and complete executed copies of Internal Revenue Service Forms W-8BEN or W-8BEN-E, as applicable (certifying that such beneficiary or member is a resident of the applicable country within the meaning of the income tax treaty between the United States and that country), Forms W-8ECI or Forms W-9, or successor applicable form, as the case may be, in each case so that each such beneficiary or member is entitled to receive all payments under this Agreement and any Notes without deduction or withholding of any United States federal withholding taxes; and

(B) with respect to each beneficiary or member of such Lender that is claiming the so-called “portfolio interest exemption”, (I) represent to the Borrower and the Administrative Agent that such beneficiary or member is not (I) a bank within the meaning of Section 881(c)(3)(A) of the Code, (2) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (3) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code, and (II) also deliver to the Borrower and the Administrative Agent two U.S. Tax Compliance Certificates from each beneficiary or member and two accurate and complete executed copies of Internal Revenue Service Forms W-8BEN or W-8BEN-E, as applicable, or successor applicable form, certifying to such beneficiary’s or member’s legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 871(h) or Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes, and (III) also deliver to the Borrower and the Administrative Agent such other forms, documentation or certifications, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax with respect to payments under this Agreement and any Notes;

(2) deliver to the Borrower and the Administrative Agent two further accurate and complete executed copies of executed copies of forms, certificates or certifications referred to above on or before the date any such form, certificate or certification expires or becomes obsolete, or any beneficiary or member changes, and after the occurrence of any event requiring a change in the most recently provided form, certificate or certification and obtain such extensions of time reasonably requested by the Borrower or the Administrative Agent for filing and completing such forms, certificates or certifications; and

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(3) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Agent or Lender (or beneficiary or member) to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that in determining the reasonableness of a request under this clause (3) such Agent or Lender shall be entitled to consider the cost (to the extent unreimbursed by the Borrower) which would be imposed on such Agent or Lender (or beneficiary or member) of complying with such request;

unless, in any such case, there has been a Change in Law which renders all such forms inapplicable or which would prevent such Agent or such Lender (or such beneficiary or member) from duly completing and delivering any such form with respect to it and such Agent or such Lender so advises the Borrower and the Administrative Agent.

(c) Each Lender and each Agent, in each case that is a United States Person, shall, on or before the date of any payment by the Borrower under this Agreement or any Notes to such Lender or Agent, deliver to the Borrower and the Administrative Agent two accurate and complete executed copies of Internal Revenue Service Forms W-9, or successor form, certifying that such Lender or Agent is a United States Person and that such Lender or Agent is entitled to complete exemption from United States backup withholding tax.

(d) Notwithstanding the foregoing, if the Administrative Agent is not a United States Person, on or before the date of any payment by the Borrower under this Agreement or any Notes to the Administrative Agent, the Administrative Agent shall:

(i) deliver to the Borrower (A) two accurate and complete executed copies of Internal Revenue Service Forms W-8ECI, or successor applicable form, with respect to any amounts payable to the Administrative Agent for its own account, (B) two accurate and complete executed copies of Internal Revenue Service Forms W-8IMY, or successor applicable form, with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a “U.S. branch” and that the payments it receives for the account of others are not effectively connected with the conduct of its trade or business in the United States and that it is using such form as evidence of its agreement with the Borrower to be treated as a U.S. person with respect to such payments (and the Borrower and the Administrative Agent agree to so treat the Administrative Agent as a U.S. person with respect to such payments as contemplated by U.S. Treasury Regulation § 1.1441-1(b)(2)(iv)) or (C) such other forms or certifications as may be sufficient under applicable law to establish that the Administrative Agent is entitled to receive any payment by the Borrower under this Agreement or any Notes (whether for its own account or for the account of others) without deduction or withholding of any United States federal income taxes;

(ii) deliver to the Borrower two further accurate and complete executed copies of forms or certifications provided in Subsection 4.11(d) (i) on or before

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the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form or certificate previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;

unless in any such case (other than with respect to United States backup withholding tax) there has been a Change in Law which renders all such forms inapplicable or which would prevent the Administrative Agent from duly completing and delivering any such form with respect to it and the Administrative Agent so advises the Borrower.

(e) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA, such Lender shall deliver to the Administrative Agent and the Borrower, at the time or times prescribed by law and at such time or times reasonably requested by the Administrative Agent or the Borrower, such documentation prescribed by applicable law and such additional documentation reasonably requested by the Administrative Agent or the Borrower as may be necessary for the Administrative Agent and the Borrower to comply with their respective obligations (including any applicable reporting requirements) under FATCA, to determine whether such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. For the avoidance of doubt, the Borrower and the Administrative Agent shall be permitted to withhold any Taxes imposed by FATCA.

4.12 Indemnity. The Borrower agrees to indemnify each Lender in respect of Extensions of Credit made, or requested to be made, to the Borrower, and to hold each such Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's bad faith, gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable decision) as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment or conversion of Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a payment or prepayment of Eurodollar Loans or the conversion of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or converted, or not so borrowed, converted or continued, for the period from the date of such prepayment or conversion or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. If any

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Lender becomes entitled to claim any amounts under the indemnity contained in this Subsection 4.12, it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in clause (a), (b) or (c) has occurred and describing in reasonable detail the nature of such event, (y) as to the loss or expense sustained or incurred by such Lender as a consequence thereof and (z) as to the amount for which such Lender seeks indemnification hereunder and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any indemnification pursuant to this Subsection 4.12 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. The Borrower shall pay (or cause the relevant Borrower to pay) such Lender the amount shown as due on any such certificate within five Business Days after receipt thereof. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

4.13 Certain Rules Relating to the Payment of Additional Amounts. (a) Upon the request, and at the expense of the Borrower, each Lender and Agent to which the Borrower is required to pay any additional amount pursuant to Subsection 4.10 or 4.11, and any Participant in respect of whose participation such payment is required, shall reasonably afford the Borrower the opportunity to contest, and reasonably cooperate with the Borrower in contesting, the imposition of any Non-Excluded Tax giving rise to such payment; provided that (i) such Lender or Agent shall not be required to afford the Borrower the opportunity to so contest unless the Borrower shall have confirmed in writing to such Lender or Agent the Borrower's obligation to pay such amounts pursuant to this Agreement and (ii) the Borrower shall reimburse such Lender or Agent for its reasonable attorneys' and accountants' fees and disbursements incurred in so cooperating with the Borrower in contesting the imposition of such Non-Excluded Tax; provided, however, that notwithstanding the foregoing no Lender or Agent shall be required to afford the Borrower the opportunity to contest, or cooperate with the Borrower in contesting, the imposition of any Non-Excluded Taxes, if such Lender or Agent in its sole discretion in good faith determines that to do so would have an adverse effect on it.

(b) If a Lender changes its applicable lending office (other than (f) pursuant to clause (c) below or (ii) after an Event of Default under Subsection 9.1(a) or (f) has occurred and is continuing) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amount under Subsection 4.10 or 4.11, the Borrower shall not be obligated to pay such additional amount.

(c) If a condition or an event occurs which would, or would upon the passage of time or giving of notice, result in the payment of any additional amount to any Lender or Agent by the Borrower pursuant to Subsection 4.10 or 4.11 or result in Affected Loans or commitments to make Affected Loans being automatically converted to ABR Loans or commitments to make ABR Loans, as the case may be, pursuant to Subsection 4.9, such Lender or Agent shall promptly notify the Borrower and the Administrative Agent and shall take such steps as may reasonably be available to it to mitigate the effects of such condition or event (which shall include efforts to rebook the Term Loans held by such Lender at another lending office, or through another branch or an affiliate, of such Lender); provided that such Lender or Agent shall not be required to take any step that, in its reasonable judgment, would be materially disadvantageous to its business or operations or would require it to incur additional costs (unless

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the Borrower agrees to reimburse such Lender or Agent for the reasonable incremental out-of-pocket costs thereof).

(d) If the Borrower shall become obligated to pay additional amounts pursuant to Subsection 4.10 or 4.11 and any affected Lender shall not have promptly taken steps necessary to avoid the need for payments under Subsection 4.10 or 4.11 or if Affected Loans or commitments to make Affected Loans are automatically converted to ABR Loans or commitments to make ABR Loans, as the case may be, under Subsection 4.9 and any affected Lender shall not have promptly taken steps necessary to avoid the need for such conversion under Subsection 4.9, the Borrower shall have the right, for so long as such obligation remains, (i) with the assistance of the Administrative Agent to seek one or more substitute Lenders reasonably satisfactory to the Administrative Agent and the Borrower to purchase the affected Term Loan, in whole or in part, at an aggregate price no less than such Term Loan's principal amount plus accrued interest, and assume the affected obligations under this Agreement, or (ii) so long as no Event of Default under Subsection 9.1(a) or (f) then exists or will exist immediately after giving effect to the respective prepayment, upon notice to the Administrative Agent to prepay the affected Term Loan, in whole or in part, subject to Subsection 4.12, without premium or penalty. In the case of the substitution of a Lender, then, the Borrower, the Administrative Agent, the affected Lender, and any substitute Lender shall execute and deliver an appropriately completed Assignment and Acceptance pursuant to Subsection 11.6(b) to effect the assignment of rights to, and the assumption of obligations by, the substitute Lender; provided that any fees required to be paid by Subsection 11.6(b) in connection with such assignment shall be paid by the Borrower or the substitute Lender. In the case of a prepayment of an affected Term Loan, the amount specified in the notice shall be due and payable on the date specified therein, together with any accrued interest to such date on the amount prepaid. In the case of each of the substitution of a Lender and of the prepayment of an affected Term Loan, the Borrower shall first pay the affected Lender any additional amounts owing under Subsections 4.10 and 4.11 (as well as any commitment fees and other amounts then due and owing to such Lender, including any amounts under this Subsection 4.13) prior to such substitution or prepayment. In the case of the substitution of a Lender pursuant to this Subsection 4.13(d), if the Lender being replaced does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the assignee Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (b) the date as of which all obligations of the

Borrower owing to such replaced Lender relating to the Term Loans and participations so assigned shall be paid in full by the assignee Lender and/or the Borrower to such Lender being replaced, then the Lender being replaced shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Lender.

(e) If any Agent or any Lender receives a refund directly attributable to Taxes for which the Borrower has made additional payments pursuant to Subsection 4.10(a) or 4.11(a), such Agent or such Lender, as the case may be, shall promptly pay such refund (together with any interest with respect thereto received from the relevant taxing authority, but net of any reasonable cost incurred in connection therewith) to the Borrower; provided, however, that the Borrower agrees promptly to return such refund (together with any interest, penalties or charges

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with respect thereto due to the relevant taxing authority) (without deduction for any Non-Excluded Taxes) to such Agent or the applicable Lender, as the case may be, upon receipt of a notice that such refund is required to be repaid to the relevant taxing authority. This paragraph shall not be construed to require any Agent or Lender to make available its Tax returns (or related work papers and advice prepared by outside advisors) to the Borrower or to any other Person.

(f) The obligations of any Agent, Lender or Participant under this Subsection 4.13 shall survive the termination of this Agreement and the payment of the Term Loans and all amounts payable hereunder.

SECTION 5

Representations and Warranties

To induce the Administrative Agent and each Lender to make the Extensions of Credit requested to be made by it on the Closing Date and on each other date on which an Extension of Credit is made thereafter, Holdings (solely in respect of Subsections 5.2, 5.3, 5.4 and 5.5) and the Borrower with respect to itself and its Restricted Subsidiaries, hereby represents and warrants, on the Closing Date, in each case after giving effect to the Transactions, and on every other date on which an Extension of Credit is made thereafter to the Administrative Agent and each Lender that:

5.1 Financial Condition. (a) The audited consolidated balance sheet and related statement of operations, equity and cash flows of the Parent for the Fiscal Year ended December 31, 2015, reported on by and accompanied by unqualified reports from Ernst & Young LLP, present fairly, in all material respects, the consolidated financial condition as at such date, and the consolidated statements of operations and consolidated cash flows for the period then ended, of the Parent. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP consistently applied throughout the periods covered thereby (except as approved by a Responsible Officer, and disclosed in any such schedules and notes).

(b) As of the Closing Date, except as set forth in the financial statements referred to in Subsection 5.1(a), there are no liabilities of any Loan Party of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, which would reasonably be expected to result in a Material Adverse Effect.

5.2 No Change; Solvent. Since December 31, 2015, there has been no development or event relating to or affecting any Loan Party which has had or would be reasonably expected to have a Material Adverse Effect (after giving effect to (i) the consummation of the Transactions, (ii) the making of the Extensions of Credit to be made on the Closing Date and the application of the proceeds thereof as contemplated hereby, and (iii) the payment of actual or estimated fees, expenses, financing costs and tax payments related to the Transactions contemplated hereby). As of the Closing Date, after giving effect to the consummation of the Transactions to be consummated on the Closing Date, the Borrower, together with its Subsidiaries on a consolidated basis, is Solvent.

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5.3 Corporate Existence; Compliance with Law. Each of the Loan Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, except (other than with respect to the Borrower), to the extent that the failure to be organized, existing and in good standing would not reasonably be expected to have a Material Adverse Effect, (b) has the legal right to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, except to the extent that the failure to have such legal right would not be reasonably expected to have a Material Adverse Effect, (c) is duly qualified as a foreign corporation or limited liability company and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, other than in such jurisdictions where the failure to be so qualified and in good standing would not be reasonably expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

5.4 Corporate Power; Authorization; Enforceable Obligations. Each Loan Party has the corporate or other organizational power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain Extensions of Credit hereunder, and each such Loan Party has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the Extensions of Credit to it, if any, on the terms and conditions of this Agreement and any Notes. No consent or authorization of, filing with, notice to or other similar act by or in respect of, any Governmental Authority or any other Person is required to be obtained or made by or on behalf of any Loan Party in connection with the execution, delivery, performance, validity or enforceability of the Loan Documents to which it is a party or, in the case of the Borrower, with the Extensions of Credit to it, if any, hereunder, except for (a) consents, authorizations, notices and filings which have been obtained or made prior to the Closing Date, (b) filings to perfect the Liens created by the Security Documents, and (c) consents, authorizations, notices and filings which the failure to obtain or make would not reasonably be expected to have a Material Adverse Effect. This Agreement has been duly executed and delivered by the Borrower, and each other Loan Document to which any Loan Party is a party will be duly executed and delivered on behalf of such Loan Party. This Agreement constitutes a legal, valid and binding obligation of the Borrower and each other Loan Document to which any Loan Party is a party when executed and delivered will constitute a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, in each case except as enforceability may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.5 No Legal Bar. The execution, delivery and performance of the Loan Documents by any of the Loan Parties, the Extensions of Credit hereunder and the use of the proceeds thereof (a) will not violate any Requirement of Law or Contractual Obligation of such Loan Party in any respect that would reasonably be expected to have a Material Adverse Effect, (b) will not result in, or require the creation or imposition of any Lien (other than Liens securing the Term Loan Facility Obligations or otherwise permitted hereby) on any of its properties or revenues pursuant to any such Requirement of Law or Contractual Obligation and (c) will not

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violate any provision of the Organizational Documents of such Loan Party or any of the Restricted Subsidiaries, except (other than with respect to the Borrower) as would not reasonably be expected to have a Material Adverse Effect.

5.6 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Restricted Subsidiaries or against any of their respective properties or revenues, (a) except as described on Schedule 5.6, which is so pending or threatened at any time on or prior to the Closing Date and relates to any of the Loan Documents or any of the transactions contemplated hereby or thereby or (b) which would be reasonably expected to have a Material Adverse Effect.

5.7 No Default. Neither the Borrower nor any of its Restricted Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect which would be reasonably expected to have a Material Adverse Effect. As of the Closing Date, no Default or Event of Default has occurred and is continuing.

5.8 Ownership of Property; Liens. Each of the Borrower and its Restricted Subsidiaries has good title in fee simple to, or a valid leasehold interest in, all its material real property located in the United States of America, and good title to, or a valid leasehold interest in, all its other material property located in the United States of America, except those for which the failure to have such good title or such leasehold interest would not be reasonably expected to have a Material Adverse Effect, and none of such real or other property is subject to any Lien, except for Liens permitted hereby (including Permitted Liens). Schedule 5.8 sets forth all Mortgaged Fee Properties as of the Closing Date.

5.9 Intellectual Property. The Borrower and each of its Restricted Subsidiaries owns beneficially, or has the legal right to use, all United States and foreign patents, patent applications, trademarks, trademark applications, trade names, copyrights, and rights in know-how and processes necessary for each of them to conduct its business as currently conducted (the "Intellectual Property") except for those the failure to own or have such legal right to use would not be reasonably expected to have a Material Adverse Effect. Except as provided on Schedule 5.9, no claim has been asserted and is pending by any Person against the Borrower or any of its Restricted Subsidiaries challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any such claim, and, to the knowledge of the Borrower, the use of such Intellectual Property by the Borrower and its Restricted Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements which in the aggregate, would not be reasonably expected to have a Material Adverse Effect.

5.10 Taxes. To the knowledge of the Borrower, (1) the Borrower and each of its Restricted Subsidiaries has filed or caused to be filed all material tax returns which are required to be filed by it and has paid (a) all Taxes shown to be due and payable on such returns and (b) all Taxes shown to be due and payable on any assessments of which it has received notice made against it or any of its property (including the Mortgaged Fee Properties) and all other Taxes imposed on it or any of its property by any Governmental Authority; and (2) no Tax Liens have been filed (except for Permitted Liens), and no claim is being asserted in writing,

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with respect to any such Taxes (in each case other than in respect of any such (i) Taxes with respect to which the failure to pay, in the aggregate, would not have a Material Adverse Effect or (ii) Taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Restricted Subsidiaries, as the case may be).

5.11 Federal Regulations. No part of the proceeds of any Extensions of Credit will be used for any purpose which violates the provisions of the Regulations of the Board, including Regulation T, Regulation U or Regulation X of the Board.

5.12 ERISA. (a) During the five year period prior to each date as of which this representation is made, or deemed made, with respect to any Plan, none of the following events or conditions, either individually or in the aggregate, has resulted or is reasonably likely to result in a Material Adverse Effect: (i) a Reportable Event, (ii) any noncompliance with the applicable provisions of ERISA or the Code, (iii) a termination of a Single Employer Plan (other than a standard termination pursuant to Section 4041(b) of ERISA), (iv) a Lien on the property of the Borrower or its Restricted Subsidiaries in favor of the PBGC or a Plan, (v) a complete or partial withdrawal from any Multiemployer Plan by the Borrower or any Commonly Controlled Entity, (vi) the "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA) of, or Insolvency of, any Multiemployer Plan or (vii) any transaction that resulted or could reasonably be expected to result in any Liability to the Borrower or any Commonly Controlled Entity under Section 4069 of ERISA or Section 4212(c) of ERISA, (viii) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Single Employer Plan, or (ix) the imposition of any Liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower, any Restricted Subsidiary or any Commonly Controlled Entity. During the five year period prior to each date as of which this representation is made, or deemed made, neither the Borrower nor any ERISA Affiliate has failed to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA).

(b) With respect to any Foreign Plan, none of the following events or conditions exists and is continuing that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect: (i) non-compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders, (ii) failure to be maintained, where required, in good standing with applicable regulatory authorities, (iii) any obligation of the Borrower or its Restricted Subsidiaries in connection with the termination or partial termination of, or withdrawal from, any Foreign Plan, (iv) any Lien on the property of the Borrower or its Restricted Subsidiaries in favor of a Governmental Authority as a result of any action or inaction regarding a Foreign Plan, (v) for each Foreign Plan which is a funded or insured plan, failure to be funded or insured on an ongoing basis to the extent required by applicable non-U.S. law (using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities), (vi) any facts that, to the best knowledge of the Borrower or any of its Restricted Subsidiaries, exist that would reasonably be expected to give rise to a dispute and any pending or threatened disputes that, to the best knowledge of the Borrower or any of its Restricted Subsidiaries, would reasonably be expected

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to result in a material liability to the Borrower or any of its Restricted Subsidiaries concerning the assets of any Foreign Plan (other than individual claims for the payment of benefits), and (vii) failure to make contributions in a timely manner to the extent required by applicable non-U.S. law.

5.13 Collateral. Upon execution and delivery thereof by the parties thereto, the Guaranty Agreement, the Security Agreement and the Mortgages (if any) will be effective to create (to the extent described therein) in favor of the Collateral Agent for the benefit of the Secured Parties, a valid and enforceable security interest in or liens on the Collateral described therein, except as to enforcement, as may be limited by applicable domestic or foreign bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing. When (a) all filings, registrations and recordings required under the Security Agreement have been completed, (b) all applicable Instruments, Chattel Paper and Documents (each as described therein) constituting Collateral a security interest in which is perfected by possession have been delivered to, and/or are in the continued possession of, the Collateral Agent or the applicable Collateral Representative, as applicable (or their respective agents appointed for purposes of perfection), in accordance with the applicable ABL/Term Loan Intercreditor Agreement, Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, (c) all Deposit Accounts and Pledged Interests (each as defined in the Security Agreement) a security interest in which is required to be or is perfected by "control" (as described in the Uniform Commercial Code as in effect in the State of New York from time to time) are under the "control" of the Collateral Agent, the Administrative Agent or the applicable Collateral Representative, as applicable (or their respective agents appointed for purposes of perfection), in accordance with the applicable ABL/Term Loan Intercreditor Agreement, Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, and (d) the Mortgages (if any) have been duly recorded in the proper recorders' offices or appropriate public records and the mortgage recording fees and taxes in respect thereof, if any, are paid and compliance is otherwise had with the formal requirements of state or local law applicable to the recording of real property mortgages generally, the security interests and liens granted pursuant to the Security Agreement and the Mortgages shall constitute (to the extent described therein and with respect to the Mortgages, only as relates to the real property security interests and liens granted pursuant thereto) a perfected first priority (in the case of Term Priority Collateral) or second priority (in the case of ABL Priority

Collateral), in each case, subject to Permitted Liens, security interest in (to the extent intended to be created thereby and required to be perfected under the Loan Documents), all right, title and interest of each pledgor or mortgagor (as applicable) party thereto in the Collateral described therein (excluding Commercial Tort Claims, as defined in the Security Agreement, other than such Commercial Tort Claims set forth on Schedule 6 thereto (if any)) with respect to such pledgor or mortgagor (as applicable). Notwithstanding any other provision of this Agreement, capitalized terms that are used in this Subsection 5.13 and not defined in this Agreement are so used as defined in the applicable Security Document.

5.14 Investment Company Act; Other Regulations. Borrower is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act. The Borrower is not subject to regulation under any

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federal or state statute or regulation (other than Regulation X of the Board) which limits its ability to incur Indebtedness as contemplated hereby.

5.15 Subsidiaries. Schedule 5.15 sets forth all the Subsidiaries of the Borrower at the Closing Date (after giving effect to the Transactions), the jurisdiction of their organization and the direct or indirect ownership interest of the Borrower therein.

5.16 Purpose of Loans. The proceeds of the Initial Term Loans, together with the proceeds of drawings under the Senior ABL Facility, shall be used by the Borrower to pay the Closing Date Dividend, to repay all existing term loans outstanding under the Existing Credit Agreement immediately prior to the incurrence of the Initial Term Loans on the Closing Date and to pay certain transaction fees and expenses relating to the foregoing transactions.

5.17 Environmental Matters. Other than as disclosed on Schedule 5.17 or exceptions to any of the following that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) The Borrower and its Restricted Subsidiaries: (i) are, and within the period of all applicable statutes of limitation have been, in compliance with all applicable Environmental Laws; (ii) hold all Environmental Permits (each of which is in full force and effect) required for any of their current operations or for any property owned, leased, or otherwise operated by any of them and reasonably expect to timely obtain without material expense all such Environmental Permits required for planned operations; (iii) are, and within the period of all applicable statutes of limitation have been, in compliance with all of their Environmental Permits; and (iv) believe they will be able to maintain compliance with Environmental Laws and Environmental Permits, including any reasonably foreseeable future requirements thereof.

(b) Materials of Environmental Concern have not been transported, disposed of, emitted, discharged, or otherwise released or threatened to be released, to, at or from any real property presently or formerly owned, leased or operated by the Borrower or any of its Restricted Subsidiaries or at any other location, which would reasonably be expected to (i) give rise to liability or other Environmental Costs of the Borrower or any of its Restricted Subsidiaries under any applicable Environmental Law, or (ii) interfere with the planned or continued operations of the Borrower and its Restricted Subsidiaries, or (iii) impair the fair saleable value of any real property owned by the Borrower or any of its Restricted Subsidiaries that is part of the Collateral.

(c) There is no judicial, administrative, or arbitral proceeding (including any notice of violation or alleged violation) under any Environmental Law to which the Borrower or any of its Restricted Subsidiaries is, or to the knowledge of the Borrower or any of its Restricted Subsidiaries is reasonably likely to be, named as a party that is pending or, to the knowledge of the Borrower or any of its Restricted Subsidiaries, threatened.

(d) Neither the Borrower nor any of its Restricted Subsidiaries has received any written request for information, claim alleging liability for Environmental

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Costs, or been notified that it is a potentially responsible party, under the federal Comprehensive Environmental Response, Compensation, and Liability Act or any similar Environmental Law, or received any other written request for information or for payment of Environmental Costs from any Governmental Authority or third party with respect to any Materials of Environmental Concern.

(e) Neither the Borrower nor any of its Restricted Subsidiaries has entered into or agreed to any consent decree, order, or settlement or other agreement, nor is subject to any judgment, decree, or order or other agreement, in any judicial, administrative, arbitral, or other forum, relating to compliance with or liability under any Environmental Law.

5.18 No Material Misstatements. The written information, reports, financial statements, exhibits and schedules furnished by or on behalf of the Borrower to the Administrative Agent, the Other Representatives and the Lenders on or prior to the Closing Date in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto, taken as a whole, did not contain as of the Closing Date any material misstatement of fact and did not omit to state as of the Closing Date any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading in their presentation of the Borrower and its Restricted Subsidiaries taken as a whole. It is understood that (a) no representation or warranty is made concerning the forecasts, estimates, pro forma information, projections and statements as to anticipated future performance or conditions, and the assumptions on which they were based or concerning any information of a general economic nature or general information about the Borrower's and its Subsidiaries' industry, contained in any such information, reports, financial statements, exhibits or schedules, except that, in the case of such forecasts, estimates, pro forma information, projections and statements, as of the date such forecasts, estimates, pro forma information, projections and statements were generated, (i) such forecasts, estimates, pro forma information, projections and statements were based on the good faith assumptions of the management of the Borrower and (ii) such assumptions were believed by such management to be reasonable and (b) such forecasts, estimates, pro forma information and statements, and the assumptions on which they were based, may or may not prove to be correct.

5.19 Labor Matters. There are no strikes pending or, to the knowledge of the Borrower, reasonably expected to be commenced against the Borrower or any of its Restricted Subsidiaries which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. The hours worked and payments made to employees of the Borrower and each of its Restricted Subsidiaries have not been in violation of any applicable laws, rules or regulations, except where such violations would not reasonably be expected to have a Material Adverse Effect.

5.20 Anti-Terrorism; Anti-Corruption; Sanctions. As of the Closing Date, (a) the Borrower and its Restricted Subsidiaries are in compliance with the Patriot Act, (b) none of the Borrower and its Restricted Subsidiaries is a person on the list of “Specially Designated Nationals and Blocked Persons”, subject to the limitations and prohibitions under any other U.S. Department of Treasury's Office of Foreign Asset Control regulation or executive order (“OFAC”) or a Sanctioned Person and (c) no part of the proceeds of the Term Loans will be used

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by Holdings, the Borrower or any of their respective Subsidiaries, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA.

SECTION 6

Conditions Precedent

6.1 Conditions to Initial Extension of Credit This Agreement, including the agreement of each Lender to make the initial Extension of Credit requested to be made by it, shall become effective on the date on which the following conditions precedent shall have been satisfied or waived:

(a) Loan Documents. The Administrative Agent shall have received the following Loan Documents, executed and delivered as required below:

(i) this Agreement, executed and delivered by a duly authorized officer of the Borrower;

(ii) the ABL/Term Loan Intercreditor Agreement, executed and delivered by the ABL Agent;

(iii) the Security Agreement, the Guaranty Agreement, Trademark Security Agreement and the other Collateral Documents set forth on Schedule 6.1(a), each as executed and delivered by a duly authorized officer of each Loan Party and the relevant parties thereto together with:

(A) certificates, if any, representing the Pledged Interests that are certificated equity interests of the Borrower, Subsidiary Guarantors and each of their Restricted Subsidiaries that are not Immaterial Subsidiaries, each accompanied by undated stock powers, membership interest powers or other applicable certificates of transfer executed in blank and, in each case, in original (and not electronic) form;

(B) delivery to the Administrative Agent, in proper form for filing, of Uniform Commercial Code financing statements in the jurisdiction of organization of each Loan Party;

(C) copies of recent Lien, bankruptcy, judgment, copyright, patent and trademark searches in each jurisdiction reasonably requested by the Administrative Agent with respect to each Loan Party, none of which encumber Collateral (other than Liens permitted hereunder); and

(D) a Perfection Certificate, dated as of the date hereof, executed and delivered by a duly authorized officer of the Borrower.

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(b) Legal Opinion. The Administrative Agent shall have received an executed legal opinion, in form and substance reasonably satisfactory to the Administrative Agent of Proskauer Rose LLP, counsel to the Loan Parties.

(c) Fees. The Lead Arrangers, the Agents and the Lenders, respectively, shall have received all fees related to the Initial Term Loans funded on the Closing Date and other transaction costs incurred in connection with the Transaction payable to them to the extent due (which may be offset against the proceeds of the Initial Term Loans).

(d) Secretary's Certificate. The Administrative Agent shall have received a certificate from the Borrower and each other Loan Party, dated the Closing Date, substantially in the form of Exhibit F hereto, with appropriate insertions and attachments of resolutions or other actions, evidence of incumbency and the signature of authorized signatories and Organizational Documents, executed by a Responsible Officer and the secretary or any assistant secretary or other authorized representative of such Loan Party.

(e) Good Standing Certificates. The Administrative Agent shall have received good standing certificates for each Loan Party certified by the secretary of state or other proper Governmental Authority of the jurisdiction of organization of such Loan Party, each of which shall be dated not more than 30 days prior to the Closing Date.

(f) Solvency. The Administrative Agent shall have received a certificate of the chief financial officer or treasurer (or other comparable officer) of the Borrower certifying the Solvency, after giving effect to the Transactions, of the Borrower and its Subsidiaries on a consolidated basis in substantially the form of Exhibit H hereto.

(g) Patriot Act. The Administrative Agent shall have received at least three days prior to the Closing Date all documentation and other information about the Loan Parties required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act that has been requested in writing at least 10 days prior to the Closing Date.

(h) Insurance. The Administrative Agent shall have received certificates of insurance, as required by Section 7.5(a), in form and substance reasonably satisfactory to the Administrative Agent.

(i) Existing Debt. Subject only to the initial funding of the Loans on the Closing Date, all Obligations of the Borrower under the Existing Credit Agreement and the related loan documents shall have been repaid in full and the Administrative Agent shall have received a customary payoff letter with respect to the Existing Credit Agreement and lien terminations and/or releases with respect thereto.

(j) ABL Facility Documents. The ABL Facility Documents shall have been amended or amended and restated in a manner reasonably satisfactory to the Administrative Agent.

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(k) Financials. The Administrative Agent shall have received the audited financial statements described in Section 5.1(a), the unaudited consolidated balance sheet of Parent and its Subsidiaries dated June 30, 2016, and the related consolidated statements of operations, statements of shareholders' equity and statements of cash flows of the Borrower and its Subsidiaries for the fiscal quarter ended on that date.

(l) Closing Certificate. The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated as of the Closing Date, confirming satisfaction of the conditions set forth in Section 6.1(i) and Section 6.1(o).

(m) No Material Adverse Effect. Since December 31, 2015, there has been no development or event relating to or affecting any Loan Party which has had or would be reasonably expected to have a Material Adverse Effect.

The making of the initial Extensions of Credit by the Lenders hereunder shall conclusively be deemed to constitute an acknowledgement by the Administrative Agent and each Lender that each of the conditions precedent set forth in this Subsection 6.1 shall have been satisfied in accordance with its respective terms or shall have been irrevocably waived by such Person.

6.2 Conditions to Each Extension of Credit After the Closing Date The agreement of each Lender to make any Extension of Credit requested to be made by it (including on the Closing Date) is subject to the satisfaction or waiver of the following conditions precedent:

- (a) Notice. With respect to any Loan, the Administrative Agent shall have received a duly executed notice of borrowing.
- (b) Representations and Warranties. Each of the representations and warranties made by any Loan Party pursuant to this Agreement or any other Loan Document (or in any amendment, modification or supplement hereto or thereto) to which it is a party, and each of the representations and warranties contained in any certificate furnished at any time by or on behalf of any Loan Party pursuant to this Agreement or any other Loan Document shall, except to the extent that they relate to a particular date, be true and correct in all material respects on and as of such date as if made on and as of such date.
- (c) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Extensions of Credit requested to be made on such date.

Each Extension of Credit hereunder shall constitute a representation and warranty by the Borrower as of the date of such borrowing that the conditions contained in this Subsection 6.2 have been satisfied (excluding, for the avoidance of doubt, the initial Extensions of Credit hereunder).

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SECTION 7

Affirmative Covenants

The Borrower hereby agrees that, from and after the Closing Date, and thereafter until payment in full of the Term Loans and all other Term Loan Facility Obligations then due and owing to any Lender or Agent hereunder, , other than contingent indemnification obligations for which no claim has been asserted, the Borrower shall and shall cause each of its Restricted Subsidiaries to:

7.1 Financial Statements. Furnish to the Administrative Agent for delivery to each Lender (and the Administrative Agent agrees to make and so deliver such copies):

- (a) as soon as available, but in any event not later than the 120th day following the end of each Fiscal Year, a copy of the consolidated balance sheet of the Borrower as at the end of such year and the related consolidated statements of operations and changes in equity and cash flows for such year, setting forth, in each case in comparative form, the figures for and as of the end of the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit (provided that such report may contain a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, if such qualification or exception is related solely to (i) an upcoming Maturity Date hereunder or an upcoming “maturity date” under the Senior ABL Facility Agreement or any other Indebtedness or (ii) any potential inability to satisfy any financial covenant included in any Indebtedness of the Borrower or its Subsidiaries on a future date in a future period), by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing (it being agreed that the furnishing of the Borrower’s or any Parent Entity’s annual report on Form 10-K for such year, as filed with the SEC, will satisfy the Borrower’s obligation under this Subsection 7.1(a) with respect to such year including with respect to the requirement that such financial statements be reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, so long as the report included in such Form 10-K does not contain any “going concern” or like qualification or exception (other than a “going concern” or like qualification or exception with respect to (i) an upcoming Maturity Date hereunder or an upcoming “maturity date” under the Senior ABL Facility Agreement or (ii) any potential inability to satisfy any financial maintenance covenant included in any Indebtedness of the Borrower or its Subsidiaries on a future date or in a future period);
- (b) as soon as available, but in any event not later than the 45th day (or the 65th day with respect to fiscal quarter ending September 30, 2016) following the end of each of the first three quarterly periods of each Fiscal Year, the unaudited consolidated balance sheet of the Borrower as at the end of such quarter and the related unaudited consolidated statements of operations and changes in cash flows of the Borrower for the portion of the Fiscal Year through the end of such quarter, setting forth in comparative form the figures for and as of the corresponding periods of the previous year certified by a Responsible Officer of the Borrower as being fairly stated in all material respects (subject to normal year-end audit and other adjustments) (it being agreed that the

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furnishing of the Borrower’s or any Parent Entity’s quarterly report on Form 10-Q for such quarter, as filed with the SEC, will satisfy the Borrower’s obligations under this Subsection 7.1(b) with respect to such quarter), commencing with the fiscal quarter ending on or about March 31, 2017, together with a management discussion and analysis report;

- (c) to the extent applicable, concurrently with any delivery of consolidated financial statements referred to in Subsections 7.1(a) and (b) above, related unaudited condensed consolidating financial statements and appropriate reconciliations reflecting the material adjustments necessary (as determined by the Borrower in good faith) to eliminate the accounts of any Unrestricted Subsidiaries (if any) from such consolidated financial statements; and
- (d) all such financial statements delivered pursuant to Subsection 7.1(a) or (b) to (and, in the case of any financial statements delivered pursuant to Subsection 7.1(b) shall be certified by a Responsible Officer of the Borrower to) fairly present in all material respects the financial condition of Parent and its Subsidiaries in conformity with GAAP and to be (and, in the case of any financial statements delivered pursuant to Subsection 7.1(b) shall be certified by a Responsible Officer of the Borrower as being) in reasonable detail and prepared in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods that began on or after the Closing Date (except as disclosed therein, and except, in the case of any financial statements delivered pursuant to Subsection 7.1(b), for the absence of certain notes).

Notwithstanding the foregoing, the obligations in paragraphs (a), (b) and (c) of this Subsection 7.1 may be satisfied with respect to financial information of the Borrower and its Subsidiaries by furnishing the applicable financial statements of any Parent Entity of the Borrower that directly or indirectly owns all of the Capital Stock of the Borrower; provided that, (i) to the extent such information relates to a Parent Entity, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Parent Entity, on the one hand, and the information relating to the Borrower and its Restricted Subsidiaries on a standalone basis, on the other hand (which consolidating information shall be certified by a Responsible Officer of the Borrower as fairly presenting such information unless such consolidating information is contained in the financial statements included in a Form 10-K or 10-Q filed with the SEC), and (ii) to the extent such information is in lieu of information required to be provided under Subsection 7.1(a), the consolidated financial statements included in the materials provided pursuant to the foregoing are accompanied by a report by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing or regional standing reasonably acceptable to the Administrative Agent.

The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on the Platform and (b) certain of the Lenders (each, a “Public Lender”) may have personnel who do not wish to receive Material Non-Public Information and who may be engaged in investment and other market-related activities with respect to the Borrower’s or its Affiliates’ securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion

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of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any Material Non-Public Information (although it may be sensitive and proprietary) (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.16); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information”; and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information”. Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials as “PUBLIC”. Each Loan Party hereby acknowledges and agrees that, unless the Borrower notifies the Administrative Agent in advance, all financial statements and certificates furnished pursuant to Sections 7.1 (a), (b) and (c) above are hereby deemed to be suitable for distribution, and to be made available, to all Lenders and may be treated by the Administrative Agent and the Lenders as not containing any Material Non-Public Information.

7.2 Certificates; Other Information. Furnish to the Administrative Agent for delivery to each Lender (and the Administrative Agent agrees to make and so deliver such copies):

(a) commencing with the Fiscal Year ending on or about December 31, 2016 (except in the case of clause (iii) below), concurrently with the delivery of the financial statements and reports referred to in Subsections 7.1(a) and (b), a certificate signed by a Responsible Officer of the Borrower in substantially the form of Exhibit T or such other form as may be agreed between the Borrower and the Administrative Agent (a “Compliance Certificate”) (i) stating that, to the best of such Responsible Officer’s knowledge, each of the Borrower and its Restricted Subsidiaries during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement or the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default, except, in each case, as specified in such certificate, (ii) setting forth a reasonably detailed calculation of the Consolidated Secured Leverage Ratio and Consolidated EBITDA, each for the Most Recent Four Quarter Period and (iii) commencing with the Compliance Certificate for the first Fiscal Year commencing after the Closing Date if (A) delivered with the financial statements required by Section 7.1(a), and (B) the Consolidated Secured Leverage Ratio as of the last day of the immediately preceding Fiscal Year was greater than or equal to 2.50:1.00, setting forth in reasonable detail the amount of (and the calculations required to establish the amount of) Excess Cash Flow, if any, for the respective Fiscal Year covered by such financial statements;

(b) within five Business Days after the same are filed, copies of all financial statements and periodic reports which the Borrower may file with the SEC or any successor or analogous Governmental Authority;

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(c) within five Business Days after the same are filed, copies of all publicly-filed registration statements and any amendments and exhibits thereto, which the Borrower may file with the SEC or any successor analogous Governmental Authority;

(d) not later than the 120th day following the end of each Fiscal Year, a consolidated annual budget for such Fiscal Year in the form customarily prepared by the Borrower (the “Budget”), which Budget will in each case be accompanied by a statement of a Responsible Officer of the Borrower to the effect that the Budget is based on assumptions believed by the Borrower to be reasonable as of the date of delivery thereof;

(e) promptly, such additional financial and other information regarding the business or activity of the Borrower and its Restricted Subsidiaries as any Agent or the Required Lenders through the Administrative Agent may from time to time reasonably request; and

(f) promptly upon reasonable request from the Administrative Agent calculations of Consolidated EBITDA and other Fixed GAAP Terms as reasonably requested by the Administrative Agent promptly following receipt of a written notice from the Borrower electing to change the Fixed GAAP Date, which calculations shall show the calculations of the respective Fixed GAAP Terms both before and after giving effect to the change in the Fixed GAAP Date and identify the material change(s) in GAAP giving rise to the change in such calculations.

Documents required to be delivered pursuant to Subsection 7.1 or 7.2 may at the Borrower’s option be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower’s (or any Parent Entity’s) website on the Internet at such website address as the Borrower may specify by written notice to the Administrative Agent from time to time; or (ii) on which such documents are posted on the Borrower’s (or any Parent Entity’s) behalf on an Internet or intranet website to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent). Following the electronic delivery of any such documents by posting such documents to a website in accordance with the preceding sentence (other than the posting by the Borrower of any such documents on any website maintained for or sponsored by the Administrative Agent), the Borrower shall promptly provide the Administrative Agent notice of such delivery (which notice may be by facsimile or electronic mail) and the electronic location at which such documents may be accessed; provided that, in the absence of bad faith, the failure to provide such prompt notice shall not constitute a Default hereunder.

7.3 Payment of Taxes. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings diligently conducted and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or any of its Restricted Subsidiaries, as the case may be, or except to the extent that failure to do so, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

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7.4 Conduct of Business and Maintenance of Existence; Compliance with Contractual Obligations and Requirements of Law. Preserve, renew and keep in full force and effect its existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole, except as otherwise permitted pursuant to Subsection 8.4 or 8.7; provided that the Borrower and its Restricted Subsidiaries shall not be required to maintain any such rights, privileges or franchises and the Borrower’s Subsidiaries shall not be required to maintain such existence, if the failure to do so would not reasonably be expected to have a Material Adverse Effect; and comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

7.5 Maintenance of Property; Insurance. (a) (i) Keep all property necessary in the business of the Borrower and its Restricted Subsidiaries, taken as a

whole, in good working order and condition, except where failure to do so would not reasonably be expected to have a Material Adverse Effect; (ii) use commercially reasonable efforts to maintain with financially sound and reputable insurance companies (or any Captive Insurance Subsidiary) insurance on, or self-insure, all property material to the business of the Borrower and its Restricted Subsidiaries, taken as a whole, in at least such amounts and against at least such risks (but including in any event public liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business; (iii) furnish to the Administrative Agent, upon written request, information in reasonable detail as to the insurance carried; (iv) use commercially reasonable efforts to maintain property and liability policies that provide that in the event of any cancellation thereof during the term of the policy, either by the insured or by the insurance company, the insurance company shall provide to the secured party prompt notice thereof, or in the case of cancellation for non-payment of premium, 10 days prior written notice thereof; (v) in the event of any material change in any of the property or liability policies referenced in the preceding clause (iv), use commercially reasonable efforts to provide the Administrative Agent with at least 30 days prior written notice thereof; and (vi) use commercially reasonable efforts to ensure that, subject to the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement at all times, the Collateral Agent or the applicable Collateral Representative, in accordance with the applicable ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, for the benefit of the Secured Parties, shall be named as an additional insured with respect to liability policies maintained by the Borrower and each Subsidiary Guarantor and the Collateral Agent or the applicable Collateral Representative, in accordance with the applicable ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, for the benefit of the Secured Parties, shall be named as loss payee with respect to the property insurance maintained by the Borrower and each Subsidiary Guarantor; provided that, unless an Event of Default shall have occurred and be continuing, (A) the Collateral Agent shall turn over to the Borrower any amounts received by it as an additional insured or loss payee under any property insurance maintained by the Borrower and its Subsidiaries, (B) the Collateral Agent agrees that the Borrower and/or the applicable Subsidiary shall have the sole right to adjust or settle any claims under such insurance and (C) all proceeds from a Recovery Event shall be paid to the Borrower.

(b) With respect to each property of the Loan Parties subject to a Mortgage:

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(i) If any portion of any such property is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, such Loan Party shall maintain or cause to be maintained, flood insurance to the extent required by, and in compliance with, applicable law.

(ii) The applicable Loan Party promptly shall comply with and conform to (i) all provisions of each such insurance policy, and (ii) all requirements of the insurers applicable to such party or to such property or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of such property, except for such non-compliance or non-conformity as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iii) If the Borrower or any Subsidiary Guarantor is in default of its obligations to insure or deliver any such prepaid policy or policies, the result of which would reasonably be expected to have a Material Adverse Effect, then the Administrative Agent, at its option upon 10 days' prior written notice to the Borrower, may effect such insurance from year to year at rates substantially similar to the rate at which the Borrower or any Restricted Subsidiary had insured such property, and pay the premium or premiums therefor, and the Borrower shall pay to the Administrative Agent on demand such premium or premiums so paid by the Administrative Agent with interest from the time of payment at a rate per annum equal to 2.00%.

(iv) If such property, or any part thereof, shall be destroyed or damaged and the reasonably estimated cost thereof would exceed \$7,500,000, the Borrower shall give prompt notice thereof to the Administrative Agent. All insurance proceeds paid or payable in connection with any damage or casualty to any property shall be applied in the manner specified in the proviso to Subsection 7.5(a).

7.6 Inspection of Property; Books and Records; Discussions In the case of the Borrower, keep proper books and records in a manner to allow financial statements to be prepared in conformity with GAAP consistently applied in respect of all material financial transactions and matters involving the material assets and business of the Borrower and its Restricted Subsidiaries, taken as a whole; and permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and, to the extent reasonable, make abstracts from any of its books and records and to discuss the business, operations, properties and financial and other condition of the Borrower and its Restricted Subsidiaries with officers of the Borrower and its Restricted Subsidiaries and with its independent certified public accountants (subject to such accountant's policies and procedures), in each case at any reasonable time, upon reasonable notice; provided that representatives of the Borrower may be present during any such visits, discussions and inspections. Notwithstanding anything to the contrary in Subsection 7.2(d) or in this Subsection 7.6, (a) neither the Borrower nor any Restricted Subsidiary will be required to disclose, or permit the inspection or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or the Lenders (or their respective representatives) is prohibited by Requirement of Law or any binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product

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and (b) unless an Event of Default has occurred and is continuing, there shall be no more than one such visit and inspection (taken as a whole) per calendar year.

7.7 Notices. Promptly after a Responsible Officer of the Borrower has actual knowledge thereof or receipt of such document or notice, as applicable, give notice to the Administrative Agent for delivery to each Lender of (and in any event, with respect to clause (e) below, within thirty days, after a Responsible Officer of the Borrower obtains actual knowledge thereof or receipt of such document or notice, as applicable):

(a) the occurrence of any Default or Event of Default;

(b) any event of default under any Contractual Obligation of the Borrower or any of its Restricted Subsidiaries, other than as previously disclosed in writing to the Lenders, which would reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of (i) any default or event of default under the Senior ABL Facility Agreement or (ii) any payment default under any Additional Obligations Documents or under any agreement or document governing other Indebtedness, in each case relating to Indebtedness in an aggregate principal amount equal to or greater than \$25,000,000;

(d) any litigation, investigation or proceeding affecting the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to have a Material Adverse Effect;

(e) (i) the occurrence or expected occurrence of any Reportable Event (or similar event) with respect to any Single Employer Plan (or Foreign Plan), a failure to make any required contribution to a Single Employer Plan, Multiemployer Plan or Foreign Plan, the creation of any Lien on the property of the Borrower or its Restricted Subsidiaries in favor of the PBGC, a Plan or a Foreign Plan or any withdrawal from, or the full or partial termination, "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or Insolvency of, any Multiemployer Plan or Foreign Plan; or (ii) the institution of proceedings or the taking of any other formal action by the PBGC or the Borrower or any of its Restricted Subsidiaries or any Commonly Controlled Entity or any Multiemployer Plan which would reasonably be expected to result in the withdrawal from, or the termination, or Insolvency of, any Single Employer Plan, Multiemployer Plan or Foreign Plan; provided, however, that no such notice will be required under clause (i) or (ii) above unless the event giving rise to such

notice, when aggregated with all other such events under clause (i) or (ii) above, would be reasonably expected to result in a Material Adverse Effect;

(f) (i) any release or discharge by the Borrower or any of its Restricted Subsidiaries of any Materials of Environmental Concern required to be reported under applicable Environmental Laws to any Governmental Authority, unless the Borrower reasonably determines that the total Environmental Costs arising out of such release or discharge would not reasonably be expected to have a Material Adverse Effect, (ii) any

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condition, circumstance, occurrence or event not previously disclosed in writing to the Administrative Agent that would reasonably be expected to result in liability or expense under applicable Environmental Laws, unless the Borrower reasonably determines that the total Environmental Costs arising out of such condition, circumstance, occurrence or event would not reasonably be expected to have a Material Adverse Effect, or would not reasonably be expected to result in the imposition of any lien or other material restriction on the title, ownership or transferability of any facilities and properties owned, leased or operated by the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to result in a Material Adverse Effect, and (iii) any proposed action to be taken by the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to subject the Borrower or any of its Restricted Subsidiaries to any material additional or different requirements or liabilities under Environmental Laws, unless the Borrower reasonably determines that the total Environmental Costs arising out of such proposed action would not reasonably be expected to have a Material Adverse Effect; and

(g) any loss, damage, or destruction to a significant portion of the Collateral, whether or not covered by insurance.

Each notice pursuant to this Subsection 7.7 shall be accompanied by a statement of a Responsible Officer of the Borrower (and, if applicable, the relevant Commonly Controlled Entity or Restricted Subsidiary) setting forth details of the occurrence referred to therein and stating what action the Borrower (or, if applicable, the relevant Commonly Controlled Entity or Restricted Subsidiary) proposes to take with respect thereto.

7.8 Environmental Laws. (a) (i) Comply substantially with, and require substantial compliance by all tenants, subtenants, contractors, and invitees with, all applicable Environmental Laws; (ii) obtain, comply substantially with and maintain any and all Environmental Permits necessary for its operations as conducted and as planned; and (iii) require that all tenants, subtenants, contractors, and invitees obtain, comply substantially with and maintain any and all Environmental Permits necessary for their operations as conducted and as planned, with respect to any property leased or subleased from, or operated by the Borrower or its Restricted Subsidiaries. For purposes of this Subsection 7.8(a), noncompliance shall not constitute a breach of this covenant, provided that, upon learning of any actual or suspected noncompliance, the Borrower and any such affected Restricted Subsidiary shall promptly undertake and diligently pursue reasonable efforts, if any, to achieve compliance, and provided, further, that in any case such noncompliance would not reasonably be expected to have a Material Adverse Effect.

(b) Promptly comply, in all material respects, with all orders and directives of all Governmental Authorities regarding Environmental Laws, other than such orders or directives (i) as to which the failure to comply would not reasonably be expected to result in a Material Adverse Effect or (ii) as to which: (x) appropriate reserves have been established in accordance with GAAP; (y) an appeal or other appropriate contest is or has been timely and properly taken and is being diligently pursued in good faith; and (z) if the effectiveness of such order or directive has not been stayed, the failure to comply with such order or directive during the pendency of such appeal or contest would not reasonably be expected to have a Material Adverse Effect.

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(c) Except to the extent that failure to do so, in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (i) conduct, or have conducted on its behalf, any investigation, study, sampling, or testing any real property at which the Borrower or its Restricted Subsidiaries operate as required by Environmental Laws, and (ii) respond, or cause a third party to respond, to any release, threatened release, or discharge of Materials of Environmental Concern at, on, or under any real property at which the Borrower or its Restricted Subsidiaries operate as required by Environmental Laws.

7.9 After-Acquired Real Property and Fixtures: Subsidiaries. (a) With respect to any owned real property or fixtures thereon located in the United States of America, in each case with a purchase price or a Fair Market Value at the time of acquisition of at least \$7,500,000, in which any Loan Party acquires ownership rights at any time after the Closing Date (or owned by any Subsidiary that becomes a Loan Party (other than Holdings) after the Closing Date), promptly grant to the Collateral Agent for the benefit of the Secured Parties, a Lien of record on all such owned real property and fixtures pursuant to a Mortgage or otherwise, upon terms reasonably satisfactory in form and substance to the Collateral Agent and in accordance with any applicable requirements of any Governmental Authority (including any required appraisals of such property under FIRREA and flood determinations under Regulation H of the Board); provided that (i) nothing in this Subsection 7.9 shall defer or impair the attachment or perfection of any security interest in any Collateral covered by any of the Security Documents which would attach or be perfected pursuant to the terms thereof without action by the Borrower or any of its Restricted Subsidiaries or any other Person and (ii) no such Lien shall be required to be granted as contemplated by this Subsection 7.9 on any owned real property or fixtures the acquisition of which is, or is to be, within 180 days of such acquisition, financed or refinanced, in whole or in part through the incurrence of Indebtedness, until such Indebtedness is repaid in full (and not refinanced) or, as the case may be, the Borrower determines not to proceed with such financing or refinancing. In connection with any such grant to the Collateral Agent, for the benefit of the Secured Parties, of a Lien of record on any such real property pursuant to a Mortgage or otherwise in accordance with this Subsection 7.9, the Borrower or such Restricted Subsidiary shall deliver or cause to be delivered to the Collateral Agent corresponding UCC fixture filings and any surveys, appraisals (including any required appraisals of such property under FIRREA), title insurance policies, local law enforceability legal opinions and other documents in connection with such grant of such Lien obtained by it in connection with the acquisition of such ownership rights in such real property or as the Collateral Agent shall reasonably request (in light of the value of such real property and the cost and availability of such UCC fixture filings, surveys, appraisals, title insurance policies, local law enforceability legal opinions and other documents and whether the delivery of such UCC fixture filings, surveys, appraisals, title insurance policies, legal opinions and other documents would be customary in connection with such grant of such Lien in similar circumstances) and Phase I environmental assessment reports, if available.

(b) With respect to any Domestic Subsidiary that is a Wholly Owned Subsidiary (other than an Excluded Subsidiary) (i) created or acquired subsequent to the Closing Date by the Borrower or any of its Domestic Subsidiaries that are Wholly Owned Subsidiaries (other than an Excluded Subsidiary), (ii) being designated as a Restricted Subsidiary, (iii) ceasing to be an Immaterial Subsidiary, a Foreign Subsidiary Holdco or other Excluded Subsidiary as provided in the applicable definition thereof after the expiry of any applicable period referred to in such

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definition or (iv) that becomes a Domestic Subsidiary as a result of a transaction pursuant to, and permitted by, Subsection 8.2 or 8.7 (other than an Excluded Subsidiary), promptly notify the Administrative Agent of such occurrence and, if the Administrative Agent or the Required Lenders so request, promptly (i) cause the Loan Party that is required to grant to the Collateral Agent, for the benefit of the Secured Parties, a perfected first priority security interest (as and to the extent provided in the Security Agreement) in 100% of the Capital Stock of such new Domestic Subsidiary owned directly by the Borrower or any of its Domestic Subsidiaries that are Wholly Owned Subsidiaries (other than Excluded Subsidiaries) to execute and deliver a Joinder pursuant to Section 3.6 of the Security Agreement, (ii) deliver to the Collateral Agent or the applicable Collateral Representative, in accordance with the applicable ABL/Term Loan Intercreditor Agreement, Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, the certificates (if any) representing such Capital Stock, together with undated stock powers, executed and delivered in blank by a duly authorized officer of the

parent of such new Domestic Subsidiary, and (iii) cause such new Domestic Subsidiary (A) to become a party to the Security Documents and (B) to take all actions reasonably deemed by the Collateral Agent to be necessary or advisable to cause the Lien created by the Security Agreement in such new Domestic Subsidiary's Collateral to be duly perfected in accordance with all applicable Requirements of Law (as and to the extent provided in the Security Agreement), including the filing of financing statements in such jurisdictions as may be reasonably requested by the Collateral Agent. In addition, the Borrower may cause any Subsidiary that is not required to become a Subsidiary Guarantor to become a Subsidiary Guarantor by executing and delivering a Subsidiary Guaranty.

(c) With respect to any Foreign Subsidiary or Domestic Subsidiary that is a Non-Wholly Owned Subsidiary created or acquired subsequent to the Closing Date by the Borrower or any of its Domestic Subsidiaries that are Wholly Owned Subsidiaries (in each case, other than any Excluded Subsidiary), the Capital Stock of which is owned directly by the Borrower or a Domestic Subsidiary that is a Wholly Owned Subsidiary (other than an Excluded Subsidiary), promptly notify the Administrative Agent of such occurrence and if the Administrative Agent or the Required Lenders so request, promptly (i) cause the Loan Party that is required to grant to the Collateral Agent, for the benefit of the Secured Parties, a perfected first priority security interest (as and to the extent provided in the Security Agreement) in the Capital Stock of such new Subsidiary that is directly owned by the Borrower or any Domestic Subsidiary that is a Wholly Owned Subsidiary (other than an Excluded Subsidiary) to execute and deliver a Joinder pursuant to Section 3.6 of the Security Agreement and (ii) to the extent reasonably deemed advisable by the Collateral Agent or the applicable Collateral Representative, in accordance with the applicable ABL/Term Loan Intercreditor Agreement, Junior Lien Intercreditor Agreement or Other Intercreditor Agreement, deliver to the applicable agent the certificates, if any, representing such Capital Stock, together with undated stock powers, executed and delivered in blank by a duly authorized officer of the relevant parent of such new Subsidiary and take such other action as may be reasonably deemed by the Collateral Agent to be necessary or desirable to perfect the Collateral Agent's security interest therein (in each case as and to the extent required by the Security Agreement); provided that in either case in no event shall more than 65.00% of each series of voting Capital Stock of any new first-tier Foreign Subsidiary be required to be so pledged (for the avoidance of doubt, 100% of each series of the non-voting Capital Stock of any new first-tier Foreign Subsidiary shall be required to be pledged).

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(d) At its own expense, execute, acknowledge and deliver, or cause the execution, acknowledgement and delivery of, and thereafter register, file or record in an appropriate governmental office, any document or instrument reasonably deemed by the Collateral Agent to be necessary or desirable for the creation, perfection and priority and the continuation of the validity, perfection and priority of the foregoing Liens or any other Liens created pursuant to the Security Documents (to the extent the Collateral Agent determines, in its reasonable discretion, that such action is required to ensure the perfection or the enforceability as against third parties of its security interest in such Collateral) in each case in accordance with, and to the extent required by, the Security Agreement.

(e) Notwithstanding anything to the contrary in this Agreement, (A) the foregoing requirements shall be subject to the terms of the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement and, in the event of any conflict with such terms, the terms of the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement, as applicable, shall control, (B) no security interest or lien is or will be granted pursuant to any Loan Document or otherwise in any right, title or interest of any of Holdings or any of its Subsidiaries in, and "Collateral" shall not include, any Excluded Property, (C) no Loan Party or any Affiliate thereof shall be required to take any action in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction in order to create any security interests in assets located or titled outside of the U.S. or to perfect any security interests (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction), (D) to the extent not perfected by UCC filings or perfected automatically, no Loan Party shall be required to take any actions in order to perfect any security interests granted with respect to any assets specifically requiring perfection through control (excluding Capital Stock required to be delivered pursuant to Subsections 7.9(b) and (c) above), and (E) nothing in this Subsection 7.9 shall require that any Subsidiary grant a Lien with respect to any property or assets in which such Subsidiary acquires ownership rights to the extent that the Borrower and the Administrative Agent reasonably determine in writing that the costs or other consequences to Holdings or any of its Subsidiaries of the granting of such a Lien is excessive in view of the benefits that would be obtained by the Secured Parties.

7.10 Use of Proceeds. Use the proceeds of the Term Loans only for the purposes set forth in Subsection 5.16.

7.11 Credit Ratings. Use commercially reasonable efforts to maintain at all times a credit rating by the Rating Agencies in respect of the Initial Term Loans and a corporate rating by S&P and a corporate family rating by Moody's for the Borrower, in each case, with no requirement to maintain any specific minimum rating.

7.12 Accounting Changes. The Borrower will, for financial reporting purposes, cause the Borrower's and each of its Subsidiaries' Fiscal Years to end on the last Thursday of each calendar year; provided that the Borrower may, upon written notice to the Administrative Agent, change the financial reporting convention specified above to cause the Borrower's and each of its Subsidiaries' Fiscal Years to end on any other date reasonably acceptable to the Administrative Agent, in which case the Borrower and the Administrative

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Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting.

7.13 Lender Calls. The Borrower shall hold one update call per calendar year (which call shall take place on such date reasonably agreed to between the Borrower and the Administrative Agent, but no earlier than ten Business Days after annual financial statements and the budget were required to be delivered pursuant to Subsection 7.1(a) and Subsection 7.2(d), respectively) with a Responsible Officer of the Borrower and such other members of senior management of the Borrower as the Borrower deems appropriate (with such other details to be reasonably agreed between the Borrower and the Administrative Agent) and the Lenders and their respective representatives and advisors to discuss the state of the Borrower's business, including, but not limited to, recent performance, cash and liquidity management, operational activities, current business and market conditions and material performance changes.

7.14 Post-Closing. Take all necessary actions to satisfy the items described on Schedule 7.14 within the applicable period of time specified in such Schedule (or such longer period as the Administrative Agent may agree in its reasonable discretion).

SECTION 8

Negative Covenants

The Borrower and (solely with respect to Subsection 8.10) Holdings hereby agree that, from and after the Closing Date, until payment in full of the Term Loans and all other Term Loan Facility Obligations then due and owing to any Lender or any Agent hereunder:

8.1 Limitation on Indebtedness. (a) The Borrower will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness.

(b) Notwithstanding the foregoing Subsection 8.1(a), the Borrower and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) (I) Indebtedness Incurred by the Borrower and the Guarantors pursuant to this Agreement and the other Loan Documents (including Incremental Term Loans, Extended Term Loans, Specified Refinancing Term Loans), Permitted Debt Exchange Notes, Additional Obligations, Rollover Indebtedness and Refinancing Indebtedness in each case thereof, plus, without duplication of incremental amounts included in the definition of "Refinancing Indebtedness", the aggregate amount of all fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection

with such refinancing and (II) Indebtedness incurred pursuant to the Senior ABL Facility and any Refinancing Indebtedness in respect thereof; provided that the maximum principal amount for all such Indebtedness Incurred pursuant to this clause (II) shall not, at any time outstanding, exceed the sum of (A) the greater of (x) \$300,000,000 and (y) the Borrowing Base less the aggregate principal amount of Indebtedness Incurred by Special Purposes Entities that are Domestic Subsidiaries and then outstanding pursuant to Section 8.1(b)(ix), plus (B)

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without duplication of incremental amounts included in the definition of "Refinancing Indebtedness", in the event of any refinancing of any such Indebtedness, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing;

(ii) Indebtedness (A) of any Restricted Subsidiary to the Borrower, or (B) of the Borrower or any Restricted Subsidiary to any Restricted Subsidiary; provided that in the case of this Subsection 8.1(b)(ii), any subsequent issuance or transfer of any Capital Stock of such Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Borrower or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this Subsection 8.1(b)(ii);

(iii) Indebtedness represented by (A) [reserved], (B) any Indebtedness (other than the Indebtedness pursuant to this Agreement and the other Loan Documents described in Subsections 8.1(b)(i)) outstanding (or Incurred pursuant to any commitment outstanding) on the Closing Date and set forth on Schedule 8.1 and (C) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Subsection 8.1(b)(iii);

(iv) Purchase Money Obligations, Capitalized Lease Obligations, and in each case any Refinancing Indebtedness with respect thereto; provided that the aggregate principal amount of such Purchase Money Obligations Incurred to finance the acquisition of Capital Stock of any Person at any time outstanding pursuant to this clause shall not exceed an amount equal to the greater of \$25,000,000 and 25.00% of Consolidated EBITDA for the most recently ended fiscal quarter for which consolidated financial statements of the Borrower are available;

(v) Indebtedness (A) supported by a letter of credit issued in compliance with this Subsection 8.1 in a principal amount not exceeding the face amount of such letter of credit or (B) consisting of accommodation guarantees for the benefit of trade creditors of the Borrower or any of its Restricted Subsidiaries;

(vi) (A) Guarantees by the Borrower or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Borrower or any Restricted Subsidiary (other than any Indebtedness Incurred by the Borrower or such Restricted Subsidiary, as the case may be, in violation of this Subsection 8.1), or (B) without limiting Subsection 8.6, Indebtedness of the Borrower or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Borrower or any Restricted Subsidiary (other than any Indebtedness Incurred by the Borrower or such Restricted Subsidiary, as the case may be, in violation of this Subsection 8.1);

(vii) Indebtedness of the Borrower or any Restricted Subsidiary (A) arising from the honoring of a check, draft or similar instrument of such Person drawn

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against insufficient funds in the ordinary course of business or (B) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;

(viii) Indebtedness of the Borrower or any Restricted Subsidiary in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business, (C) Hedging Obligations, entered into for bona fide hedging purposes, (D) Management Guarantees or Management Indebtedness, (E) in respect of industrial revenue bonds or other tax advantaged financings issued through a Governmental Authority, (F) the financing of insurance premiums in the ordinary course of business, (G) take-or-pay obligations under supply arrangements incurred in the ordinary course of business, (H) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which the Borrower or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement, (I) Junior Capital in an amount not to exceed \$50,000,000 in the aggregate at any one time outstanding, or (J) Bank Products Obligations;

(ix) Indebtedness (A) of a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in, or otherwise Incurred in connection with, a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; provided that (1) such Indebtedness is not recourse to the Borrower or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), (2) in the event such Indebtedness shall become recourse to the Borrower or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Borrower as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this Subsection 8.1 for so long as such Indebtedness shall be so recourse, and (3) in the event that at any time thereafter such Indebtedness shall comply with the provisions of the preceding subclause (1), the Borrower may classify such Indebtedness in whole or in part as Incurred under this Subsection 8.1(b)(ix);

(x) Indebtedness of (A) the Borrower or any Restricted Subsidiary Incurred to finance or refinance, or otherwise Incurred in connection with, any acquisition of assets (including Capital Stock), business or Person, or any merger, consolidation or amalgamation of any Person with or into the Borrower or any Restricted Subsidiary; or (B) any Person that is acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary (including Indebtedness thereof Incurred in connection with any such acquisition, merger, consolidation or amalgamation); provided that on the date of such acquisition, merger, consolidation or amalgamation, after giving effect thereto, (1)(x) if such Indebtedness is unsecured, the Borrower would have a

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Consolidated Total Leverage Ratio equal to or less than 3.70:1.00 or (y) if such Indebtedness is secured on *pari passu* or junior priority basis, the Borrower would have a Consolidated Secured Leverage Ratio equal to or less than 3.70:1.00, (2) if secured by a Lien on a *pari passu* or junior priority basis on the Collateral, the Borrower shall have caused to be executed a customary intercreditor agreement, (3) the maturity date and the weighted average life to maturity of such Indebtedness shall be no earlier than or shorter than, as the case may be, the Initial Term Loan Maturity Date or the remaining weighted average life to maturity of the Initial Term Loans, as applicable (other than an earlier maturity date and/or shorter weighted average life to maturity for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date than the Initial Term Loan Maturity Date or a shorter weighted average life to maturity than the remaining weighted average life to maturity of the Initial Term Loans, as

applicable) and (4) the interest rate margins (subject to clause (3) above) and amortization schedule applicable such Indebtedness shall be determined by the Borrower and the applicable lenders; provided that in the event that the Yield for any term loans Incurred under this clause (x) and secured on *pari passu* basis by the Collateral is higher than the Yield for the Initial Term Loans by more than 50 basis points, then the Applicable Margin for the Initial Term Loans shall be increased to the extent necessary so that the Yield for the Initial Term Loans is equal to the Yield for such Indebtedness minus 50 basis points; provided, further, that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Restricted Subsidiary that is not a Loan Party outstanding on this clause (x) shall not exceed, at the time of incurrence thereof and after giving pro forma effect thereto, the greater of \$50,000,000 and 50.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available. If, at the Borrower'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, pro forma effect is given to the Incurrence of the entire committed amount of such Indebtedness, such committed amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause (x); and any Refinancing Indebtedness with respect to any such Indebtedness;

(xi) Contribution Indebtedness and any Refinancing Indebtedness with respect thereto;

(xii) additional Indebtedness so long as, on a pro forma basis, Consolidated Secured Leverage Ratio would be less than or equal to 3.70:1.00; provided, that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Restricted Subsidiary that is not a Loan Party outstanding on this clause (x) shall not exceed, at the time of incurrence thereof and after giving pro forma effect thereto, the greater of \$50,000,000 and 50.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available;

(xiii) Indebtedness of the Borrower or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to

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the greater of \$60,000,000 and 60.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available;

(xiv) Indebtedness of the Borrower or any Restricted Subsidiary Incurred as consideration in connection with any acquisition of assets (including Capital Stock), business or Person, or any merger, consolidation or amalgamation of any Person with or into the Borrower or any Restricted Subsidiary, and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of \$25,000,000 and 25.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available;

(xv) Indebtedness of any Foreign Subsidiary in an aggregate principal amount at any time outstanding not exceeding the greater of (x) \$20,000,000 and (y) an amount equal to (A) the Foreign Borrowing Base less (B) the aggregate principal amount of Indebtedness Incurred by Special Purpose Subsidiaries that are Foreign Subsidiaries and then outstanding pursuant to clause (ix) of this paragraph (b) plus (C) in the event of any refinancing of any Indebtedness Incurred under this clause (xv), the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing;

(xvi) Indebtedness incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures; provided that the aggregate principal amount of Indebtedness incurred or guaranteed pursuant to this clause (xvi) shall not exceed, in the aggregate, the greater of (i) \$7,500,000 and (ii) 7.50% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available; and

(xvii) without duplication, all premiums (if any, including tender premiums), defeasance costs, interest (including post petition interest), fees, expenses and charges and additional or contingent interest on obligations described in clauses (ii) through (xvi) of this Subsection 8.1.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Subsection 8.1, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this Subsection 8.1) arising under any Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness Incurred pursuant to Subsection 8.1(b) meets the criteria of more than one of the types of Indebtedness described in Subsection 8.1(b), the Borrower, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of the clauses of Subsection 8.1(b) (including in part under one such clause and in part under another such

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clause); (iii) [reserved]; (iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP; (v) the principal amount of Indebtedness outstanding under any subclause of Subsection 8.1(b), including for purposes of any determination of the "Maximum Incremental Facilities Amount", shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness; and (vi) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred in reliance on a basket measured by reference to a percentage of Consolidated EBITDA at the time of Incurrence, and such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing. Notwithstanding anything herein to the contrary, Indebtedness Incurred by the Borrower on the Closing Date under this Agreement of the Senior ABL Facility Agreement shall be classified as Incurred under paragraph (b)(i) of this covenant.

(d) For purposes of determining compliance with any dollar denominated restriction on the Incurrence of Indebtedness denominated in a foreign currency, the dollar equivalent principal amount of such Indebtedness Incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving or deferred draw Indebtedness; provided that (x) the dollar equivalent principal amount of any such Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date, (y) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such dollar denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing and (z) the dollar equivalent principal amount of Indebtedness denominated in a foreign currency and Incurred pursuant to this Agreement or any Senior ABL Facility shall be calculated based on the relevant currency exchange rate in effect on, at the Borrower's option, (A) the Closing Date, (B) any date on which any of the respective commitments under this Agreement or the applicable Senior ABL Facility shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (C) the date of such Incurrence. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective

8.2 Limitation on Restricted Payments. (a) The Borrower shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any such payment in connection with any merger, consolidation or amalgamation to which the Borrower is a party) except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (y) dividends or distributions payable to the Borrower or any Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a pro rata basis, measured by value), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Borrower held by Persons other than the Borrower or a Restricted Subsidiary (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof), (iii) voluntarily purchase, repurchase, redeem, defease or otherwise voluntarily acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Junior Debt (other than a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value), or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, repurchase, redemption, defeasance, other acquisition or retirement or Investment being herein referred to as a “Restricted Payment”), if at the time the Borrower or such Restricted Subsidiary makes such Restricted Payment after giving effect thereto:

(1) except in the case of an Investment, an Event of Default under Subsection 9.1(a), (c), (e), (f), (h), (i), (j), (k) or another Event of Default known to the Borrower, shall have occurred and be continuing (or would result therefrom);

(2) [reserved]; or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Closing Date and then outstanding would exceed, without duplication, the sum of:

(A) 50.00% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on July 1, 2016 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Borrower are available (provided that, Consolidated Net Income for such period shall never be less than zero);

(B) the aggregate Net Cash Proceeds and the fair value (as determined in good faith by the Borrower) of property or assets received (x) by the Borrower as capital contributions to the Borrower after the Closing Date or from the issuance or sale (other than to

a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after the Closing Date (other than Excluded Contributions and Contribution Amounts) or (y) by the Borrower or any Restricted Subsidiary from the Incurrence by the Borrower or any Restricted Subsidiary after the Closing Date of Indebtedness that shall have been converted into or exchanged for Capital Stock of the Borrower (other than Disqualified Stock) or Capital Stock of any Parent Entity, plus the amount of any cash and the fair value (as determined in good faith by the Borrower) of any property or assets, received by the Borrower or any Restricted Subsidiary upon such conversion or exchange;

(C) (i) the aggregate amount of cash and the fair value (as determined in good faith by the Borrower) of any property or assets received (x) from dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Borrower or any Restricted Subsidiary from any Unrestricted Subsidiary, including dividends or other distributions related to dividends or other distributions made pursuant to Subsection 8.2(b)(ix) and (y) from the sale (other than to Holdings, the Borrower or any Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary, plus (ii) the aggregate amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of “Investment”); and

(D) in the case of any disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), the aggregate amount of cash and the fair value (as determined in good faith by the Borrower) of any property or assets received by the Borrower or a Restricted Subsidiary with respect to all such dispositions and repayments.

(b) The provisions of Subsection 8.2(a) do not prohibit any of the following (each, a “Permitted Payment”):

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Borrower or any Junior Debt made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the issuance or sale of, Capital Stock of the Borrower (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) or a capital contribution to the Borrower, in each case other than Excluded Contributions and Contribution Amounts; provided, that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under Subsection 8.2(a)(3)(B);

(ii) any dividend paid or redemption made within 60 days after the date of declaration thereof or of the giving of notice thereof, as applicable, if at such date of declaration or the giving of such notice, such dividend or redemption would have complied with this Subsection 8.2;

(iii) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions;

(iv) loans, advances, dividends or distributions by the Borrower to any Parent Entity to permit any Parent Entity to repurchase or otherwise acquire its Capital Stock (including any options, warrants or other rights in respect thereof), or payments by the Borrower to repurchase or otherwise acquire Capital Stock of any Parent Entity or the Borrower (including any options, warrants or other rights in respect thereof), in each case from Management Investors (including any repurchase or acquisition by reason of the Borrower or any Parent Entity retaining any Capital Stock, option, warrant or other right in respect of tax withholding obligations, and any related payment in respect of any such obligation), such payments, loans, advances, dividends or distributions not to exceed an amount (net of repayments of any such loans or advances) equal to (x)(1) \$12,500,000, plus (2) \$12,500,000 multiplied by the number of calendar years that have commenced since the Closing Date, plus (y) the Net Cash Proceeds received by the Borrower since the Closing Date from, or as a capital contribution from, the issuance or sale to

Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under Subsection 8.2(a)(3)(B)(x), plus (z) the cash proceeds of key man life insurance policies received by the Borrower or any Restricted Subsidiary (or by any Parent Entity and contributed to the Borrower) since the Closing Date to the extent such cash proceeds are not included in any calculation under Subsection 8.2(a)(3)(A); provided that any cancellation of Indebtedness owing to the Borrower or any Restricted Subsidiary by any Management Investor in connection with any repurchase or other acquisition of Capital Stock (including any options, warrants or other rights in respect thereof) from any Management Investor shall not constitute a Restricted Payment for purposes of this covenant or any other provision of this Agreement;

(v) the payment by the Borrower of, or loans, advances, dividends or distributions by the Borrower to any Parent Entity to pay, dividends on the common stock, equity or units of the Borrower or any Parent Entity following a public offering of such common stock, equity or units in an amount not to exceed in any Fiscal Year, 6.00% of the aggregate gross proceeds received by the Borrower (whether directly, or indirectly through a contribution to common equity capital) in or from such public offering;

(vi) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time, not to exceed an amount (net of repayments of any such loans or advances) equal to the sum of (x) the greater of (i) \$30,000,000 and 30.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available, plus (y) the aggregate of all Declined Amounts;

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(vii) loans, advances, dividends or distributions to any Parent Entity or other payments by the Borrower or any Restricted Subsidiary (A) to satisfy or permit any Parent Entity to satisfy indemnification and expense reimbursement obligations under any applicable shareholders or management agreement, or (B) to pay or permit any Parent Entity to pay (but without duplication) any Parent Expenses or any Related Taxes;

(viii) payments by the Borrower, or loans, advances, dividends or distributions by the Borrower to any Parent Entity to make payments, to holders of Capital Stock of the Borrower or any Parent Entity in lieu of issuance of fractional shares of such Capital Stock;

(ix) dividends or other distributions of, or Investments paid for or made with, Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(x) the Closing Date Dividend;

(xi) [reserved];

(xii) distributions or payments of Special Purpose Financing Fees;

(xiii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of Subsection 8.1;

(xiv) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of any Junior Debt (u) made by exchange for, or out of the proceeds of the Incurrence of, (1) Refinancing Indebtedness Incurred in compliance with Subsection 8.1 or (2) new Indebtedness of the Borrower, or a Restricted Subsidiary, as the case may be, Incurred in compliance with Subsection 8.1, so long as such new Indebtedness satisfies all requirements for "Refinancing Indebtedness" set forth in the definition thereof applicable to a refinancing of such Junior Debt, (w) from Net Available Cash or an equivalent amount to the extent permitted by Subsection 8.4, (x) from Declined Amounts, (y) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Borrower shall have complied with Subsection 8.8(a) prior to purchasing, redeeming, repurchasing, defeasing, acquiring or retiring such Junior Debt or (z) constituting Acquired Indebtedness;

(xv) Investments in Unrestricted Subsidiaries in an aggregate amount outstanding at any time not exceeding an amount equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available; and

(xvi) any Restricted Payment; provided that on a *pro forma* basis after giving effect to such Restricted Payment the Consolidated Total Leverage Ratio would be equal to or less than 2.75:1.00.

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provided that (A) in the case of Subsections 8.2(b)(ii), (v) and (viii), the net amount of any such Permitted Payment shall be included in subsequent calculations of the amount of Restricted Payments, (B) in all cases other than pursuant to clause (A) immediately above, the net amount of any such Permitted Payment shall be excluded in subsequent calculations of the amount of Restricted Payments and (C) solely with respect to Subsection 8.2(b)(vi) and (xvi), no Event of Default under Subsection 9.1(a), (c), (e), (f), (h), (i), (j) or (k) or other Event of Default known to the Borrower shall have occurred and be continuing at the time of any such Permitted Payment after giving effect thereto. The Borrower, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the clauses or subclauses of this Subsection 8.2(b) (or, in the case of any Investment, the clauses or subclauses of Permitted Investments) and in part under one or more other such clauses or subclauses (or, as applicable, clauses or subclauses). The Borrower in its sole discretion may utilize amounts permitted under Subsection 8.2(b)(xiv)(u) in whole or in part to make Investments.

8.3 Limitation on Restrictive Agreements. The Borrower will not, and will not permit any Restricted Subsidiary to, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on (i) the ability of the Borrower or any of its Restricted Subsidiaries (other than any Foreign Subsidiaries or any Excluded Subsidiaries) to create, incur, assume or suffer to exist any Lien in favor of the Lenders in respect of obligations and liabilities under this Agreement or any other Loan Documents upon any of its property, assets or revenues constituting Term Priority Collateral as and to the extent contemplated by this Agreement and the other Loan Documents, whether now owned or hereafter acquired or (ii) the ability of any Restricted Subsidiary to (x) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Borrower, (y) make any loans or advances to the Borrower or (z) transfer any of its property or assets to the Borrower (provided that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, will not be deemed to constitute such an encumbrance or restriction), except any encumbrance or restriction:

(a) pursuant to any agreement or instrument in effect at or entered into on the Closing Date, this Agreement, the other Loan Documents, the ABL Facility Documents, the ABL/Term Loan Intercreditor Agreement and, on and after the execution and delivery thereof, any Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement, any Intercreditor Agreement Supplement, any Permitted Debt Exchange Notes (and any related documents) and any Additional Obligations Documents;

(b) pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged, consolidated or amalgamated with or into the Borrower or any Restricted Subsidiary, or which agreement or instrument is assumed by the Borrower or any Restricted Subsidiary in connection with an acquisition of assets from such Person or any other transaction entered into in connection with any such acquisition, merger, consolidation or amalgamation, as in effect at the time of such acquisition, merger, consolidation, amalgamation or transaction (except to the extent that such

Person other than a Borrower is the Successor Borrower with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed, as the case may be, by the Borrower or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Borrower;

(c) pursuant to any agreement or instrument (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred or outstanding pursuant to or relating to, or that otherwise extends, renews, refunds, refinances or replaces, any agreement or instrument referred to in Subsection 8.3(a) or (b) or this Subsection 8.3(c) (an "Initial Agreement") or that is, or is contained in, any amendment, supplement or other modification to an Initial Agreement or Refinancing Agreement (an "Amendment"); provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favorable to the Lenders than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Borrower);

(d) (i) pursuant to any agreement or instrument that restricts in a customary manner the assignment or transfer thereof, or the subletting, assignment or transfer of any property or asset subject thereto, (ii) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement, (iii) contained in mortgages, pledges or other security agreements securing Indebtedness or other obligations of the Borrower or a Restricted Subsidiary to the extent restricting the transfer of the property or assets subject thereto, (iv) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Borrower or any Restricted Subsidiary, (v) pursuant to Purchase Money Obligations that impose encumbrances or restrictions on the property or assets so acquired, ~~(vi)~~ (i) on cash or other deposits or net worth or inventory imposed by customers or suppliers under agreements entered into in the ordinary course of business, (vii) pursuant to customary provisions contained in agreements and instruments entered into in the ordinary course of business (including but not limited to leases and licenses) or in joint venture and other similar agreements or in shareholder, partnership, limited liability company and other similar agreements in respect of non-wholly owned Restricted Subsidiaries, ~~(viii)~~ (viii) that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower or such Restricted Subsidiary, or (ix) pursuant to Hedging Obligations or Bank Products Obligations;

(e) with respect to any agreement for the direct or indirect disposition of Capital Stock of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such disposition;

(f) by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Borrower or any Restricted Subsidiary or any of their businesses, including any such law, rule, regulation, order or

requirement applicable in connection with such Restricted Subsidiary's status (or the status of any Subsidiary of such Restricted Subsidiary) as a Captive Insurance Subsidiary;

(g) pursuant to any agreement or instrument (i) relating to any Indebtedness permitted to be Incurred subsequent to the Closing Date pursuant to Subsection 8.1 (x) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Lenders than the encumbrances and restrictions contained in the Initial Agreements (as determined in good faith by the Borrower), or (v) if such encumbrance or restriction is not materially more disadvantageous to the Lenders than is customary in comparable financings (as determined in good faith by the Borrower) and either (1) the Borrower determines in good faith that such encumbrance or restriction will not materially affect the Borrower's ability to create and maintain the Liens on the Term Priority Collateral pursuant to the Security Documents and make principal or interest payments on the Term Loans or (2) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness, (ii) relating to any sale of receivables by or Indebtedness of a Foreign Subsidiary or (iii) relating to Indebtedness of or a Financing Disposition by or to or in favor of any Special Purpose Entity;

(h) pursuant to any agreement relating to intercreditor arrangements and related rights and obligations, to or by which the Lenders and/or the Administrative Agent, the Collateral Agent or any other agent, trustee or representative on their behalf may be party or bound at any time or from time to time, and any agreement providing that in the event that a Lien is granted for the benefit of the Lenders another Person shall also receive a Lien, which Lien is permitted by Subsection 8.6; or

(i) pursuant to any agreement governing or relating to Indebtedness and/or other obligations and liabilities secured by a Lien permitted by Subsection 8.6 (in which case any restriction shall only be effective against the assets subject to such Lien, except as may be otherwise permitted under this Subsection 8.3).

8.4 Limitation on Sales of Assets and Subsidiary Stock. (a) The Borrower will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(i) the Borrower or such Restricted Subsidiary 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 such Asset Disposition at least equal to the fair market value of the shares and assets subject to such Asset Disposition, as such fair market value (on the date a legally binding commitment for such Asset Disposition was entered into) may be determined (and shall be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of \$25,000,000) in good faith by the Borrower, whose determination shall be conclusive (including as to the value of all noncash consideration);

(ii) in the case of any Asset Disposition (or series of related Asset Dispositions) having a fair market value (on the date a legally binding commitment for such Asset Disposition was entered into) of \$25,000,000 or more, at least 75.00% of the

consideration therefor (excluding, in the case of an Asset Disposition (or series of related Asset Dispositions), any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, that are not Indebtedness) received by the Borrower or such Restricted Subsidiary is in the form of cash; and

(iii) to the extent required by Subsection 8.4(b), an amount equal to 100.00% of the Net Available Cash from such Asset Disposition is applied by the Borrower (or any Restricted Subsidiary, as the case may be) as provided therein.

(b) In the event that on or after the Closing Date the Borrower or any Restricted Subsidiary shall make an Asset Disposition or a Recovery Event in respect of Collateral shall occur, subject to Subsection 8.4(a), an amount equal to 100.00% of the Net Available Cash from such Asset Disposition or Recovery Event shall be applied by the Borrower (or any Restricted Subsidiary, as the case may be) as follows:

- (i) first, either (x) if the Borrower or such Restricted Subsidiary elects, to the extent such Asset Disposition or Recovery Event is an Asset Disposition or Recovery Event of assets that constitute ABL Priority Collateral, to purchase, redeem, repay or prepay, to the extent the Borrower or any Restricted Subsidiary is required by the terms thereof, Indebtedness under the Senior ABL Facility or (in the case of letters of credit, bankers' acceptances or other similar instruments issued thereunder) cash collateralize any such Indebtedness within the time period required by such Indebtedness after the later of the date of such Asset Disposition or Recovery Event, as the case may be, and the date of receipt of such Net Available Cash or (y) to the extent the Borrower or such Restricted Subsidiary elects (by delivery of an officer's certificate by a Responsible Officer to the Administrative Agent) to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary) with an amount equal to Net Available Cash received by the Borrower or another Restricted Subsidiary within (a) 365 days after the later of the date of such Asset Disposition or Recovery Event, as the case may be, and the date of receipt of such Net Available Cash (such period the "Reinvestment Period") or, (b) if such investment in Additional Assets is a project authorized by the Board of Directors that will take longer than such 365 days to complete and is subject to a binding written commitment entered into during the Reinvestment Period, an additional 180 days after the last day of the Reinvestment Period (it being understood and agreed that if no such investment is made within the Reinvestment Period as extended by this clause (b), the Borrower shall make the prepayments required by Subsection 8.4(b)(ii) on the earlier to occur of (l) the last day of such Reinvestment Period as extended by this clause (b) and (ll) the date the Borrower elects not to pursue such investment);
- (ii) second, (1) if no application of Net Available Cash election is made pursuant to preceding clause (i) with respect to such Asset Disposition or Recovery Event or (2) if such election is made to the extent of the balance of such Net Available Cash or equivalent amount after application in accordance with Subsection 8.4(b)(i), within ten Business Days after the end of the Reinvestment Period specified in clause (i) above (as extended pursuant to clause (y) of such clause (i)) (x) to the extent such Asset

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Disposition or Recovery Event is an Asset Disposition or Recovery Event of assets that constitute Collateral, to purchase, redeem, repay, prepay, make an offer to prepay or repurchase, or deliver a notice of redemption, in accordance with Subsection 4.4(e)(i) (subject to Subsection 4.4(h)) or the agreements or instruments governing the relevant Indebtedness described in clause (B) below subject to any provision under such agreement or instrument analogous to Subsection 4.4(h)), as applicable, (A) the Term Loans and (B) to the extent the Borrower or any Restricted Subsidiary is required by the terms thereof any Pari Passu Indebtedness on a pro rata basis with the Term Loans and (y) to the extent such Asset Disposition is an Asset Disposition of assets that do not constitute Collateral, to purchase, redeem, repay, prepay, make an offer to prepay or repurchase, or deliver a notice of redemption, in accordance with Subsection 4.4(e)(i) (subject to Subsection 4.4(h)) or the agreements or instruments governing any relevant Indebtedness permitted under Subsection 8.1 (subject to any provision under such agreement or instrument analogous to Subsection 4.4(h)), as applicable, (A) the Term Loans and (B) to the extent the Borrower or any Restricted Subsidiary is required by the terms thereof, any other Indebtedness (other than Indebtedness subordinated in right of payment to the Term Loan Facility Obligations) on a pro rata basis with the Term Loans; and

- (iii) third, to the extent of the balance of such Net Available Cash or equivalent amount after application in accordance with Subsections 8.4(b)(i) and (ii) above, to fund (to the extent consistent with any other applicable provision of this Agreement) any general corporate purpose (including but not limited to the repurchase, repayment or other acquisition or retirement of Junior Debt);

provided, however, that in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to clause (ii) above, the Borrower or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; provided, further, that the Borrower (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (provided that, such investment shall be made no earlier than the earliest of notice of the relevant Asset Disposition to the Administrative Agent, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with Subsection 8.4(b)(i) above with respect to such Asset Disposition.

(c) Notwithstanding the foregoing provisions of this Subsection 8.4, the Borrower and its Restricted Subsidiaries shall not be required to apply any Net Available Cash or equivalent amount in accordance with this Subsection 8.4 except to the extent that (x) the aggregate Net Available Cash from all Asset Dispositions and Recovery Events in respect of Collateral or equivalent amount that is not applied in accordance with this Subsection 8.4 exceeds \$20,000,000, in which case the Borrower and its Subsidiaries shall apply all such Net Available Cash from such Asset Dispositions and Recovery Events or equivalent amount in accordance with Subsection 8.4(b) or (y) the terms of any Pari Passu Indebtedness would require Net Available Cash or the equivalent amount from such Asset Disposition and Recovery Events

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to be applied to purchase, redeem, repay or prepay such Indebtedness prior to reaching such \$20,000,000 threshold.

(d) For the purposes of Subsection 8.4(a)(ii), the following are deemed to be cash: (1) Temporary Cash Investments and Cash Equivalents, (2) the assumption of Indebtedness of the Borrower (other than Disqualified Stock of the Borrower) or any Restricted Subsidiary and the release of the Borrower or such Restricted Subsidiary from all liability on payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Borrower and each other Restricted Subsidiary are released from any Guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (4) securities received by the Borrower or any Restricted Subsidiary from the transferee that are converted by the Borrower or such Restricted Subsidiary into cash within 180 days, (5) consideration consisting of Indebtedness of the Borrower or any Restricted Subsidiary, (6) Additional Assets, and (7) any Designated Noncash Consideration received by the Borrower or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (7), not to exceed an aggregate amount at any time outstanding equal to the greater of \$35,000,000 and 35.00% of Consolidated EBITDA for the most recently ended four-fiscal quarter period for which consolidated financial statements of the Borrower are available (with the Fair Market Value of each item of Designated Noncash Consideration being measured on the date a legally binding commitment for such Asset Disposition (or, if later, for the payment of such item) was entered into and without giving effect to subsequent changes in value).

(e) In connection with any Asset Disposition permitted under this Subsection 8.4 or a Disposition that is excluded from the definition of "Asset Disposition", the Administrative Agent shall, and the Lenders hereby authorize the Administrative Agent to, execute such releases of Liens and take such other actions as the Borrower may reasonably request in connection with the foregoing.

8.5 Limitations on Transactions with Affiliates. (a) The Borrower will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Borrower (an "Affiliate Transaction") involving aggregate consideration in excess of \$10,000,000 unless (i) the terms of such Affiliate Transaction are not materially less favorable to the Borrower or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (ii) if such Affiliate Transaction involves aggregate consideration in excess of \$25,000,000, the terms of such Affiliate Transaction have been approved by a majority of the Board of Directors. For purposes of this Subsection 8.5(a), any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Subsection 8.5(a) if (x) such Affiliate Transaction is approved by a majority of the Disinterested Directors or (y) in the event there are no Disinterested Directors,

(b) The provisions of Subsection 8.5(a) will not apply to:

(i) any Restricted Payment Transaction,

(ii) (1) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former management member, employee, officer or director or consultant of or to the Borrower, any Restricted Subsidiary or any Parent Entity heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements, (2) payments, compensation, performance of indemnification or contribution obligations, the making or cancellation of loans in the ordinary course of business to any such management members, employees, officers, directors or consultants, (3) any issuance, grant or award of stock, options, other equity related interests or other securities, to any such management members, employees, officers, directors or consultants, (4) the payment of reasonable fees to directors of the Borrower or any of its Subsidiaries or any Parent Entity (as determined in good faith by the Borrower, such Subsidiary or such Parent Entity), or (5) Management Advances and payments in respect thereof (or in reimbursement of any expenses referred to in the definition of such term),

(iii) any transaction between or among any of the Borrower, one or more Restricted Subsidiaries, or one or more Special Purpose Entities,

(iv) any transaction arising out of agreements or instruments in existence on the Closing Date and set forth on Schedule 8.5, and any payments made pursuant thereto,

(v) any transaction in the ordinary course of business on terms that are fair to the Borrower and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or senior management of the Borrower, or are not materially less favorable to the Borrower or the relevant Restricted Subsidiary than those that could be obtained at the time in a transaction with a Person who is not an Affiliate of the Borrower,

(vi) any transaction in the ordinary course of business, or approved by a majority of the Board of Directors, between the Borrower or any Restricted Subsidiary and any Affiliate of the Borrower controlled by the Borrower that is a joint venture or similar entity,

(vii) payments to any Sponsor or any member of the Sponsor Group (x) for any management, consulting or advisory services, or in respect of financing, underwriting or placement services or in respect of other investment banking activities (if any), (y) in connection with any acquisition, disposition, merger, recapitalization or similar transactions, which payments are approved by a majority of the Board of

Directors in good faith, and (z) of all out-of-pocket expenses incurred in connection with such services or activities,

(viii) the Transactions, all transactions in connection therewith (including but not limited to the financing thereof), and all fees and expenses paid or payable in connection with the Transactions, including the fees and out-of-pocket expenses of the Sponsors and their respective Affiliates,

(ix) any issuance or sale of Capital Stock (other than Disqualified Stock) of the Borrower or Junior Capital or any capital contribution to the Borrower,

(x) any investment by any member of the Sponsor Group in securities of the Borrower or any of its Restricted Subsidiaries (and payment of out-of-pocket expenses incurred by any member of the Sponsor Group in connection therewith) so long as such securities are being offered generally to other investors (other than members of the Sponsor Group) on the same or more favorable terms, and

(xi) intercompany transactions undertaken in good faith (as determined by a Responsible Officer of the Borrower in good faith) for the purpose of improving the consolidated tax efficiency of Holdings and its Subsidiaries and not for the purpose of circumventing any covenant set forth herein.

8.6 Limitation on Liens. (a) The Borrower shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien on any of its property or assets (including Capital Stock of any other Person), whether owned on the Closing Date or thereafter acquired, securing any Indebtedness, other than Permitted Liens.

8.7 Limitation on Fundamental Changes. (a) The Borrower will not consolidate with or merge with or into, or convey, lease or otherwise transfer all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Borrower") will be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Borrower will expressly assume all the obligations of the Borrower under this Agreement and the Loan Documents to which it is a party by executing and delivering to the Administrative Agent a joinder or one or more other documents or instruments in form reasonably satisfactory to the Administrative Agent;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Borrower or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Borrower or such Restricted Subsidiary at the time of such transaction), no Default will have occurred and be continuing;

(iii) immediately after giving effect to such transaction, either (A) on a pro forma basis, Consolidated Total Leverage Ratio is less than or equal to (x) 3.70:1.00 or

(y) Consolidated Total Leverage Ratio immediately prior to giving effect to such transaction;

(iv) each Subsidiary Guarantor (other than (x) any Subsidiary Guarantor that will be released from its obligations under its Subsidiary Guaranty in connection with such transaction and (y) any party to any such consolidation or merger) shall have delivered a joinder or other document or instrument in form reasonably satisfactory to the Administrative Agent, confirming its Subsidiary Guaranty (other than any Subsidiary Guaranty that will be discharged or terminated in

connection with such transaction);

(v) each Subsidiary Guarantor (other than (x) any Subsidiary that will be released from its grant or pledge of Collateral under the Security Agreement in connection with such transaction and (y) any party to any such consolidation or merger) shall have by a supplement to the Guaranty Agreement or another document or instrument affirmed that its obligations thereunder shall apply to its Guarantee as reaffirmed pursuant to clause (iv) above;

(vi) each mortgagor of a Mortgaged Fee Property (other than (x) any Subsidiary that will be released from its grant or pledge of Collateral under the Security Agreement in connection with such transaction and (y) any party to any such consolidation or merger) shall have affirmed that its obligations under the applicable Mortgage shall apply to its Guarantee as reaffirmed pursuant to clause (iv); and

(vii) the Borrower will have delivered to the Administrative Agent a certificate signed by a Responsible Officer and a legal opinion, each to the effect that such consolidation, merger or transfer complies with the provisions described in this Subsection 8.7(a), provided that (x) in giving such opinion such counsel may rely on such certificate of a Responsible Officer as to compliance with the foregoing clause (ii) and (iii) of this Subsection 8.7(a) and as to any matters of fact, and (y) no such legal opinion will be required for a consolidation, merger or transfer described in Subsection 8.7(d).

(b) Any Indebtedness that becomes an obligation of the Borrower (or, if applicable, any Successor Borrower with respect thereto) or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this Subsection 8.7, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Subsection 8.1.

(c) Upon any transaction involving the Borrower in accordance with Subsection 8.7(a) in which the Borrower is not the Successor Borrower, the Successor Borrower will succeed to, and be substituted for, and may exercise every right and power of, the Borrower under the Loan Documents, and thereafter the predecessor Borrower shall be relieved of all obligations and covenants under the Loan Documents, except that the predecessor Borrower in the case of a lease of all or substantially all its assets will not be released from the obligation to pay the principal of and interest on the Term Loans.

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(d) Clause (ii) of Subsection 8.7(a) will not apply to any transaction in which the Borrower consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organized for the purpose of reincorporating or reorganizing the Borrower in another jurisdiction or changing its legal structure to a corporation or other entity or (y) a Restricted Subsidiary so long as all assets of the Borrower and its Restricted Subsidiaries immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted Subsidiaries immediately after the consummation thereof. Subsection 8.7(a) will not apply to any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Borrower.

8.8 Change of Control; Limitation on Amendments. The Borrower shall not and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) In the event of the occurrence of a Change of Control, repurchase or repay any Indebtedness then outstanding pursuant to any Junior Debt or any portion thereof, unless the Borrower shall have, at its option, (i) made payment in full of the Loans and any other amounts then due and owing to any Lender or the Administrative Agent hereunder and under any Note or (ii) made an offer (a "Change of Control Offer") to pay the Term Loans and any amounts then due and owing to each Lender and the Administrative Agent hereunder and under any Note and shall have made payment in full thereof to each such Lender or the Administrative Agent which has accepted such offer. Upon the Borrower making payment in full of the Loans as provided in clause (i) of this Subsection 8.8(a), or making a Change of Control Offer in accordance with clause (ii) of this Subsection 8.8(a) (whether or not in connection with any repayment or repurchase of Indebtedness outstanding pursuant to Junior Debt), any Event of Default arising under Subsection 9.1(k) by reason of such Change of Control shall be deemed not to have occurred or be continuing.

(b) if an Event of Default under Subsection 9.1(a) or (f) is continuing, amend, supplement, waive or otherwise modify any of the provisions of any indenture, instrument or agreement evidencing Subordinated Obligations or Guarantor Subordinated Obligations in a manner that (i) changes the subordination provisions of such Indebtedness or (ii) shortens the maturity date of such Indebtedness to a date prior to the Initial Term Loan Maturity Date or provides for a shorter weighted average life to maturity than the remaining weighted average life to maturity of the Initial Term Loans; provided that, notwithstanding the foregoing, the provisions of this Subsection 8.8(b) shall not restrict or prohibit any refinancing of Indebtedness (in whole or in part) permitted pursuant to Subsection 8.1.

(c) Amend, supplement, waive or otherwise modify the terms of any Permitted Debt Exchange Notes, any Additional Obligations or any Refinancing Indebtedness in respect of the foregoing or any indenture or agreement pursuant to which such Permitted Debt Exchange Notes, Additional Obligations or Refinancing Indebtedness have been issued or incurred in any manner inconsistent with the requirements of the definition of "Refinancing Indebtedness", assuming for purposes of this Subsection 8.8(c) that such amendment, supplement, waiver or modification, *mutatis*

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mutandis, is a refinancing of such Additional Obligations, Permitted Debt Exchange Notes or Refinancing Indebtedness, as applicable.

(d) Amend or modify in any manner materially adverse to the Lenders or the Administrative Agent, or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders), the articles or certificate of incorporation (or similar document), by-laws, limited liability company operating agreement, partnership agreement or other organizational documents of any Loan Party.

8.9 Limitation on Lines of Business. The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any business, either directly or through any Restricted Subsidiary, except for those businesses of the same general type as those in which the Borrower and its Restricted Subsidiaries are engaged in on the Closing Date or which are reasonably related thereto and any business related thereto.

8.10 Limitations on Activities of Holdings. (a) Holdings will not create, incur, assume or permit to exist any Lien (other than Permitted Liens) on any of the Capital Stock issued by the Borrower other than the Liens created under (i) this Agreement and the other Loan Documents, (ii) the Senior ABL Facility, (iii) any Permitted Debt Exchange Notes (and any Refinancing Indebtedness in respect thereof), (iv) any Rollover Indebtedness (and any Refinancing Indebtedness in respect thereof) and (v) any Additional Obligations (and any Refinancing Indebtedness in respect thereof) and non-consensual Liens arising by operation of law, (b) Holdings shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that so long as no Event of Default exists or would result therefrom, Holdings may merge with any other person and (c) Holdings will otherwise maintain its passive holding company status; provided that notwithstanding the foregoing, Holdings shall be permitted to (1) be a borrower, issuer, guarantor or other obligor of any Indebtedness permitted under this Agreement, (2) grant liens in connection with the foregoing except as prevented by clause (a) above, (3) guarantee the obligations of the Borrower and its Subsidiaries, (4) hold any cash or property (including any cash and property received in connection with Restricted Payments made by the Borrower, but excluding the Capital Stock of any Person other than the Borrower), (5) participate in tax, accounting and another administrative matters as a member or parent of the consolidated group and (6) take all other actions permitted or required under (i) this Agreement and the other Loan Documents, (ii) the ABL Facility Documents, (iii) any Permitted Debt Exchange Notes (and any Refinancing Indebtedness in respect thereof), (iv) any Rollover Indebtedness (and any Refinancing Indebtedness in respect thereof) and (v) any Additional Obligations (and any

Refinancing Indebtedness in respect thereof), including taking actions incidental to the consummation of the Transactions, the making of Restricted Payments, and other activities incidental to compliance with applicable laws and legal, tax and accounting matters related thereto and activities relating to employees; provided, further, that notwithstanding the foregoing or any other restriction in this Agreement, Holdings may enter into a merger or consolidation with any other Parent Entity, or may liquidate, wind up or dissolve itself, in connection with a restructuring whereby Holdings will directly own 100.00% of the Capital Stock of the Borrower.

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SECTION 9

Events of Default

9.1 Events of Default. Any of the following from and after the Closing Date shall constitute an event of default:

- (a) The Borrower shall fail to pay any principal of any Term Loan when due in accordance with the terms hereof (whether at stated maturity, by mandatory prepayment or otherwise); or the Borrower shall fail to pay any interest on any Term Loan, or any other amount payable hereunder, within five Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or
- (b) Any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document (or in any amendment, modification or supplement hereto or thereto) or which is contained in any certificate furnished at any time by or on behalf of any Loan Party pursuant to this Agreement or any such other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or
- (c) Any Loan Party shall default in the payment, observance or performance of any term, covenant or agreement contained in Section 8; or
- (d) Any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in clauses (a) through (c) of this Subsection 9.1), and such default shall continue unremedied for a period of 30 days after the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or the Required Lenders; or
- (e) Any Loan Party or any of its Restricted Subsidiaries shall (i) default in (x) any payment of principal of or interest on any Indebtedness (excluding Indebtedness hereunder) in excess of \$25,000,000 or (y) in the payment of any Guarantee Obligation in respect of Indebtedness in excess of \$25,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness (excluding the Term Loans) or Guarantee Obligation in respect of Indebtedness referred to in clause (i) above or contained in any instrument or agreement evidencing, securing or relating thereto (other than a default in the observance of any financial maintenance covenant, or a failure to provide notice of a default or an event of default under such instrument or agreement), or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice or lapse of time if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable (an "Acceleration"; and the

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term "Accelerated" shall have a correlative meaning), and such time shall have lapsed and, if any notice (a "Default Notice") shall be required to commence a grace period or declare the occurrence of an event of default before notice of Acceleration may be delivered, such Default Notice shall have been given and (in the case of the preceding clause (i) or (ii)) such default, event or condition shall not have been remedied or waived by or on behalf of the holder or holders of such Indebtedness or Guarantee Obligation (provided that the preceding clause (ii) shall not apply to (x) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder or (y) any termination event or equivalent event pursuant to the terms of any Hedging Agreement); or (iii) in the case of any Indebtedness or Guarantee Obligations in respect of Indebtedness referred to in clause (i) above containing or otherwise requiring observance or compliance with any financial maintenance covenant, default in the observance of or compliance with such financial maintenance covenant such that such Indebtedness or Guarantee Obligation shall have been Accelerated and such Acceleration shall not have been rescinded; or

(f) If (i) the Borrower or any Material Subsidiary of the Borrower shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts (excluding, in each case, the solvent liquidation or reorganization of any Foreign Subsidiary of the Borrower that is not a Loan Party), or (B) seeking appointment of a receiver, interim receiver, receivers, receiver and manager, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Material Subsidiary of the Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any Material Subsidiary of the Borrower any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged, unstayed or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any Material Subsidiary of the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any Material Subsidiary of the Borrower shall be generally unable to, or shall admit in writing its general inability to, pay its debts as they become due; or

(g) (i) Any failure to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower, any Restricted Subsidiary or any Commonly Controlled Entity, (ii) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or

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a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is in the reasonable opinion of the Administrative Agent likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA other than a standard termination pursuant to Section 4041(b) of ERISA or (v) either of the Borrower or any Commonly Controlled Entity shall, or in the reasonably opinion of the Administrative Agent is reasonably likely to, incur any liability in connection with a withdrawal from, or the Insolvency of, a Multiemployer Plan; and in each case in clauses (iii) through (v) above, such event or condition, together with all other such events or conditions, if any, would be reasonably expected to result in a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Restricted Subsidiaries involving in the aggregate at any time a liability (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in

respect thereof in the event any appeal thereof shall be unsuccessful) of \$25,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) (i) The Security Agreement shall, or any other Security Document covering a significant portion of the Collateral shall (at any time after its execution, delivery and effectiveness) cease for any reason to be in full force and effect (other than pursuant to the terms hereof or thereof), or any Loan Party which is a party to any such Security Document shall so assert in writing or (ii) the Lien created by any of the Security Documents shall cease to be perfected and enforceable in accordance with its terms or of the same effect as to perfection and priority purported to be created thereby with respect to any significant portion of the Term Priority Collateral (other than in connection with any termination of such Lien in respect of any Collateral as permitted hereby or by any Security Document) and such failure of such Lien to be perfected and enforceable with such priority shall have continued unremedied for a period of 20 days; or

(j) Any Loan Party shall assert in writing that the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement (after execution and delivery thereof) or any Other Intercreditor Agreement (after execution and delivery thereof) shall have ceased for any reason to be in full force and effect (other than pursuant to the terms hereof or thereof) or shall knowingly contest, or knowingly support any other Person in any action that seeks to contest, the validity or effectiveness of any such intercreditor agreement (other than pursuant to the terms hereof or thereof); or

(k) Subject to the Borrower's option to make a payment in full of all of the Loans, or to make a Change of Control Offer, each in accordance with Subsection 8.8(a) (whether or not in connection with any repayment or repurchase of Indebtedness outstanding pursuant to any Junior Debt), a Change of Control shall have occurred.

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9.2 Remedies Upon an Event of Default. (a) If any Event of Default occurs and is continuing, then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of Subsection 9.1(f) with respect to the Borrower, automatically the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Term Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable.

(b) Except as expressly provided above in this Section 9, to the maximum extent permitted by applicable law, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 10

The Agents and the Other Representatives

10.1 Appointment. (a) Each Lender hereby irrevocably designates and appoints the Agents as the agents of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes each Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to or required of such Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents and the Other Representatives shall not have any duties or responsibilities, except, in the case of the Administrative Agent and the Collateral Agent, those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any Agent or the Other Representatives.

(b) Each of the Agents may perform any of their respective duties under this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein by or through its respective officers, directors, agents, employees or affiliates, or delegate any and all such rights and powers to any one or more sub-agents appointed by such Agent (it being understood and agreed, for avoidance of doubt and without limiting the generality of the foregoing, that the Administrative Agent and the Collateral Agent may perform any of their respective duties under the Security Documents by or through one or more of their respective affiliates). Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 10 shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

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(c) Except for Subsections 10.5, 10.8(a), (b), (c) and (e) and (to the extent of the Borrower's rights thereunder and the conditions included therein) 10.9, the provisions of this Section 10 are solely for the benefit of the Agents and the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

10.2 The Administrative Agent and Affiliates. Each person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each person serving as an Agent hereunder in its individual capacity. Such person and its affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Holdings, the Borrower or any Subsidiary or other Affiliate thereof as if such person were not an Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Action by an Agent. In performing its functions and duties under this Agreement, each Agent shall act solely as an agent for the Lenders and, as applicable, the other Secured Parties, and no Agent assumes any (and shall not be deemed to have assumed any) relationship of agency or trust with or for the Borrower or any of its Subsidiaries. Each Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact (including the Collateral Agent in the case of the Administrative Agent), and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact or counsel selected by it with reasonable care.

10.4 Exculpatory Provisions. (a) No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, no Agent:

(i) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that such Agent shall not be required to take any action that, in its judgment or the judgment of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Requirement of Law; and

(iii) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its affiliates in any capacity.

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(b) No Agent shall be liable for any action taken or not taken by it (x) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Subsection 9.2 or Subsection 11.1, as applicable) or (y) in the absence of its own bad faith, gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until notice describing such Default is given to such Agent by the Borrower or a Lender.

(c) No Agent shall be responsible for or have any duty to ascertain or inquire into (f) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Security Documents or (v) the satisfaction of any condition set forth in Section 6 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term as used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(d) Each party to this Agreement acknowledges and agrees that the Administrative Agent may use an outside service provider for the tracking of all UCC financing statements required to be filed pursuant to the Loan Documents and notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that any such service provider will be deemed to be acting at the request and on behalf of the Borrower and the other Loan Parties. No Agent shall be liable for any action taken or not taken by any such service provider.

10.5 Acknowledgement and Representations by Lenders. Each Lender expressly acknowledges that none of the Agents or the Other Representatives nor any of their officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by any Agent or any Other Representative hereafter taken, including any review of the affairs of the Borrower or any other Loan Party, shall be deemed to constitute any representation or warranty by such Agent or such Other Representative to any Lender. Each Lender further represents and warrants to the Agents, the Other Representatives and each of the Loan Parties that it has had the opportunity to review each document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof. Each Lender represents to the Agents, the Other Representatives and each of the Loan Parties that, independently and without reliance upon any Agent, the Other Representatives or any other Lender, and based on such documents and information as it has deemed appropriate, it has made and will make, its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of Holdings and the Borrower and the other Loan Parties, it has

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made its own decision to make its Loans hereunder and enter into this Agreement and it will make its own decisions in taking or not taking any action under this Agreement and the other Loan Documents and, except as expressly provided in this Agreement, neither the Agents nor any Other Representative shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Each Lender (other than, in the case of clause (i), an Affiliated Lender, any Parent Entity or any Unrestricted Subsidiary) represents to each other party hereto that (i) it is a bank, savings and loan association or other similar savings institution, insurance company, investment fund or company or other financial institution which makes or acquires commercial loans in the ordinary course of its business and that it is participating hereunder as a Lender for such commercial purposes and (ii) it has the knowledge and experience to be and is capable of evaluating the merits and risks of being a Lender hereunder. Each Lender acknowledges and agrees to comply with the provisions of Subsection 11.6 applicable to the Lenders hereunder.

10.6 Indemnity; Reimbursement by Lenders. (a) To the extent that the Borrower or any other Loan Party for any reason fails to indefeasibly pay any amount required under Subsection 11.5 to be paid by it to the Administrative Agent (or any sub-agent thereof) or the Collateral Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay ratably according to their respective Term Credit Percentages in effect on the date on which the applicable unreimbursed expense or indemnity payment is sought under this Subsection 10.6 such unpaid amount (such indemnity shall be effective whether or not the related losses, claims, damages, liabilities and related expenses are incurred or asserted by any party hereto or any third party); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Collateral Agent (or any sub-agent thereof), or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Collateral Agent (or any sub-agent thereof), in connection with such capacity. The obligations of the Lenders under this Subsection 10.6 are subject to the provisions of Subsection 4.8.

(b) Any Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document (except actions expressly required to be taken by it hereunder or under the Loan Documents) unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(c) All amounts due under this Subsection 10.6 shall be payable not later than three Business Days after demand therefor. The agreements in this Subsection 10.6 shall survive the payment of the Loans and all other amounts payable hereunder.

10.7 Right to Request and Act on Instructions

(a) Each Agent may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents an Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, the requesting Agent shall be absolutely entitled as between itself and the

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Lenders to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Lender for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of an Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of the Required Lenders (or such other applicable portion of the Lenders), an Agent shall have no obligation to any Lender to take any action if it believes, in good faith, that such action would violate applicable law or exposes an Agent to any liability

for which it has not received satisfactory indemnification in accordance with the provisions of Subsection 10.6.

(b) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall be entitled to rely upon the advice of any such counsel, accountants or experts and shall not be liable for any action taken or not taken by it in accordance with such advice.

10.8 Collateral Matters. (a) Each Lender authorizes and directs the Administrative Agent and the Collateral Agent to enter into (x) the Security Documents, the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement and any Other Intercreditor Agreement for the benefit of the Lenders and the other Secured Parties, (y) any amendments or waivers of or supplements to or other modifications to the Security Documents, the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement and any Other Intercreditor Agreement or other intercreditor agreements in connection with the incurrence by any Loan Party or any Subsidiary thereof of Additional Debt (each an “Intercreditor Agreement Supplement”) to permit such Additional Debt to be secured by a valid, perfected lien (with such priority as may be designated by the Borrower or relevant Subsidiary, to the extent such priority is permitted by the Loan Documents) and (z) any Incremental Commitment Amendment as provided in Subsection 2.8, any Increase Supplement as provided in Subsection 2.8, any Lender Joinder Agreement as provided in Subsection 2.8, any agreement required in connection with a Permitted Debt Exchange Offer pursuant to Subsection 2.9, any Extension Amendment as provided in Subsection 2.10 and any Specified Refinancing Amendment as provided in Subsection 2.11. Each Lender hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth herein, any action taken by the Administrative Agent, Collateral Agent or the Required Lenders in accordance with the provisions of this Agreement, the Security Documents, the ABL/Term

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Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement, any Intercreditor Agreement Supplement, any Incremental Commitment Amendment, any Increase Supplement, any Lender Joinder Agreement or any agreement required in connection with a Permitted Debt Exchange Offer or any Extension Amendment or any Specified Refinancing Amendment and the exercise by the Agents or the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. The Collateral Agent is hereby authorized on behalf of all of the Lenders, without the necessity of any notice to or further consent from any Lender, from time to time, to take any action with respect to any applicable Collateral or Security Documents which may be necessary to perfect and maintain perfected the security interest in and liens upon the Collateral granted pursuant to and with the priority required by the Security Documents subject to Permitted Liens. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Loans unless instructed to do so by the Collateral Agent, it being understood and agreed that such rights and remedies may be exercised only by the Collateral Agent. The Collateral Agent may grant extensions of time for the creation and perfection of security interests in or the obtaining of title insurance, legal opinions or other deliverables with respect to particular assets or the provision of any guarantee by any Subsidiary (including extensions beyond the Closing Date or in connection with assets acquired, or Subsidiaries formed or acquired, after the Closing Date) where it determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by this Agreement or the Security Documents.

(b) The Lenders hereby authorize each Agent, in each case at its option and in its discretion, (A) to release any Lien granted to or held by such Agent upon any Collateral (i) upon termination of the Initial Term Loan Commitments and payment and satisfaction of all of the Term Loan Facility Obligations under the Loan Documents, at any time arising under or in respect of this Agreement or the Loan Documents or the transactions contemplated hereby or thereby that are then due and unpaid, (ii) to the extent permitted by this Agreement, constituting property being sold or otherwise disposed of (to Persons other than a Loan Party) upon the sale or other disposition thereof, (iii) to the extent permitted by this Agreement, owned by any Subsidiary Guarantor that becomes an Excluded Subsidiary or ceases to be a Restricted Subsidiary of the Borrower or constituting Capital Stock or other equity interests of an Excluded Subsidiary, (iv) if approved, authorized or ratified in writing by the Required Lenders (or such greater amount, to the extent required by Subsection 11.1) or (v) as otherwise may be expressly provided in the relevant Security Documents, (B) at the written request of the Borrower to subordinate any Lien on any Excluded Property or any other property granted to or held by such Agent, as the case may be under any Loan Document to the holder of any Permitted Lien and (C) to the extent permitted by this Agreement, to release any Subsidiary Guarantor from its Obligations under any Loan Documents to which it is a party if such Person ceases to be a Restricted Subsidiary of the Borrower or becomes an Excluded Subsidiary. Upon request by any Agent, at any time, the Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement will confirm in writing any Agent’s authority to release particular types or items of Collateral pursuant to this Subsection 10.8.

(c) The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as the case may be, in each case at its option and in its discretion, to enter into any

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amendment, amendment and restatement, restatement, waiver, supplement or modification, and to make or consent to any filings or to take any other actions, in each case as contemplated by Subsection 11.17. Upon request by any Agent, at any time, the Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement will confirm in writing the Administrative Agent’s and the Collateral Agent’s authority under this Subsection 10.8(c).

(d) No Agent shall have any obligation whatsoever to the Lenders to assure that the Collateral exists or is owned by Holdings, the Borrower or any of its Restricted Subsidiaries or is cared for, protected or insured or that the Liens granted to any Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the Agents in this Subsection 10.8 or in any of the Security Documents, it being understood and agreed by the Lenders that in respect of the Collateral, or any act, omission or event related thereto, each Agent may act in any manner it may deem appropriate, in its sole discretion, given such Agent’s own interest in the Collateral as a Lender and that no Agent shall have any duty or liability whatsoever to the Lenders, except for its bad faith, gross negligence or willful misconduct.

(e) Notwithstanding any provision herein to the contrary, any Security Document may be amended (or amended and restated), restated, waived, supplemented or modified as contemplated by and in accordance with either Subsection 11.1 or 11.17, as applicable, with the written consent of the Agent party thereto and the Loan Party party thereto.

(f) The Collateral Agent may, and hereby does, appoint the Administrative Agent as its agent for the purposes of holding any Collateral and/or perfecting the Collateral Agent’s security interest therein and for the purpose of taking such other action with respect to the Collateral as such Agents may from time to time agree.

10.9 Successor Agent. (i) the Administrative Agent or the Collateral Agent may be removed by the Borrower or the Required Lenders if the Administrative Agent, the Collateral Agent or a controlling affiliate of the Administrative Agent or the Collateral Agent is subject to an Agent Default and (ii) the Administrative Agent and the Collateral Agent may resign as Administrative Agent or Collateral Agent, respectively, in each case upon 10 days’ notice to the Administrative Agent, the Collateral Agent, the Lenders and the Borrower, as applicable (the “Resignation Effective Date”). If the Administrative Agent or the Collateral Agent shall be removed by the Borrower or the Required Lenders pursuant to clause (i) above or if the Administrative Agent or the Collateral Agent shall resign as Administrative Agent or

Collateral Agent, as applicable, under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which such successor agent shall be subject to approval by the Borrower; provided that such approval by the Borrower in connection with the appointment of any successor Administrative Agent shall only be required so long as no Event of Default under Subsection 9.1(a) or (f) has occurred and is continuing; provided further, that the Borrower shall not unreasonably withhold its approval of any successor Administrative Agent if such successor is a commercial bank with a consolidated combined capital and surplus of at least \$5,000,000,000. Upon the successful appointment of a successor agent, such successor agent shall succeed to the rights, powers and

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duties of the Administrative Agent or the Collateral Agent, as applicable, and the term “Administrative Agent” or “Collateral Agent”, as applicable, shall mean such successor agent effective upon such appointment and approval. Whether or not a successor agent has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. After any retiring Agent’s resignation or removal as Agent, the provisions of this Section 10 (including this Subsection 10.9) shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor.

10.10 [Reserved].

10.11 Withholding Tax. To the extent required by any applicable law, each Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax, and in no event shall such Agent be required to be responsible for or pay any additional amount with respect to any such withholding. If the Internal Revenue Service or any other Governmental Authority asserts a claim that any Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify such Agent of a change in circumstances which rendered the exemption from or reduction of withholding tax ineffective or for any other reason, without limiting the provisions of Subsection 4.11(a) or 4.12, such Lender shall indemnify such Agent fully for all amounts paid, directly or indirectly, by such Agent as tax or otherwise, including any penalties or interest and together with any expenses incurred and shall make payable in respect thereof within 30 days after demand therefor. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Subsection 10.11. The agreements in this Subsection 10.11 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all other Term Loan Facility Obligations.

10.12 Other Representatives. None of the entities identified as Joint Bookrunners pursuant to the definition of Other Representative contained herein, shall have any duties or responsibilities hereunder or under any other Loan Document in its capacity as such. Without limiting the foregoing, no Other Representative shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Other Representative shall have transferred to any other Person (other than any of its affiliates) all of its interests in the Loans, such Lender shall be deemed to have concurrently resigned as such Other Representative.

10.13 Administrative Agent May File Proofs of Claim. In case of the pendency of any Bankruptcy Proceeding or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the

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Administrative Agent shall have made any demand on the Borrower) is hereby authorized by the Lenders, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Subsections 4.5 and 11.5) allowed in such judicial proceeding;

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Subsections 4.5 and 11.5.

10.14 Application of Proceeds. The Lenders, the Administrative Agent and the Collateral Agent agree, as among such parties, as follows: subject to the terms of the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement or any Intercreditor Agreement Supplement, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent, the Collateral Agent or any Lender on account of amounts then due and outstanding under any of the Loan Documents (the “Collection Amounts”) shall, except as otherwise expressly provided herein, be applied as follows: first, to pay all reasonable out-of-pocket costs and expenses (including reasonable attorneys’ fees to the extent provided herein) due and owing hereunder of the Administrative Agent and the Collateral Agent in connection with enforcing the rights of the Agents and the Lenders under the Loan Documents (including all expenses of sale or other realization of or in respect of the Collateral and any sums advanced to the Collateral Agent or to preserve its security interest in the Collateral), second, to pay all reasonable out-of-pocket costs and expenses (including reasonable attorneys’ fees to the extent provided herein) due and owing hereunder of each of the Lenders in connection with enforcing such Lender’s rights under the Loan Documents, third, to pay interest on Loans then outstanding, fourth, to pay principal of Loans then outstanding and obligations under Interest Rate Agreements, Currency Agreements, Commodities Agreements and Bank Products Agreements permitted hereunder and secured by the Security Agreement, ratably among the applicable Secured Parties in proportion to the respective amounts described in this clause “fourth” payable to them, and fifth, to pay the surplus, if any, to whomever may be lawfully entitled to receive such surplus. To the extent any amounts available for distribution pursuant to clause “third” or “fourth” above are insufficient to pay all obligations described therein in full, such moneys shall be allocated pro rata among the applicable Secured Parties in proportion to the respective amounts described in the applicable clause at such time. This Subsection 10.14 may be amended (and the Lenders hereby

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irrevocably authorize the Administrative Agent to enter into any such amendment) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new classes or tranches of loans added pursuant to Subsections 2.8, 2.10 and 2.11, as applicable.

SECTION 11

Miscellaneous

11.1 Amendments and Waivers. (a) Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof, may be amended,

supplemented, modified or waived except in accordance with the provisions of this Subsection 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (x) enter into with the respective Loan Parties hereto or thereto, as the case may be, written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or to the other Loan Documents or changing, in any manner the rights or obligations of the Lenders or the Loan Parties hereunder or thereunder or (y) waive at any Loan Party's request, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that amendments pursuant to Subsections 11.1(d) and (f) may be effected without the consent of the Required Lenders to the extent provided therein; provided further, that no such waiver and no such amendment, supplement or modification shall:

(i) (A) reduce or forgive the amount or extend the scheduled date of maturity of any Loan or of any scheduled installment thereof (including extending any Maturity Date), (B) reduce the stated rate of any interest, commission or fee payable hereunder (other than as a result of any waiver of the applicability of any post-default increase in interest rates), (C) extend the scheduled date of any payment of any Lender's Loans, (D) increase the Commitment of such Lender (other than with respect to any Commitment increase pursuant to Subsection 2.8 in respect of which such Lender has agreed to be an Incremental Lender or increase of Commitments with respect to Specified Refinancing Term Loans that such Lender has agreed to provide as a Specified Refinancing Lender pursuant to a Specified Refinancing Amendment entered into pursuant to Subsection 2.11); it being understood that no amendment, supplement, modification or waiver of, or consent to departure from, any condition precedent, representation, warranty, covenant, Default, Event of Default, mandatory prepayment or mandatory reduction of the Commitments shall constitute an increase of any Commitment of such Lender, or (E) change the currency in which any Loan is payable, in each case without the consent of each Lender directly and adversely affected thereby (it being understood that amendments or supplements to, or waivers or modifications of any conditions precedent, representations, warranties, covenants, Defaults or Events of Default or of a mandatory repayment of the Loans of all Lenders shall not constitute an extension of the scheduled date of maturity, any scheduled installment, or the scheduled date of payment of the Loans of any Lender);

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(ii) amend, modify or waive any provision of this Subsection 11.1(a) or reduce the percentage specified in the definition of "Required Lenders," or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (other than pursuant to Subsection 8.7 or 11.6(a)), in each case without the written consent of all the Lenders;

(iii) release Guarantors accounting for all or substantially all of the value of the Guarantee of the Obligations pursuant to the Guaranty Agreement, or, in the aggregate (in a single transaction or a series of related transactions), all or substantially all of the Collateral without the consent of all of the Lenders, except as expressly permitted hereby or by any Security Document;

(iv) require any Lender to make Loans having an Interest Period of longer than six months or shorter than one month without the consent of such Lender;

(v) amend, modify or waive any provision of Section 10 or any other provision that may adversely affect the rights and duties of the Agents without the written consent of such Agents;

(vi) amend, modify or waive any provision of Subsection 10.1(a), 10.4 or 10.12 without the written consent of any Other Representative directly and adversely affected thereby; or

(vii) amend, modify or waive the order of application of payments set forth in Subsection 4.8(a) without the consent of each Lender directly and adversely affected thereby;

provided further that, notwithstanding and in addition to the foregoing, and in addition to Liens, the Collateral Agent is authorized to release pursuant to Subsection 10.8(b), the Collateral Agent may, in its discretion, release the Lien on Collateral valued in the aggregate not in excess of \$10,000,000 in any Fiscal Year without the consent of any Lender.

(b) Any waiver and any amendment, supplement or modification pursuant to this Subsection 11.1 shall apply to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Agents and all future holders of the Loans. In the case of any waiver, each of the Loan Parties, the Lenders and the Agents shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(c) [Reserved].

(d) Notwithstanding any provision herein to the contrary, this Agreement and the other Loan Documents may be amended (i) to cure any ambiguity, mistake, omission, defect, or inconsistency with the consent of the Borrower and the Administrative Agent, (ii) in accordance with Subsection 2.8 to incorporate the terms of any Incremental Commitments with the written consent of the Borrower and Lenders providing such Incremental Commitments, (iii) in accordance with Subsection 2.10 to effectuate an Extension with the written consent of the

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Borrower and the Extending Lenders, (iv) in accordance with Subsection 2.11 to incorporate the terms of any Specified Refinancing Term Loan Facilities with the written consent of the Borrower and the applicable Specified Refinancing Lenders, (v) in accordance with Subsection 7.12, to change the financial reporting convention and (vi) with the consent of the Borrower and the Administrative Agent (in each case such consent not to be unreasonably withheld, conditioned or delayed), in the event any mandatory prepayment or redemption provision in respect of the Net Cash Proceeds of Asset Dispositions or Recovery Events or from Excess Cash Flow included or to be included in any Incremental Commitment Amendment or any Indebtedness constituting Additional Obligations or that would constitute Additional Obligations would result in Incremental Term Loans or Additional Obligations, as applicable, being prepaid or redeemed on a more than ratable basis with the Term Loans in respect of the Net Cash Proceeds from any such Asset Disposition or Recovery Event or Excess Cash Flow prepayment to the extent such Net Cash Proceeds or Excess Cash Flow are required to be applied to repay Term Loans hereunder pursuant to Subsection 4.4(e), to provide for mandatory prepayments of the Initial Term Loans such that, after giving effect thereto, the prepayments made in respect of such Incremental Term Loans or Additional Obligations, as applicable, are not on more than a ratable basis. Without limiting the generality of the foregoing, any provision of this Agreement and the other Loan Documents, including Subsection 4.4, 4.8 or 10.14 hereof, may be amended as set forth in the immediately preceding sentence pursuant to any Incremental Commitment Amendment, any Extension Amendment or any Specified Refinancing Amendment, as the case may be, to provide for non-pro rata borrowings and payments of any amounts hereunder as between any Tranches, including the Term Loans, any Incremental Commitments or Incremental Loans, any Extended Term Tranche and any Specified Refinancing Tranche, or to provide for the inclusion, as appropriate, of the Lenders of any Extended Term Tranche, Specified Refinancing Tranche or Incremental Commitments or Incremental Loans in any required vote or action of the Required Lenders or of the Lenders of each Tranche hereunder. The Administrative Agent hereby agrees (if requested by the Borrower) to execute any amendment referred to in this clause (d) or an acknowledgement thereof.

(e) Notwithstanding any provision herein to the contrary, this Agreement may be amended (or deemed amended) or amended and restated with the written consent of the Required Lenders, the Administrative Agent and the Borrower (x) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the

other Loan Documents with the existing Facilities and the accrued interest and fees in respect thereof, (y) to include, as appropriate, the Lenders holding such credit facilities in any required vote or action of the Required Lenders or of the Lenders of each Facility hereunder and (z) to provide class protection for any additional credit facilities.

(f) Notwithstanding any provision herein to the contrary, any Security Document may be amended (or amended and restated), restated, waived, supplemented or modified as contemplated by Subsection 11.17 with the written consent of the Agent party thereto and the Loan Party party thereto.

(g) If, in connection with any proposed change, waiver, discharge or termination of or to any of the provisions of this Agreement and/or any other Loan Document as contemplated by Subsection 11.1(a), the consent of each Lender or each affected Lender, as

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applicable, is required and the consent of the Required Lenders at such time is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each such Lender, a “Non-Consenting Lender”) then the Borrower may, on notice to the Administrative Agent and the Non-Consenting Lender, (A) replace such Non-Consenting Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Subsection 11.6 (with the assignment fee and any other costs and expenses to be paid by the Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender; provided, further, that the applicable assignee shall have agreed to the applicable change, waiver, discharge or termination of this Agreement and/or the other Loan Documents; and provided, further, that all obligations of the Borrower owing to the Non-Consenting Lender relating to the Loans and participations so assigned shall be paid in full by the assignee Lender (or, at the Borrower’s option, by the Borrower) to such Non-Consenting Lender concurrently with such Assignment and Acceptance or (B) so long as no Event of Default under Subsection 9.1(a) or (f) then exists or will exist immediately after giving effect to the respective prepayment, prepay the Loans and, at the Borrower’s option, terminate the Commitments of such Non-Consenting Lender, in whole or in part, subject to Subsections 4.5(b) and 4.12, without premium or penalty. In connection with any such replacement under this Subsection 11.1(g), if the Non-Consenting Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the replacement Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (b) the date as of which all obligations of the Borrower owing to the Non-Consenting Lender relating to the Loans and participations so assigned shall be paid in full by the assignee Lender to such Non-Consenting Lender, then such Non-Consenting Lender shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Non-Consenting Lender, and the Administrative Agent shall record such assignment in the Register.

11.2 Notices. (a) All notices, requests, and demands to or upon the respective parties hereto to be effective shall be in writing (including telecopy or electronic mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy or electronic mail notice, when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day) or, in the case of delivery by a nationally recognized overnight courier, when received, addressed as follows in the case of the Borrower, the Administrative Agent and the Collateral Agent, and as set forth in Schedule A in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Loans:

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Borrower: Floor and Decor Outlets of America, Inc.
2233 Lake Park Drive, Suite 400
Smyrna, Georgia 30080

Attention: Trevor Lang
Telephone: (770) 421-3717
Email: TLang@flooranddecor.com

With copies (which shall not constitute notice) to: Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067

Attention: Monica J. Shilling, Esq.
Facsimile: (310) 284-2193
Telephone: (310) 557-2193
Email: MShilling@proskauer.com

The Administrative Agent/the Collateral Agent: UBS AG, Stamford Branch
Attention: Structured Finance Processing
600 Washington Blvd., 9th Floor
Stamford, CT 06901
Facsimile: (203) 719-3888
Telephone: (203) 719-4319
Email: Agency-UBSAmericas@ubs.com

With copies (which shall not constitute notice) to: Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: Jesse Sheff
Facsimile: 212.751.4864
Telephone: 212.906.4524
Email: jesse.sheff@lw.com

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Subsection 4.2, 4.4 or 4.8 shall not be effective until received.

(b) Without in any way limiting the obligation of any Loan Party and its Subsidiaries to confirm in writing any telephonic notice permitted to be given hereunder, the Administrative Agent may prior to receipt of written confirmation act without liability upon the basis of such telephonic notice, believed by the Administrative Agent in good faith to be from a Responsible Officer of a Loan Party.

(c) Loan Documents may be transmitted and/or signed by facsimile or other electronic means (e.g., a “pdf” or “tiff”). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually signed originals and shall be binding on each Loan Party, each Agent and each Lender. The

Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or other electronic document or signature.

(d) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including electronic mail and Internet or intranet websites). Unless the Administrative Agent otherwise prescribes (with the Borrower's consent), (i) notices and other communications sent to an e-mail address shall be deemed to have been duly made or given when delivered, provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been delivered at the opening of business on the next Business Day, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the posting thereof.

(e) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF ITS RELATED PARTIES WARRANT THE ACCURACY OR COMPLETENESS OF MATERIALS AND/OR INFORMATION PROVIDED BY OR ON BEHALF OF THE BORROWER HEREUNDER OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD-PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM.

(f) Any party to this Agreement may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent.

(g) All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any Agent, any Lender or any Loan Party, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in the other Loan Documents (or in any amendment, modification or supplement hereto or thereto) and in any certificate delivered pursuant hereto or such other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

11.5 Payment of Expenses and Taxes; Indemnity. The Borrower agrees (a) to pay or reimburse the Agents and the Other Representatives for (i) all their reasonable and documented out-of-pocket costs and expenses incurred in connection with (i) the syndication of the Facilities and the development, preparation, execution and delivery of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, (ii) the consummation and administration of the transactions (including the syndication of the Initial Term Loan Commitments) contemplated hereby and thereby and (iii) efforts to monitor the Loans and verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral, and (2) the reasonable and documented fees and disbursements of Latham & Watkins LLP, in its capacity as counsel to the Agents and Other Representatives, and such other special or local counsel, consultants, advisors, appraisers and auditors whose retention (other than during the continuance of an Event of Default) is approved by the Borrower, (b) to pay or reimburse each Lender, each Lead Arranger and the Agents for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith, including the fees and disbursements of counsel to the Agents (limited to one firm of counsel in each appropriate jurisdiction, in each case for the Agents), (c) to pay, indemnify, or reimburse each Lender, each Lead Arranger and the Agents for, and hold each Lender, each Lead Arranger and the Agents harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, any stamp, documentary, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution, delivery or enforcement of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents (all such items collectively, "Other Taxes"), and (d) to pay, indemnify or reimburse each Lender, each Lead Arranger, each Agent (and any sub-agent thereof) and each Related Party of any of the foregoing Persons (each, an "Indemnitee") for, and hold each Indemnitee harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (in the case of fees and disbursements of counsel, limited to one firm of counsel for all Indemnitees and, if necessary, one firm of local counsel in each appropriate jurisdiction, in each case for all Indemnitees (and, in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict informs the Borrower of such conflict and thereafter, after receipt of the Borrower's consent (which shall not be unreasonably withheld), retains its own counsel, or another firm of counsel for such affected Indemnitee)) arising out of, relating to, or in connection with (i) the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans, (ii) the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower or any of its Restricted Subsidiaries or any of the property of the Borrower or any of its Restricted Subsidiaries or any other property at which Materials of Environmental Concern generated by the Borrower or any of its Restricted Subsidiaries was managed, released, or discharged, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or any Loan

Party and regardless of whether any Indemnitee is a party thereto (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided that the Borrower shall not have any obligation hereunder to any Lead Arranger, any Other Representative, any Agent (or any sub-agent thereof) or any Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender) with respect to Indemnified Liabilities arising from (i) the gross negligence, bad faith or willful misconduct of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender), as the case may be, as determined by a court of competent jurisdiction in a final and non-appealable decision, (ii) a material breach of the Loan Documents by any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender), as the case may be, as determined by a court of competent jurisdiction in a final and non-appealable decision or (iii) claims against such Indemnitee or any Related Party brought by any other Indemnitee that do not involve claims against any Lead Arranger or Agent in its capacity as such. Neither the Borrower nor any Indemnitee shall be liable for any indirect, special, punitive or consequential damages hereunder; provided that nothing contained in this sentence shall limit the Borrower's indemnity or reimbursement obligations under this Subsection 11.5 to the extent such indirect, special, punitive or consequential damages are included in any third-party claim in connection with which such Indemnitee is entitled to indemnification hereunder. All amounts due under this Subsection 11.5 shall be payable not later than 30 days after written demand therefor. Statements reflecting amounts payable by the Loan Parties pursuant to this Subsection 11.5 shall be submitted to the address of the Borrower set forth in Subsection 11.2, or to such other Person or address as may be hereafter designated by the Borrower in a notice to the Administrative Agent. Notwithstanding the foregoing, except as provided in Subsections 11.5(b) and (c) above, Borrower shall not have any

obligation under this Subsection 11.5 to any Indemnitee with respect to any tax, levy, impost, duty, charge, fee, deduction or withholding imposed, levied, collected, withheld or assessed by any Governmental Authority other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. The agreements in this Subsection 11.5 shall survive repayment of the Loans and all other amounts payable hereunder.

11.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) other than in accordance with Subsection 8.7, Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with Subsection 2.10(e), Subsection 4.13(d), Subsection 11.1(g) or this Subsection 11.6.

(b) (i) Subject to the conditions set forth in Subsection 11.6(b)(ii) below, any Lender other than a Conduit Lender may, in the ordinary course of business and in accordance with applicable law, assign (other than to a Disqualified Lender that has been identified as such by the Borrower to the Administrative Agent or any natural person) to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement

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(including its Commitments and/or Loans, pursuant to an Assignment and Acceptance) with the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of:

(A) the Borrower; provided, that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof; provided, further, that no consent of the Borrower shall be required for an assignment (x) of Term Loans to a Lender, an Affiliate of a Lender, or an Approved Fund (as defined below); provided, that if any Lender assigns all or a portion of its rights and obligations with respect to the Term Loans under this Agreement to one of its Affiliates in connection with or in contemplation of the sale or other disposition of its interest in such Affiliate, the Borrower’s prior written consent shall be required for such assignment, and, (y) if an Event of Default under Subsection 9.1(a) or (f) with respect to the Borrower has occurred and is continuing, to any other Person; and

(B) the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed); provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender’s Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall be in an amount of an integral multiple of \$1,000,000 unless the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Subsection 9.1(a) or (f) with respect to the Borrower has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 (unless waived by the Administrative Agent in any given case); provided that for concurrent assignments to two or more Approved Funds such assignment fee shall only be required to be paid once in respect of and at the time of such assignments;

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(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire;

(D) any assignment of Incremental Commitments or Loans to an Affiliated Lender shall also be subject to the requirements of Subsections 11.6(h) and (i); and

(E) any Term Loans acquired by Holdings, the Borrower or any Restricted Subsidiary shall be retired and cancelled promptly upon acquisition thereof.

For the purposes of this Subsection 11.6, the term “Approved Fund” has the following meaning: “Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender. Notwithstanding the foregoing, no Lender shall be permitted to make assignments under this Agreement to any Disqualified Lender and any such assignment shall be void *ab initio*, except to the extent the Borrower has consented to such assignment in writing (in which case such Lender will not be considered a Disqualified Lender solely for that particular assignment).

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(iv) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of (and bound by any related obligations under) Subsections 4.10, 4.11, 4.12, 4.13 and 11.5, and bound by its continuing obligations under Subsection 11.16). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with Subsection 2.10(e), Subsection 4.13(d), Subsection 11.1(g) or this Subsection 11.6 shall, to the extent it would comply with Subsection 11.6(c), be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Subsection 11.6 (and any attempted assignment, transfer or participation which does not comply with this Subsection 11.6 shall be null and void).

(iv) The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower’s agent, solely for purposes of this Subsection 11.6, to maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Initial Term Loan Commitments or Incremental Commitments of, and interest and principal amounts of the Loans owing to, each Lender pursuant to the

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terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower (and, solely with respect to entries applicable to such Lender, any Lender), at any reasonable time and from time to time upon reasonable prior notice. Notwithstanding anything herein to the contrary, any assignment by a Lender to a Disqualified Lender shall be deemed to be not effective and the Register shall be modified to reflect a reversal of such assignment, and the Borrower shall be entitled to pursue any remedy available to them (whether at law or in equity, including specific performance to unwind such assignment) against the Lender and such Disqualified Lender. In no event shall the Administrative Agent be obligated to ascertain, monitor or inquire as to whether any prospective assignee is a Disqualified Lender or otherwise have any responsibility or liability for monitoring the list of Disqualified Lenders or enforcing the Borrower's or any Lender's compliance with the terms of any of the provisions set forth herein with respect to Disqualified Lenders. Notwithstanding the foregoing, in no event shall the Administrative Agent be obligated to ascertain, monitor or inquire as to whether any Lender is an Affiliated Lender nor shall the Administrative Agent be obligated to monitor the aggregate amount of Term Loans or Incremental Term Loans held by Affiliated Lenders. Upon request by the Administrative Agent, the Borrower shall use commercially reasonable efforts to (i) promptly (and in any case, not less than five Business Days (or shorter period as agreed to by the Administrative Agent) prior to the proposed effective date of any amendment, consent or waiver pursuant to Subsection 11.1) provide to the Administrative Agent, a list of, to the Borrower's knowledge, all Affiliated Lenders holding Term Loans or Incremental Term Loans at the time of such notice and (ii) not less than three Business Days (or shorter period as agreed to by the Administrative Agent) prior to the proposed effective date of any amendment, consent or waiver pursuant to Subsection 11.1, provide to the Administrative Agent, a list of, to the Borrower's knowledge, all Affiliated Debt Funds holding Term Loans or Incremental Term Loans at the time of such notice.

(v) Each Lender that sells a participation shall, acting for itself and, solely for this purpose, as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary (x) to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or (y) for the Borrower to enforce its rights hereunder. The entries in the Participant Register shall be conclusive absent manifest error, and a Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

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(vi) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender (unless such assignment is being made in accordance with Subsection 2.10(e), Subsection 4.13(d) or Subsection 11.1(g), in which case the effectiveness of such Assignment and Acceptance shall not require execution by the assigning Lender) and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in this Subsection 11.6(b) and any written consent to such assignment required by this Subsection 11.6(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (vi).

(vii) On or prior to the effective date of any assignment pursuant to this Subsection 11.6(b), the assigning Lender shall surrender to the Administrative Agent any outstanding Notes held by it evidencing the Loans which are being assigned. Any Notes surrendered by the assigning Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled".

Notwithstanding the foregoing provisions of this Subsection 11.6(b) or any other provision of this Agreement, if the Borrower shall have consented thereto in writing in its sole discretion, the Administrative Agent shall have the right, but not the obligation, to effectuate assignments of Loans, Incremental Commitments and Initial Term Loan Commitments via an electronic settlement system acceptable to Administrative Agent and the Borrower as designated in writing from time to time to the Lenders by Administrative Agent (the "Settlement Service"). At any time when the Administrative Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed Assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be subject to the prior written approval of the Borrower and shall be consistent with the other provisions of this Subsection 11.6(b). Each assigning Lender and proposed Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loans, Incremental Commitments and Initial Term Loan Commitments pursuant to the Settlement Service. Assignments and assumptions of Loans, Incremental Commitments and Initial Term Loan Commitments shall be effected by the provisions otherwise set forth herein until the Administrative Agent notifies the Lenders of the Settlement Service as set forth herein.

Furthermore, no Assignee, which as of the date of any assignment to it pursuant to this Subsection 11.6(b) would be entitled to receive any greater payment under Subsection 4.10, 4.11, 4.12 or 11.5 than the assigning Lender would have been entitled to receive with respect to any withholding tax imposed as of the date of such assignment, with respect to the rights assigned shall notwithstanding anything to the contrary in this Agreement be entitled to receive such greater payments unless the assignment was made after an Event of Default under Subsection 9.1(a) or (f) has occurred and is continuing or the Borrower has expressly consented in writing to waive the benefit of this provision at the time of such assignment.

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(c) (i) Any Lender other than a Conduit Lender may, in the ordinary course of its business and in accordance with applicable law, without the consent of the Borrower or the Administrative Agent, sell participations (other than to any Disqualified Lender or a natural person) to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Initial Term Loan Commitments, Incremental Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, (D) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (E) in the case of any participation to a Permitted Affiliated Assignee, such participation shall be governed by the provisions of Subsection 11.6(h)(ii) to the same extent as if each reference therein to an assignment of a Loan were to a participation of a Loan and the references to Affiliated Lender were to such Permitted Affiliated Assignee in its capacity as a participant. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, supplement, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, supplement, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to clause (i) or (iii) of the second proviso to the second sentence of Subsection 11.1(a) and (2) directly affects such Participant. Subject to Subsection 11.6(c)(ii), the Borrower agrees that each Participant shall be entitled to the benefits of (and shall have the related obligations under) Subsections 4.10, 4.11, 4.12, 4.13 and 11.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Subsection 11.6(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Subsection 11.7(b) as though it were a Lender, provided that such Participant shall be subject to Subsection 11.7(a) as though it were a Lender. Notwithstanding the foregoing, no Lender shall be permitted to sell participations under this Agreement to any Disqualified Lender and any such participation shall be deemed to be not effective, except to the extent the Borrower has consented to such participation in writing (in which case such Lender will not be considered a Disqualified Lender solely for that particular participation). Any attempted participation which does not comply with Subsection 11.6 shall be deemed to be not effective.

(ii) No Loan Party shall be obligated to make any greater payment under Subsection 4.10, 4.11, 4.12 or 11.5 than it would have been obligated to make in the absence of any participation, unless the sale of such participation is made with the prior written consent of the Borrower and the Borrower expressly waives the benefit of this provision at the time of such participation. Any Participant that is not incorporated under the laws of the United States of America or a state thereof shall not be entitled to the benefits of Subsection 4.11 unless such Participant complies with Subsection 4.11(b) and provides the forms and certificates referenced therein to the Lender that granted such participation.

(d) Any Lender, without the consent of the Borrower or the Administrative Agent, may at any time pledge or assign a security interest in all or any portion of its rights under

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this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or central bank of a member state of the European Union, and this Subsection 11.6 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute (by foreclosure or otherwise) any such pledgee or Assignee for such Lender as a party hereto.

(e) No assignment or participation made or purported to be made to any Assignee or Participant shall be effective without the prior written consent of the Borrower if it would require the Borrower to make any filing with any Governmental Authority or qualify any Loan or Note under the laws of any jurisdiction, and the Borrower shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any Assignee or Participant to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Subsection 11.6(b). The Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any domestic or foreign bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state, federal or provincial bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance. Each such indemnifying Lender shall pay in full any claim received from the Borrower pursuant to this Subsection 11.6(f) within 30 Business Days of receipt of a certificate from a Responsible Officer of the Borrower specifying in reasonable detail the cause and amount of the loss, cost, damage or expense in respect of which the claim is being asserted, which certificate shall be conclusive absent manifest error. Without limiting the indemnification obligations of any indemnifying Lender pursuant to this Subsection 11.6(f), in the event that the indemnifying Lender fails timely to compensate the Borrower for such claim, any Loans held by the relevant Conduit Lender shall, if requested by the Borrower, be assigned promptly to the Lender that administers the Conduit Lender and the designation of such Conduit Lender shall be void.

(g) If the Borrower wishes to replace the Loans under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' (or such shorter period as agreed to by the Administrative Agent in its reasonable discretion) advance notice to the Lenders under such Facility, instead of prepaying the Loans to be replaced, to (i) require the Lenders under such Facility to assign such Loans to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Subsection 11.1. Pursuant to any such assignment, all Loans to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing

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pursuant to Subsection 4.12. By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans under such Facility pursuant to the terms of the form of the Assignment and Acceptance, the Administrative Agent shall record such assignment in the Register and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (g) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

(h) (i) Notwithstanding anything to the contrary contained herein, (x) any Lender may, at any time, assign all or a portion of its rights and obligations under this Agreement in respect of its Loans or Commitments to any Parent Entity, the Borrower, any Subsidiary or an Affiliated Lender and (y) any Parent Entity, the Borrower and any Subsidiary may, from time to time, purchase or prepay Loans, in each case, on a non-pro rata basis through (1) Dutch auction procedures open to all applicable Lenders on a pro rata basis in accordance with customary procedures to be agreed between the Borrower and the Administrative Agent (or other applicable agent managing such auction); provided that (A) any such Dutch auction by the Borrower or its Subsidiaries shall be made in accordance with Subsection 4.4(1) and (B) any such Dutch auction by any Parent Entity shall be made on terms substantially similar to Subsection 4.4(1) or on other terms to be agreed between such Parent Entity and the Administrative Agent (or other applicable agent managing such auction) or (2) open market purchases; provided further that:

(1) such Affiliated Lender and such other Lender shall execute and deliver to the Administrative Agent an assignment agreement substantially in the form of Exhibit L hereto (an "Affiliated Lender Assignment and Assumption") and the Administrative Agent shall record such assignment in the Register;

(2) at the time of such assignment after giving effect to such assignment, the aggregate principal amount of all Term Loans held (or participated in) by Affiliated Lenders that are not Affiliated Debt Funds shall not exceed 25.00% of the aggregate principal amount of all Term Loans outstanding under this Agreement;

(3) any such Term Loans acquired by (x) Holdings, the Borrower or a Restricted Subsidiary shall be retired or cancelled promptly upon the acquisition thereof and (y) an Affiliated Lender may, with the consent of the Borrower, be contributed to the Borrower, whether through a Parent Entity or otherwise, and exchanged for debt or equity securities of the Borrower or such Parent Entity that are otherwise permitted to be issued at such time pursuant to the terms of this Agreement, so long as any Term Loans so acquired by the Borrower shall be retired and cancelled promptly upon the acquisition thereof;

(4) [reserved]; and

(5) each Lender making such assignment to, or taking such assignment from, such Affiliated Lender acknowledges and agrees

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that in connection with such assignment, (1) such Affiliated Lender then may have, and later may come into possession of Excluded Information, (2) such Lender has independently and, without reliance on the Affiliated Lender, Holdings, the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to enter into such assignment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of Holdings, the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against Holdings, the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender entering into such an assignment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

(ii) Notwithstanding anything to the contrary in this Agreement, no Affiliated Lender that is not an Affiliated Debt Fund shall have any right to (A) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Loan Parties are not invited, (B) receive any information or material prepared by the Administrative Agent or any Lender or any communication by or among the Administrative Agent and/or one or more Lenders, except to the extent such information or materials have been made available to the Borrower or its representatives or (C) receive advice of counsel to the Administrative Agent, the Collateral Agent or any other Lender or challenge their attorney client privilege.

(iii) Notwithstanding anything in Subsection 11.1 or the definition of "Required Lenders" to the contrary, for purposes of determining whether the Required Lenders, all affected Lenders or all Lenders have (A) consented (or not consented) to any amendment or waiver of any provision of this Agreement or any other Loan Document or any departure by any Loan Party therefrom, (B) otherwise acted on any matter related to any Loan Document, or (C) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, an Affiliated Lender that is not an Affiliated Debt Fund shall be deemed to have voted its interest as a Lender without discretion in the same proportion as the allocation of voting with respect to such matter by Lenders who are not such Affiliated Lenders; provided that (I) to the extent Lenders are being compensated by the Borrower for consenting to an amendment, modification, waiver or any other action, each Affiliated Lender who has been deemed to have voted its Loans in accordance with this Subsection 11.6(h)(iii) shall be entitled to be compensated on the same basis as each consenting Lender as if it had voted all of its Loans in favor of the applicable amendment, modification, waiver or other action; (II) no amendment, modification, waiver, consent or other action with respect to any Loan Document shall deprive such Affiliated Lender of its ratable share of any payments of Loans of any class to which such Affiliated Lender is entitled under the Loan Documents without such Affiliated Lender providing its consent; and (III) that such Affiliated Lender shall have the right to approve any

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amendment, modification, waiver or consent that (x) disproportionately and adversely affects such Affiliated Lender in its capacity as a Lender or affects such Affiliated Lender differently in its capacity as a Lender than other Lenders or (y) is of the type described in Subsections 11.1(a)(i) through (xi) (other than subclauses (v) and (vi)); and in furtherance of the foregoing, (x) the Affiliated Lender agrees to execute and deliver to the Administrative Agent any instrument reasonably requested by the Administrative Agent to evidence the voting of its interest as a Lender in accordance with the provisions of this Subsection 11.6(h)(iii); provided that if the Affiliated Lender fails to promptly execute such instrument such failure shall in no way prejudice any of the Administrative Agent's rights under this Subsection 11.6(h)(iii) and (y) the Administrative Agent is hereby appointed (such appointment being coupled with an interest) by such Affiliated Lender as such Affiliated Lender's attorney-in-fact, with full authority in the place and stead of such Affiliated Lender and in the name of such Affiliated Lender, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Subsection 11.6(h)(iii).

(iv) Each Affiliated Lender that is not an Affiliated Debt Fund, solely in its capacity as a Lender, hereby agrees, and each Affiliated Lender Assignment and Assumption agreement shall provide a confirmation that, if any of Holdings, the Borrower or any Restricted Subsidiary shall be subject to any voluntary or involuntary bankruptcy, reorganization, insolvency or liquidation proceeding (each, a "Bankruptcy Proceeding"), (i) such Affiliated Lender shall not take any step or action in such Bankruptcy Proceeding to object to, impede, or delay the exercise of any right or the taking of any action by the Administrative Agent (or the taking of any action by a third party that is supported by the Administrative Agent) in relation to such Affiliated Lender's claim with respect to its Term Loans ("Claim") (including objecting to any debtor in possession financing, use of cash collateral, grant of adequate protection, sale or disposition, compromise, or plan of reorganization) so long as such Affiliated Lender in its capacity as a Lender is treated in connection with such exercise or action on the same or better terms as the other Lenders and (ii) with respect to any matter requiring the vote of Lenders during the pendency of a Bankruptcy Proceeding (including voting on any plan of reorganization), the Term Loans held by such Affiliated Lender (and any Claim with respect thereto) shall be deemed to be voted in accordance with Subsection 11.6(h)(iii) above so long as such Affiliated Lender in its capacity as a Lender is treated in connection with the exercise of such right or taking of such action on the same or better terms as the other Lenders. For the avoidance of doubt, the Lenders and each Affiliated Lender that is not an Affiliated Debt Fund agree and acknowledge that the provisions set forth in this Subsection 11.6(h)(iv) and the related provisions set forth in each Affiliated Lender Assignment and Assumption constitute a "subordination agreement" as such term is contemplated by, and utilized in, Section 510(a) of the United States Bankruptcy Code, and, as such, it is their intention that this Subsection 11.6(h)(iv) would be enforceable for all purposes in any case where Holdings, the Borrower or any Restricted Subsidiary has filed for protection under any law relating to bankruptcy, insolvency or reorganization or relief of debtors applicable to Holdings, the Borrower or such Restricted Subsidiary, as applicable. Each Affiliated Lender that is not an Affiliated Debt Fund hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as

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such Affiliated Lender's attorney-in-fact, with full authority in the place and stead of such Affiliated Lender and in the name of such Affiliated Lender (solely in respect of Loans, Commitments and participations therein and not in respect of any other claim or status such Affiliated Lender may otherwise have), from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Subsection 11.6(h)(iv).

(i) Notwithstanding anything to the contrary in this Agreement, Subsection 11.1 or the definition of "Required Lenders" (x) with respect to any assignment or participation to or by an Affiliated Debt Fund, such assignment or participation shall be made pursuant to an open market purchase and (y) for purposes of determining whether the Required Lenders have (i) consented (or not consented) to any amendment, supplement, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent, Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, all Term Loans held by Affiliated Debt Funds may not account for more than 50.0% of the Term Loans of consenting Lenders included in determining whether the Required Lenders have consented to any action pursuant to Subsection 11.1.

(j) Notwithstanding the foregoing provisions of this Subsection 11.6, nothing in this Subsection 11.6 is intended to or should be construed to limit the Borrower's right to prepay the Loans as provided hereunder, including under Subsection 4.4.

11.7 Adjustments; Set-off; Calculations; Computations. (a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Subsection 9.1(f), or otherwise (except pursuant to Subsection 2.8, 2.9, 2.10, 2.11, 4.4, 4.5(b), 4.9, 4.10, 4.11, 4.12, 4.13(d), 11.1(g) or 11.6)), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans owing to it, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders an interest (by participation, assignment or otherwise) in such portion of each such other Lender's Loans owing to it, or

shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon the occurrence of an Event of Default under Subsection 9.1(a) to set-off and appropriate and apply against any amount then due and payable under Subsection 9.1(a) by the Borrower any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits,

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indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Judgment. (a) If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Subsection 11.8 referred to as the “Judgment Currency”) an amount due under any Loan Document in any currency (the “Obligation Currency”) other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding the date of actual payment of the amount due, in the case of any proceeding in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Subsection 11.8 being hereinafter in this Subsection 11.8 referred to as the “Judgment Conversion Date”).

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Subsection 11.8(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Loan Party shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from any Loan Party under this Subsection 11.8(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term “rate of exchange” in this Subsection 11.8 means the rate of exchange at which the Administrative Agent, on the relevant date at or about 12:00 noon, New York City time, would be prepared to sell, in accordance with its normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency.

11.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement in any number of separate counterparts (including by telecopy and other electronic transmission), and all of such counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be delivered to the Borrower and the Administrative Agent.

11.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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11.11 Integration. This Agreement and the other Loan Documents represent the entire agreement of each of the Loan Parties party hereto and thereto, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by any of the Loan Parties party hereto, the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents, as applicable.

11.12 Governing Law. THIS AGREEMENT AND ANY NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND ANY NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

11.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party to the exclusive general jurisdiction of the Supreme Court of the State of New York for the County of New York (the “New York Supreme Court”), and the United States District Court for the Southern District of New York (the “Federal District Court,” and together with the New York Supreme Court, the “New York Courts”) and appellate courts from either of them; provided that nothing in this Agreement shall be deemed or operate to preclude (i) any Agent from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Term Loan Facility Obligations (in which case any party shall be entitled to assert any claim or defense, including any claim or defense that this Subsection 11.13 would otherwise require to be asserted in a legal action or proceeding in a New York Court), or to enforce a judgment or other court order in favor of the Administrative Agent or the Collateral Agent, (ii) any party from bringing any legal action or proceeding in any jurisdiction for the recognition and enforcement of any judgment, (iii) if all such New York Courts decline jurisdiction over any Person, or decline (or in the case of the Federal District Court, lack) jurisdiction over any subject matter of such action or proceeding, a legal action or proceeding may be brought with respect thereto in another court having jurisdiction and (iv) in the event a legal action or proceeding is brought against any party hereto or involving any of its assets or property in another court (without any collusive assistance by such party or any of its Subsidiaries or Affiliates), such party from asserting a claim or defense (including any claim or defense that this Subsection 11.13(a) would otherwise require to be asserted in a legal proceeding in a New York Court) in any such action or proceeding;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum and agrees not to plead or claim the same;

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(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, the applicable Lender or the Administrative Agent, as the case may be, at the address

specified in Subsection 11.2 or at such other address of which the Administrative Agent, any such Lender and the Borrower shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or (subject to clause (a) above) shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Subsection 11.13 any consequential or punitive damages.

11.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither any Agent nor any Other Representative or Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of creditor and debtor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby and thereby among the Lenders or among the Borrower and the Lenders.

11.15 Waiver of Jury Trial. THE BORROWER, THE AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.16 Confidentiality. (a) Each Agent and each Lender agrees to keep confidential any information (“Information”) (a) provided to it by or on behalf of Holdings or the Borrower or any of their respective Subsidiaries pursuant to or in connection with the Loan Documents or (b) obtained by such Lender based on a review of the books and records of Holdings or the Borrower or any of their respective Subsidiaries; provided that nothing herein shall prevent any Lender from disclosing any such Information (i) to any Agent, any Other Representative or any other Lender, (ii) to any Transferee, or prospective Transferee or any creditor or any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations which agrees to comply with the provisions of this Subsection 11.16 pursuant to a written instrument (or electronically recorded agreement from any Person listed above in this clause (ii), in respect to any electronic Information (whether posted or otherwise distributed on any Platform)) for the benefit of the

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Borrower (it being understood that each relevant Lender shall be solely responsible for obtaining such instrument (or such electronically recorded agreement)), fii) to its Affiliates and the employees, officers, partners, directors, agents, attorneys, accountants and other professional advisors of it and its Affiliates, provided that such Lender shall inform each such Person of the agreement under this Subsection 11.16 and take reasonable actions to cause compliance by any such Person referred to in this clause (iii) with this agreement (including, where appropriate, to cause any such Person to acknowledge its agreement to be bound by the agreement under this Subsection 11.16); provided, further, that no disclosure will be made to any Lender’s Affiliates or any of their respective officers, directors, partners, members, employees, legal counsel, independent auditors and other experts or agents that are engaged as principals primarily in private equity, mezzanine financing or venture capital other than senior employees, on a need to know basis, who are required, in accordance with industry regulations or such Lender’s internal policies and procedures to act in a supervisory capacity and such Lender’s internal legal, compliance, risk management, credit or investment committee members, (iv) upon the request or demand of any Governmental Authority having jurisdiction over such Lender or its affiliates or to the extent required in response to any order of any court or other Governmental Authority or as shall otherwise be required pursuant to any Requirement of Law, provided that, other than with respect to any disclosure to any bank regulatory authority, such Lender shall, unless prohibited by any Requirement of Law, notify the Borrower of any disclosure pursuant to this clause (iv) as far in advance as is reasonably practicable under such circumstances, (v) which has been publicly disclosed other than in breach of this Agreement, (vi) in connection with the exercise of any remedy hereunder, under any Loan Document or under any Interest Rate Agreement, (vii) in connection with periodic regulatory examinations and reviews conducted by the National Association of Insurance Commissioners or any Governmental Authority having jurisdiction over such Lender or its affiliates (to the extent applicable), (viii) in connection with any litigation to which such Lender (or, with respect to any Interest Rate Agreement, any Affiliate of any Lender party thereto) may be a party subject to the proviso in clause (iv) above, and (ix) if, prior to such Information having been so provided or obtained, such Information was already in an Agent’s or a Lender’s possession on a non-confidential basis without a duty of confidentiality to the Borrower being violated. Notwithstanding any other provision of this Agreement, any other Loan Document or any Assignment and Acceptance, the provisions of this Subsection 11.16 shall survive with respect to each Agent and Lender until the second anniversary of such Agent or Lender ceasing to be an Agent or a Lender, respectively; provided that in no case shall any Agent or Lender cease to be obligated pursuant to this Subsection 11.16 prior to the third anniversary of the Closing Date.

(b) Each Lender acknowledges that any such information referred to in Subsection 11.16(a), and any information (including requests for waivers and amendments) furnished by the Borrower or the Administrative Agent pursuant to or in connection with this Agreement and the other Loan Documents, may include material non-public information concerning the Borrower, the other Loan Parties and their respective Affiliates or their respective securities. Each Lender represents and confirms that such Lender has developed compliance procedures regarding the use of material non-public information; that such Lender will handle such material non-public information in accordance with those procedures and applicable law, including United States federal and state securities laws; and that such Lender has identified to the Administrative Agent a credit contact who may receive information that may contain

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material non-public information in accordance with its compliance procedures and applicable law.

11.17 Incremental Indebtedness: Additional Debt. In connection with the Incurrence by any Loan Party or any Subsidiary thereof of any Incremental Indebtedness, Specified Refinancing Indebtedness or Additional Debt, each of the Administrative Agent and the Collateral Agent agree to execute and deliver the ABL/Term Loan Intercreditor Agreement, any Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement or any Intercreditor Agreement Supplement and amendments, amendments and restatements, restatements or waivers of or supplements to or other modifications to, any Security Document (including but not limited to any Mortgages and UCC fixture filings), and to make or consent to any filings or take any other actions in connection therewith, as may be reasonably deemed by the Borrower to be necessary or reasonably desirable for any Lien on the assets of any Loan Party permitted to secure such Incremental Indebtedness, Specified Refinancing Indebtedness or Additional Debt to become a valid, perfected lien (with such priority as may be designated by the relevant Loan Party or Subsidiary, to the extent such priority is permitted by the Loan Documents) pursuant to the Security Document being so amended, amended and restated, restated, waived, supplemented or otherwise modified or otherwise.

11.18 USA PATRIOT Act Notice. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”), it is required to obtain, verify, and record information that identifies each Loan Party, which information includes the name of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act, and each Loan Party agrees to provide such information from time to time to any Lender.

11.19 Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Acceptance or Affiliated Lender Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall

be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.20 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Loan Party for liquidation or reorganization, should any Loan Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Loan Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the obligations of the Borrower under the Loan Documents, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the obligations, whether as a fraudulent preference,

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reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations of the Borrower hereunder shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11.21 Postponement of Subrogation. The Borrower agrees that it will not exercise any rights which it may acquire by way of rights of subrogation under this Agreement, by any payments made hereunder or otherwise, until the prior payment in full in cash of all of the obligations hereunder and under any other Loan Document. Any amount paid to the Borrower on account of any such subrogation rights prior to the payment in full in cash of all of the obligations hereunder and under any other Loan Document shall be held in trust for the benefit of the applicable Secured Parties and shall immediately be paid to the Administrative Agent for the benefit of the applicable Secured Parties and credited and applied against the obligations of the Borrower, whether matured or unmatured, in such order as the Administrative Agent shall elect.

11.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the date first written above.

FLOOR AND DECOR OUTLETS OF AMERICA, INC.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

FDO ACQUISITION CORP.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

[SIGNATURE PAGE TO TERM LOAN CREDIT AGREEMENT]

AGENT AND LENDERS:

UBS AG, STAMFORD BRANCH,
as Administrative Agent, Collateral Agent, and Lender

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director Banking Products Services, US

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director Banking Products Services, US

[SIGNATURE PAGE TO TERM LOAN CREDIT AGREEMENT]

SECURITY AGREEMENT

by

FLOOR AND DECOR OUTLETS OF AMERICA, INC.,
as Borrower,

THE OTHER LOAN PARTIES PARTY HERETO
FROM TIME TO TIME

and

UBS AG, STAMFORD BRANCH,
as Collateral Agent

Dated as of September 30, 2016

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SECURITY AGREEMENT

SECURITY AGREEMENT dated as of September 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this “Security Agreement”) among (i) FLOOR AND DECOR OUTLETS OF AMERICA, INC., a Delaware corporation having an office at 2233 Lake Park Drive, Suite 400, Smyrna, Georgia 30080, as Borrower (the “Borrower”), (ii) THE GUARANTOR LISTED ON THE SIGNATURE PAGES HERETO (the “Original Guarantor”) AND THE OTHER GUARANTORS FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Original Guarantor, the “Guarantors”), as pledgors, assignors and debtors (the Borrower, together with the Guarantors, in such capacities and together with any successors in such capacities, the “Grantors,” and each, a “Grantor”), and (iii) UBS AG, STAMFORD BRANCH, having an office at 600 Washington Blvd., 9th Floor, Stamford, Connecticut 06901, in its capacity as collateral agent for the Secured Parties (as defined below), as secured party (in such capacity and together with any successors in such capacities, the “Collateral Agent”).

R E C I T A L S :

A. The Borrower, the Collateral Agent, UBS AG, Stamford Branch, as administrative agent (in such capacity, the “Administrative Agent”), and the Lenders party thereto, among others, have, in connection with the execution and delivery of this Security Agreement, entered into that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”).

B. The Guarantors have, pursuant to that certain Guaranty Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise

modified from time to time, the “Guaranty”), among other things, unconditionally guaranteed the Guaranteed Obligations (as defined in the Guaranty).

C. The Borrower and the Guarantors will receive substantial benefits from the execution, delivery and performance of the Obligations and the Guaranteed Obligations and each is, therefore, willing to enter into this Security Agreement.

D. This Security Agreement is given by each Grantor in favor of the Collateral Agent for the benefit of the Secured Parties to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

E. It is a condition to the obligations of the Lenders to make the Loans under the Credit Agreement that each Grantor execute and deliver the applicable Loan Documents, including this Security Agreement.

A G R E E M E N T:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Collateral Agent hereby agree as follows:

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ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

“Accounts” (x) “accounts” and “payment intangibles” as defined in the UCC; and also means a right to payment of a monetary obligation, whether or not earned by performance, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a policy of insurance issued or to be issued, (d) for a secondary obligation incurred or to be incurred, or (e) arising out of the use of a credit or charge card or information contained on or for use with the card.

“Borrower” shall have the meaning assigned to such term in the Preamble hereof.

“Claims” shall mean any and all property taxes and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and all claims (including, without limitation, landlords’, carriers’, mechanics’, workmen’s, repairmen’s, laborers’, materialmen’s, suppliers’ and warehousemen’s Liens and other claims arising by operation of law) against, all or any portion of the Collateral.

“Collateral” shall have the meaning assigned to such term in SECTION 2.1 hereof.

“Collateral Agent” shall have the meaning assigned to such term in the Preamble hereof.

“Contracts” shall mean, collectively, with respect to each Grantor, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Grantor and any other party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

“Control” shall mean in the case of any security entitlement, “control,” as such term is defined in Section 8-106 of the UCC.

“Control Agreements” shall mean, collectively, the Blocked Account Agreements and the Securities Account Control Agreements.

“Copyrights” shall mean, collectively, with respect to each Grantor, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof whether registered or unregistered and whether published or unpublished), whether as author, assignee, transferee or otherwise, and all copyright registrations and applications, in each case, whether now owned or hereafter created or acquired by or assigned to such

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Grantor, including, without limitation, the registrations and applications listed on Schedule 8(b) to the Perfection Certificate, together with any and all (i) rights and privileges of such Grantor arising under applicable law with respect to such copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

“Credit Agreement” shall have the meaning assigned to such term in Recital A hereof.

“Distributions” shall mean, collectively, with respect to each Grantor, all Restricted Payments from time to time received, receivable or otherwise distributed to such Grantor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

“Excluded Accounts” shall mean (i) any deposit account used solely to fund payroll and withholding tax payments related thereto, 401(k) and other retirement plans and employee wages or healthcare benefits, and (ii) trust, escrow or fiduciary accounts which are funded by the Loan Parties in the ordinary course of business or as required by any Requirement of Law, so long as, in all cases, no other amounts are deposited into such accounts.

“Excluded Capital Stock” shall mean (a) any directors’ qualifying shares, nominee shares or similar shares, which are required by law to be held by persons other than the Grantors, (b) any Capital Stock of any person (other than a wholly-owned Subsidiary that is directly owned by a Grantor), to the extent restricted or not permitted by the terms of such person’s organizational documents or other agreements with holders of such Capital Stock (so long as such prohibition did not arise as part of the acquisition or formation of such person or in anticipation of the Credit Agreement and other than to the extent that any such prohibition would be rendered ineffective pursuant to the UCC or any other applicable law), (c) any Capital Stock if, to the extent and for so long as the pledge of such Capital Stock hereunder is prohibited or

restricted by any applicable law, including any requirement to obtain consent of any Governmental Authority (other than to the extent such prohibition would be rendered ineffective under the UCC or any other applicable law), (d) any margin stock to the extent the pledge thereof is prohibited by or would violate Regulation U, (e) any Capital Stock in an Excluded Subsidiary (other than, a Subsidiary described in clauses (b), (c) or (f) thereof), (f) any interest possessing more than 65% of any voting series of the outstanding Capital Stock (including for these purposes any investment deemed to be Capital Stock for United States tax purposes) of any Foreign Subsidiary and (g) de minimis shares of a Foreign Subsidiary held by any Grantor as nominee or in a similar capacity.

“Excluded Property” shall mean the following:

(a) any Contracts, Chattel Paper, General Intangibles, Copyright Licenses, Patent Licenses, Trademark Licenses, Trade Secret Licenses or other contracts or agreements with or issued by Persons other than Parent, a Subsidiary of Parent or the Borrower or an Affiliate of any of the foregoing (collectively, “Restrictive Agreements”) that would otherwise be included in the Collateral (and such Restrictive Agreements shall not be deemed to constitute a part of the Collateral) for so long as, and to the extent that, the granting of such a security interest pursuant hereto would result in a breach, default or termination of such Restrictive Agreements (in each case, except to the extent that (i) pursuant to the UCC and any other applicable law, the granting of security interests therein can be made without resulting in a breach, default or termination of such Restrictive Agreements or (ii) such breach, default or termination may be waived by Parent, a Subsidiary of Parent, the Borrower or an Affiliate of any of the foregoing);

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- (b) any interest in leased real property;
- (c) any fee interest in owned real property (including Fixtures related thereto) if the fair market value of such fee interest is less than \$7,500,000 individually;
- (d) any Vehicles and any assets subject to certificate of title;
- (e) those assets over which the granting of security interests in such assets would be prohibited by contract, applicable law or regulation or the organizational or joint venture documents of any non-wholly owned Subsidiary (including permitted liens, leases and licenses) (in each case, after giving effect to the applicable anti-assignment provisions of the UCC, other than proceeds and receivables thereof to the extent that their assignment is expressly deemed effective under the UCC notwithstanding such prohibitions for so long as such prohibitions are in effect, in each case, existing on the Closing Date or at the time of acquisition thereof after the Closing Date (but only so long as such prohibition exists and with respect to contractual obligations, only so long as such prohibition is not created in contemplation of the granting of the security interest hereunder)), or to the extent that such security interests would result in material adverse tax consequences to the Borrower or any one or more of its Subsidiaries as reasonably determined in writing by the Borrower and the Collateral Agent (it being understood that the Lenders shall not require the Loan Parties or their Subsidiaries to enter into any security agreements or pledge agreements governed by foreign law);
- (f) any Excluded Accounts;
- (g) any aircraft, airframes, aircraft engines, helicopters, vessels or rolling stock or any Equipment or other assets constituting a part thereof;
- (h) any Excluded Capital Stock; and
- (i) any “intent-to-use” application for registration of a Trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a “Statement of Use” pursuant to Section 1(d) of the Lanham Act or an “Amendment to Allege Use” pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law;

provided, however, that in the case of any property that is “Excluded Property” because the creation of a Lien on such property is prohibited by license permit, agreement or applicable law, as applicable, such property shall constitute “Excluded Property” only to the extent and for so long as such license, permit, agreement, or applicable law validly prohibits the creation of a Lien on such property in favor of the Collateral Agent and, upon the termination of such prohibition (howsoever occurring), such property shall cease to constitute “Excluded Property”; provided further, that “Excluded Property” shall not include (i) any assets that are of the type that may be eligible for inclusion in the Borrowing Base, or (ii) the right to receive any proceeds arising therefrom or any other rights referred to in Sections 9-406(f), 9-407(a) or 9-408(a) of the UCC or any Proceeds, substitutions or replacements of any Excluded Property (unless such Proceeds, substitutions or replacements would otherwise constitute Excluded Property).

“Goodwill” shall mean, collectively, with respect to each Grantor, the goodwill connected with such Grantor’s business including, without limitation, (i) all goodwill connected with the

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use of and symbolized by any of the Intellectual Property Collateral in which such Grantor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any Person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Grantor’s business.

“Grantor” shall have the meaning assigned to such term in the Preamble hereof.

“Guarantors” shall have the meaning assigned to such term in the Preamble hereof.

“Guaranty” shall have the meaning assigned to such term in Recital B hereof.

“Instruments” shall have the meaning assigned to such term in Article 9 of the UCC.

“Intellectual Property Collateral” shall mean, collectively, with respect to each Grantor, all (i) intellectual property and proprietary rights, including the Patents, Trademarks, Copyrights, Licenses and Goodwill, (i) rights and privileges arising under applicable law with respect to thereto, (ii) registrations and applications for registration thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements, dilutions, misappropriations, and other violations thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements, dilutions, misappropriations and other violations thereof.

“Intercompany Notes” shall mean, with respect to each Grantor, any promissory note in a principal amount in excess of \$1,500,000 evidencing loans made by such Grantor to Holdings, the Borrower or any of its Restricted Subsidiaries.

“Letters of Credit” unless the context otherwise requires, shall have the meaning given to such term in the UCC.

“Licenses” shall mean, collectively, with respect to each Grantor, all license and distribution agreements with any other Person with respect to any Patent, Trademark or Copyright, whether such Grantor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future breaches or violations thereof, (iii) rights to sue for past, present and future breaches or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

“Patents” shall mean, collectively, with respect to each Grantor, all patents issued or assigned to and all patent applications made by or assigned to such Grantor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), including, without limitation, those patents and patent applications listed on Schedule 8(a) to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable law with respect to such patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements

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thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Perfection Certificate” shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Grantor in favor of the Collateral Agent for the benefit of the Secured Parties, and each other Perfection Certificate (which shall be in form and substance reasonably acceptable to the Collateral Agent) executed and delivered by the applicable Borrower or Guarantor in favor of the Collateral Agent for the benefit of the Secured Parties contemporaneously with the execution and delivery of a joinder agreement executed in accordance with SECTION 3.6 hereof, in each case, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the Credit Agreement.

“Pledged Interests” shall mean, collectively, with respect to each Grantor, all Capital Stock in any issuer now existing or hereafter acquired or formed, including, without limitation, all Capital Stock of such issuer described in Schedule III hereof, together with all rights, privileges, authority and powers of such Grantor relating to such Capital Stock issued by any such issuer under the Organizational Documents of any such issuer, and the certificates, instruments and agreements representing such Capital Stock and any and all interest of such Grantor in the entries on the books of any financial intermediary pertaining to such Capital Stock, from time to time acquired by such Grantor in any manner, and all other Investment Property owned by such Grantor; provided, however, that to the extent applicable, Pledged Interests shall not include any Excluded Property.

“Pledged Securities” shall mean, collectively, the Pledged Interests and the Successor Interests.

“Secured Obligations” shall mean the Term Loan Facility Obligations (as defined in the Credit Agreement) and the Guaranteed Obligations (as defined in the Guaranty Agreement).

“Secured Parties”: the collective reference to (i) the Administrative Agent, the Collateral Agent and each Other Representative, (ii) the Lenders and (iii) the respective successors and assigns and the permitted transferees and endorsees of each of the foregoing.

“Securities Account Control Agreement” shall mean an agreement in form and substance satisfactory to the Collateral Agent with respect to any Securities Account of a Grantor.

“Securities Act” means the Securities Exchange Act of 1934, as amended, and the applicable regulations promulgated by the Securities and Exchange Commission pursuant to such Act.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

“Security Agreement” shall have the meaning assigned to such in the Preamble hereof.

“Successor Interests” shall mean, collectively, with respect to each Grantor, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company, partnership or other entity owned by such Grantor (unless such successor is such Grantor itself) formed by or resulting from any consolidation or merger in which any Person listed on Schedule 1(c) to the Perfection Certificate is not the surviving entity; provided, however, that Successor Interests shall not include shares or interests constituting more than 65% of any voting series of the outstanding Capital Stock (including for these purposes any investment deemed to be Capital Stock for United States tax purposes) of any Foreign Subsidiary.

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“Trademarks” shall mean, collectively, with respect to each Grantor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URLs), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether statutory or common law and whether established or registered in the United States or any other country or any political subdivision thereof), including, without limitation, the registrations and applications listed on Schedule 8(a) to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable law with respect to the foregoing, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements or dilutions thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements or dilutions thereof.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9; provided, further, that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “Uniform Commercial Code” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

SECTION 1.2 Interpretation. The rules of interpretation specified in Subsection 1.2 of the Credit Agreement shall be applicable to this Security Agreement.

SECTION 1.3 Perfection Certificate. The Collateral Agent and each Grantor agree that the Perfection Certificate, and all schedules, amendments and supplements thereto are and shall at all times remain a part of this Security Agreement.

ARTICLE II

GRANT OF SECURITY AND SECURED OBLIGATIONS

SECTION 2.1 Pledge; Grant of Security Interest. As collateral security for the payment and performance in full of all the Secured Obligations, each Grantor hereby pledges and grants to the Collateral Agent for its benefit and for the benefit of the other Secured Parties, a lien on and security interest in and to all of the right, title and interest of such Grantor in, to and under all personal property and interests in such personal property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "Collateral"), including, without limitation:

- (a) all Accounts;
- (b) all Goods, including Equipment, Inventory and Fixtures;
- (c) all Documents, Instruments and Chattel Paper;
- (d) all Letters of Credit and Letter-of-Credit Rights;

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- (e) all Securities Collateral;
- (f) all Investment Property;
- (g) all Intellectual Property Collateral;
- (h) all Commercial Tort Claims, including, without limitation, those described on Schedule 9 to the Perfection Certificate;
- (i) all General Intangibles;
- (j) all Deposit Accounts;
- (k) all Supporting Obligations;
- (l) all books and records relating to the Collateral; and

(m) to the extent not covered by clauses (a) through (l) of this sentence, all other personal property of such Grantor, whether tangible or intangible and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to such Grantor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (a) through (m) above, the security interest created by this Security Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property; provided, however, that if and when any property shall cease to be Excluded Property, a Lien on a security in such property shall be deemed granted therein.

SECTION 2.2 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the payment and performance in full when due of the Secured Obligations.

SECTION 2.3 Security Interest.

(a) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to authenticate and file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including, without limitation, (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor (ii) a description of the Collateral as "all assets of the Grantor, wherever located, whether now owned or hereafter acquired or arising" or words of similar effect and (iii) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Collateral relates. Each Grantor agrees to provide all information described in the immediately preceding sentence to the Collateral Agent promptly upon reasonable request.

(b) Each Grantor hereby further authorizes the Collateral Agent to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office) or other necessary documents for the purpose of perfecting, confirming,

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continuing, enforcing or protecting the security interest granted by such Grantor hereunder in any Intellectual Property Collateral, without the signature of such Grantor, and naming such Grantor, as debtor, and the Collateral Agent, as secured party.

ARTICLE III

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL

SECTION 3.1 Delivery of Certificated Securities Collateral. Each Grantor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Collateral Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and that the Collateral Agent has a perfected first priority security interest therein (subject in priority only to those Permitted Liens having priority under applicable law or otherwise permitted to have priority pursuant to the terms of the Credit Agreement). Each Grantor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Grantor after the date hereof, shall promptly (and in any event within ten (10) Business Days) after receipt thereof by such Grantor be delivered to and held by or on behalf of the Collateral Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Agent. Subject to the Intercreditor Agreement, the Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Collateral Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest

hereunder. In addition, the Collateral Agent shall have the right with written notice to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank.

SECTION 3.2 Perfection of Uncertificated Securities Collateral Each Grantor represents and warrants that the Collateral Agent has a first priority perfected security interest in all uncertificated Pledged Securities pledged by it hereunder that are in existence on the date hereof and that the applicable Organizational Documents do not require the consent of the other shareholders, members, partners or other Persons to permit the Collateral Agent or its designee to be substituted for the applicable Grantor as a shareholder, member, partner or other equity owner, as applicable, thereto. Each Grantor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Grantor shall, to the extent permitted by applicable law and upon the reasonable request of the Collateral Agent, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute customary pledge forms or other documents necessary or reasonably requested to complete the pledge and give the Collateral Agent the right to control (within the meaning of Section 8-106 of the UCC) of, if applicable, and transfer such Pledged Securities under the terms hereof and, to the extent reasonably requested by the Collateral Agent, provide to the Collateral Agent an opinion of counsel, in form and substance reasonably satisfactory to the Collateral Agent, confirming such pledge and the perfection thereof.

SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest Each Grantor represents and warrants that the only filings, registrations and recordings necessary and appropriate to create, preserve, protect, publish notice of and perfect the security interest

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granted by each Grantor to the Collateral Agent (for the benefit of the Secured Parties) pursuant to this Security Agreement in respect of the Collateral are listed on Schedule II hereto. Each Grantor represents and warrants that all such filings, registrations and recordings have been delivered to the Collateral Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule II. Each Grantor agrees that at the sole cost and expense of the Grantors, (i) such Grantor will maintain the security interest created by this Security Agreement in the Collateral as a perfected first priority security interest (subject in priority only to those Permitted Liens having priority under applicable law or otherwise permitted to have priority pursuant to the terms of the Credit Agreement) and shall defend such security interest against the claims and demands of all Persons (other than with respect to Permitted Liens), (ii) such Grantor shall, within the time period for delivery of the annual financial statements under Subsection 7.1(a) of the Credit Agreement, furnish to the Collateral Agent a supplement to the Perfection Certificate setting forth any additions or changes thereto since the later of the Closing Date and delivery of the previous supplement pursuant to this clause (ii) and (iii) at any time and from time to time, upon the reasonable written request of the Collateral Agent, such Grantor shall promptly and duly execute and deliver, and, if applicable, file and have recorded, such further instruments and documents and take such further action as the Collateral Agent may reasonably request, including the filing of any financing statements, continuation statements and other documents (including this Security Agreement) under the UCC (or other applicable laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Collateral Agent and in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) wherever required by applicable law in each case to perfect, continue and maintain a valid, enforceable, first priority security interest (subject in priority only to those Permitted Liens having priority under applicable law or otherwise permitted to have priority pursuant to the terms of the Credit Agreement) in the Collateral as provided herein and to preserve the other rights and interests granted to the Collateral Agent hereunder, as against the Grantors and third parties (other than with respect to Permitted Liens), with respect to the Collateral; provided that, notwithstanding any other provision of this Security Agreement or any other Loan Document, neither the Borrower nor any Grantor will be required to (x) take any action in any jurisdiction other than the United States of America, or required by the laws of any such non-U.S. jurisdiction, or enter into any security agreement or pledge agreement governed by the laws of any such non-U.S. jurisdiction, in order to create any security interests (or other Liens) in assets located or titled outside of the United States of America or to perfect under the laws of any such non-U.S. jurisdiction any security interests (or other Liens) in any Collateral or (y) file any fixture filing with respect to any security interest in Fixtures affixed to or attached to any real property constituting Excluded Property.

SECTION 3.4 Other Actions. In order to further evidence the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in the Collateral, each Grantor represents, warrants and agrees, in each case at such Grantor's own expense, with respect to the following Collateral, that:

(a) **Instruments and Tangible Chattel Paper.** As of the date hereof (i) no amount payable under or in connection with any of the Collateral is evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed on Schedule 7 to the Perfection Certificate and (ii) each Instrument and each item of Tangible Chattel Paper listed on Schedule 7 to the Perfection Certificate having a value in excess of \$1,000,000, individually, to the extent reasonably requested by the Collateral Agent, has been properly endorsed, assigned and delivered to the Collateral Agent, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank. If any amount payable under or in connection with any of the Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Grantor acquiring such Instrument or Tangible Chattel Paper shall

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forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may reasonably request from time to time.

(b) **Investment Property.**

(i) As of the date hereof (1) it has no Securities Accounts other than those listed on Schedule 13 to the Perfection Certificate and (2) it does not hold, own or have any interest in any certificated securities or uncertificated securities other than those constituting Pledged Securities with respect to which the Collateral Agent has a perfected first priority security interest in such Pledged Securities.

(ii) If any Grantor shall at any time hold or acquire any certificated securities constituting Collateral, such Grantor shall promptly (a) notify the Collateral Agent thereof and endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank, all in form and substance reasonably satisfactory to the Collateral Agent or (b) deliver such securities into a Securities Account with respect to which a Securities Account Control Agreement is in effect in favor of the Collateral Agent. If any securities constituting Collateral now or hereafter acquired by any Grantor are uncertificated, such Grantor shall promptly notify the Collateral Agent thereof and pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (a) grant Control to the Collateral Agent and cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, (b) cause a security entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Collateral Agent has Control or (c) arrange for the Collateral Agent to become the registered owner of the securities. Grantor shall not hereafter establish and maintain any Securities Account with any Securities Intermediary unless (1) the applicable Grantor shall have given the Collateral Agent ten (10) Business Days' prior written notice of its intention to establish such new Securities Account with such Securities Intermediary, (2) such Securities Intermediary shall be reasonably acceptable to the Collateral Agent and (3) such Securities Intermediary and such Grantor shall have duly executed and delivered a Control Agreement with respect to such Securities Account. Each Grantor shall accept any cash and Investment Property which are proceeds of the Pledged Interests in trust for the benefit of the Collateral Agent and promptly upon receipt thereof, deposit any cash received by it into an account in which the Collateral Agent has Control, or with respect to any Investment Properties or additional securities, take such actions as required above with respect to such securities. No Grantor shall grant control over any Pledged Securities to any Person other than the Collateral Agent or the ABL Agent in accordance with the ABL/Term Loan Intercreditor Agreement, or, to the extent applicable, any other Persons permitted to have control over such Pledged Securities in accordance with the terms of the Credit Agreement.

(iii) As between the Collateral Agent and the Grantors, the Grantors shall bear the investment risk with respect to the Investment Property and

Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a security entitlement or deposit by, or subject to the control of, the Collateral Agent, a Securities Intermediary, any Grantor or any other Person; provided, however, that nothing contained in this SECTION 3.4(b) shall release or relieve any Securities Intermediary of its duties and obligations to the Grantors or any other Person under any Control Agreement under

applicable law. Each Grantor shall promptly pay all Claims and fees of whatever kind or nature with respect to the Pledged Securities pledged by it under this Security Agreement. In the event any Grantor shall fail to make such payment contemplated in the immediately preceding sentence, the Collateral Agent may do so for the account of such Grantor and the Grantors shall promptly reimburse and indemnify the Collateral Agent for all costs and expenses incurred by the Collateral Agent under this SECTION 3.4(b) and under SECTION 9.3 hereof.

(c) Electronic Chattel Paper and Transferable Records. As of the date hereof no amount payable under or in connection with any of the Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction). If any amount payable under or in connection with any of the Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record having a value in excess of \$1,000,000, individually, the Grantor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Collateral Agent thereof and shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under UCC Section 9-105 of such Electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the Electronic Chattel Paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such Electronic Chattel Paper or transferable record.

(d) Letter-of-Credit Rights. If such Grantor is at any time a beneficiary under a Letter of Credit having a value in excess of \$1,000,000, individually, now or hereafter issued in favor of such Grantor (which, for the avoidance of doubt, shall not include any Letter of Credit issued pursuant to the Credit Agreement), such Grantor shall promptly notify the Collateral Agent thereof and such Grantor shall, at the reasonable request of the Collateral Agent, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent to an assignment to the Collateral Agent of, and to pay to the Collateral Agent, the proceeds of, any drawing under the Letter of Credit or (ii) arrange for the Collateral Agent to become the beneficiary of such Letter of Credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the Letter of Credit are to be applied as provided in the Credit Agreement.

(e) Commercial Tort Claims. As of the date hereof it holds no Commercial Tort Claims other than those listed on Schedule 9 to the Perfection Certificate. If any Grantor shall at any time hold or acquire a Commercial Tort Claim having a value in excess of \$1,000,000, individually, such Grantor shall promptly notify the Collateral Agent in writing signed by such Grantor of the brief details thereof and grant to the Collateral Agent in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

SECTION 3.5 Supplements; Further Assurances. Each Grantor shall take such further actions, and execute and deliver to the Collateral Agent such additional assignments, agreements, supplements, powers and instruments, as the Collateral Agent may in its reasonable judgment deem necessary or appropriate, wherever required by applicable law, in order to perfect, preserve and protect the security interest in the Collateral as provided herein and the rights and interests granted to the Collateral Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm unto the Collateral Agent or permit the Collateral Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. If an Event of Default has occurred and is continuing, the Collateral Agent may institute and maintain, in its own name or in the name of any Grantor, such suits and proceedings as the Collateral Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Grantors. The Grantors and the Collateral Agent acknowledge that this Security Agreement is intended to grant to the Collateral Agent for the benefit of the Secured Parties a security interest in and Lien upon the Collateral and shall not constitute or create a present assignment of any of the Collateral.

SECTION 3.6 Joinder of Additional Grantors. The Grantors shall cause each direct or indirect Subsidiary of any Loan Party which, from time to time after the date hereof shall be required to pledge any assets to the Collateral Agent for the benefit of the Secured Parties pursuant to Subsection 7.9(b) or (c) of the Credit Agreement, to promptly execute and deliver to the Collateral Agent a Perfection Certificate and a Joinder, in each case, within thirty (30) Business Days of the date on which it was acquired, created or otherwise constituted as an entity required to be joined as a Loan Party pursuant to Subsection 7.9 of the Credit Agreement and, upon such execution and delivery, such Subsidiary shall constitute a "Grantor" for all purposes hereunder with the same force and effect as if originally named as a Grantor herein, including, but limited to, granting the Collateral Agent a security interest in all Securities Collateral of such Subsidiary. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 3.7 Perfection or Other Action Cost vs. Benefit Determination. Notwithstanding anything to the contrary herein or in any other Loan Document, although such property and assets shall still be considered Collateral, the Grantors shall not be required to perfect the security interest granted to the Collateral Agent under this Security Agreement or any other Loan Document or to take any other action with respect to any property, asset or right to use any property or any asset to the extent the burden or cost of obtaining or perfecting a Lien in favor of the Collateral Agent or taking any other action is excessive in relation to the benefit of the security afforded thereby, as reasonably determined by the Collateral Agent. Any property, asset or right to use any property or any asset that is subject to the conditions set forth in the immediately preceding sentence of this SECTION 3.7 shall be an exception or carve-out to any representation, warranty or covenant in any Loan Document relating to the perfection or priority of the Collateral Agent's Liens on the Collateral or other actions to be taken, in each case, to the extent set forth in the immediately preceding sentence.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to, and without limitation of, each of the representations, warranties and covenants set forth in the Credit Agreement and the other Loan Documents, each Grantor represents, warrants and covenants as follows:

SECTION 4.1 Title. No effective financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Agent pursuant to this Security Agreement or as are permitted by the Credit Agreement in connection with Permitted Liens. To such Grantor's knowledge, no Person other than the Collateral Agent has control or possession of all or any part of the Collateral, except as permitted by the Credit Agreement, in connection with Permitted Liens or the ABL/Term Loan Intercreditor Agreement, as applicable.

SECTION 4.2 Limitation on Liens; Defense of Claims; Transferability of Collateral. Each Grantor is as of the date hereof, and, as to Collateral acquired by it from time to time after the date hereof, such Grantor will be, the sole direct and/or beneficial owner of all Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than the Liens and security interest created by this Security Agreement and Permitted Liens. Each Grantor shall, at its own cost and expense, defend title to the Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Collateral Agent and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Collateral Agent or any other Secured Party other than Permitted Liens. Other than agreements governing Permitted Liens (if any) or as otherwise permitted under the Credit Agreement, there is no agreement, and no Grantor shall enter into any agreement or take any other action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with such Grantors' obligations or the rights of the Collateral Agent hereunder.

SECTION 4.3 Chief Executive Office; Change of Name; Jurisdiction of Organization.

(a) The exact legal name, type of organization, jurisdiction of organization, federal taxpayer identification number, organizational identification number and chief executive office of such Grantor is indicated next to its name on Schedules 1(a) and 2(a) to the Perfection Certificate. Such Grantor shall furnish to the Collateral Agent prompt written notice of any change (and in any event within thirty (30) days of such change) in (i) its corporate name, (ii) its "location" (as determined by Section 9-307 (or any applicable equivalents thereof) of the UCC), (iii) its identity or type of organization or corporate structure, (iv) its federal taxpayer identification number or organizational identification number or (v) its jurisdiction of organization (in each case, including, without limitation, by merging with or into any other entity, reorganizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction). Such Grantor agrees to take all action reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral intended to be granted hereunder. To the extent reasonably requested by the Collateral Agent, each Grantor agrees to promptly provide the Collateral Agent with certified Organizational Documents reflecting any of the changes described in the preceding sentence.

(b) The Collateral Agent may rely on opinions of counsel as to whether any or all UCC financing statements of the Grantors need to be amended as a result of any of the changes described in SECTION 4.3. If any Grantor fails to provide information to the Collateral Agent about such changes as provided in SECTION 4.3(a) above, the Collateral Agent shall not be liable or responsible to any party for any failure to maintain a perfected security interest in such Grantor's property constituting Collateral, for which the Collateral Agent needed to have information relating to such changes. The Collateral Agent shall have no duty to inquire about such changes if any Grantor does not inform the Collateral Agent of such changes, the parties acknowledging and agreeing that it would not be feasible or practical for the Collateral Agent to search for information on such changes if such information is not provided by any Grantor.

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SECTION 4.4 Location of Inventory and Equipment. As of the Closing Date, all Equipment and Inventory of such Grantor is located at the chief executive office or such other location listed in Schedule 2(b) to the Perfection Certificate.

SECTION 4.5 Condition and Maintenance of Equipment. The Equipment of such Grantor is in good repair, working order and condition, reasonable wear and tear excepted. Each Grantor shall cause the Equipment to be maintained and preserved in good repair, working order and condition, reasonable wear and tear excepted, and shall make or cause to be made all repairs, replacements and other improvements which are reasonably necessary in the conduct of such Grantor's business in its business judgment.

SECTION 4.6 Due Authorization and Issuance. All of the Pledged Interests have been, and to the extent any Pledged Interests are hereafter issued, such shares or other equity interests will be, upon such issuance, duly authorized, validly issued and, to the extent applicable, fully paid and non-assessable. All of the Pledged Interests have been fully paid for, and there is no amount or other obligation owing by any Grantor to any issuer of the Pledged Interests in exchange for or in connection with the issuance of the Pledged Interests or any Grantor's status as a partner or a member of any issuer of the Pledged Interests.

SECTION 4.7 No Conflicts, Consents, etc. No consent of any party (including, without limitation, equity holders or creditors of such Grantor) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required (A) for the grant of the security interest by such Grantor of the Collateral pledged by it pursuant to this Security Agreement or for the execution, delivery or performance hereof by such Grantor, (B) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement or (C) for the exercise by the Collateral Agent of the remedies in respect of the Collateral pursuant to this Security Agreement except, in each case, for such consents which have been obtained prior to the date hereof or, with respect to Collateral acquired after the date hereof, as of the date of such acquisition. Following the occurrence and during the continuation of an Event of Default, if the Collateral Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Security Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Collateral Agent, such Grantor agrees to use commercially reasonable efforts to assist and aid the Collateral Agent to obtain as soon as commercially practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.8 Collateral. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party in connection with this Security Agreement, in each case, relating to the Collateral, is accurate and complete in all material respects.

SECTION 4.9 Insurance. Such Grantor shall maintain or shall cause to be maintained such insurance as is required pursuant to Subsection 7.5 of the Credit Agreement. Each Grantor hereby irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact), exercisable only after the occurrence and during the continuance of an Event of Default, for the purpose of making, settling and adjusting claims in respect of the Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required under the Credit Agreement or to pay any premium in whole or in part

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relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Default or Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this SECTION 4.9, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable in accordance with SECTION 9.3.

SECTION 4.10 Contested Liens; Claims. Each Grantor may at its own expense contest the validity, amount or applicability of any Claims so long as the contest thereof shall be conducted in accordance with, and permitted pursuant to the provisions of, the Credit Agreement. Notwithstanding the foregoing provisions of this SECTION 4.10, no contest of any such obligation may be pursued by such Grantor if such contest would expose the Collateral Agent or any other Secured Party to (i) any

possible criminal liability or (ii) any additional civil liability for failure to comply with such obligations unless such Grantor shall have furnished a bond or other security therefor satisfactory to the Collateral Agent, or such other Secured Party, as the case may be.

ARTICLE V

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1 Pledge of Additional Securities Collateral. Each Grantor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person required to be pledged hereunder, accept the same in trust for the benefit of the Collateral Agent and ABL Agent and promptly deliver to the Collateral Agent a pledge amendment, duly executed by such Grantor, in substantially the form of Exhibit 1 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under SECTION 3.1 and SECTION 3.2 hereof in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Security Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities or Intercompany Notes. Each Grantor hereby authorizes the Collateral Agent to attach each Pledge Amendment to this Security Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Collateral Agent shall for all purposes hereunder be considered Collateral.

SECTION 5.2 Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other Loan Document evidencing the Secured Obligations. The Collateral Agent shall be deemed without further action or formality to have granted to each Grantor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors as provided in SECTION 9.3 of this Security Agreement, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to this SECTION 5.2(a).

(b) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to SECTION 5.2(a) hereof without any action (other than, in the case

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of any Securities Collateral, the giving of any notice) shall immediately cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights; provided that the Collateral Agent shall have the right, in its sole discretion, from time to time following the occurrence and continuance of an Event of Default to permit such Grantor to exercise such rights under SECTION 5.2(a). After such Event of Default is no longer continuing, each Grantor shall have the right to exercise the voting, managerial and other consensual rights and powers that it would otherwise be entitled to pursuant to SECTION 5.2(a) hereof.

(c) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to receive and retain, and to utilize, any and all Distributions, but only if and to the extent made in accordance with, and to the extent permitted by, the provisions of the Credit Agreement and the ABL/Term Loan Intercreditor Agreement; provided, however, that, subject to the ABL/Term Loan Intercreditor Agreement, any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement). The Collateral Agent shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to receive the Distributions which it is authorized to receive and retain pursuant to this SECTION 5.2(c).

(d) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to SECTION 5.2(c) hereof shall cease and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to receive and hold as Collateral such Distributions. After such Event of Default is no longer continuing, each Grantor shall have the right to receive the Distributions which it would be authorized to receive and retain pursuant to SECTION 5.2(c).

(e) Each Grantor shall, at its sole cost and expense, from time to time execute and deliver to the Collateral Agent appropriate instruments as the Collateral Agent may reasonably request in order to permit the Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to SECTION 5.2(b) hereof and to receive all Distributions which it may be entitled to receive under SECTION 5.2(c) hereof.

(f) All Distributions which are received by any Grantor contrary to the provisions of SECTION 5.2(c) hereof shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall immediately be paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3 Organizational Documents. No Grantor will terminate or agree to terminate any Organizational Documents or make any amendment or modification to any Organizational Documents, except as may be permitted under the Credit Agreement, and, in connection therewith, each Grantor that is a limited liability company or partnership agrees it shall not elect to treat any Capital Stock issued by such Grantor as a security under Section 8-103 of the UCC.

SECTION 5.4 Defaults, Etc. Such Grantor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which

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such Grantor is a party relating to the Pledged Securities pledged by it, and such Grantor is not in violation of any other provisions of any such agreement to which such Grantor is a party, or otherwise in default or violation thereunder. To such Grantor's knowledge, no Securities Collateral pledged by such Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings which evidence any Pledged Securities of such Grantor.

SECTION 5.5 Certain Agreements of Grantors As Issuers and Holders of Capital Stock

(a) In the case of each Grantor which is an issuer of Securities Collateral, such Grantor agrees to be bound by the terms of this Security Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Grantor which is a partner in a partnership, limited liability company or other entity, such Grantor hereby consents to the extent required by the applicable Organizational Documents to the pledge by each other Grantor, pursuant to the terms hereof, of the Pledged Interests in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Interests to the

Collateral Agent or its nominee and to the substitution of the Collateral Agent or its nominee as a substituted partner or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner or a limited partner or member, as the case may be.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL

SECTION 6.1 Grant of License. Without limiting the rights of Collateral Agent as the holder of a Lien on the Intellectual Property Collateral, for the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under Article VIII hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Agent, to the extent it has the right to do so, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, assign, license, sublicense or otherwise exploit any intellectual property (including any of the Intellectual Property Collateral) now owned or licensed or hereafter acquired by or licensed by such Grantor, wherever the same may be located, including, to the extent within the possession or control of the Grantors, in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof. Such license shall terminate automatically upon termination of this Security Agreement in accordance with SECTION 9.5(a).

SECTION 6.2 Registrations. Except (i) pursuant to licenses and other user agreements entered into by any Grantor in the ordinary course of business and (ii) as could not reasonably be expected to result in a Material Adverse Effect, on and as of the date hereof (x) each Grantor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any material Copyright, Patent or Trademark listed on Schedules 8(a) and 8(b) to the Perfection Certificate,

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and (y) all registrations listed on Schedules 8(a) and 8(b) to the Perfection Certificate are valid and in full force and effect.

SECTION 6.3 No Violations or Proceedings. To each Grantor's knowledge, on and as of the date hereof, there is no violation by others of any right of such Grantor with respect to any Copyright, Patent or Trademark listed on Schedules 8(a) and 8(b) to the Perfection Certificate, respectively, pledged by it under the name of such Grantor.

SECTION 6.4 Protection of Collateral Agent's Security. On a continuing basis, each Grantor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Collateral Agent of (A) any adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any Patent, Trademark or Copyright necessary for or material to the conduct of business of such Grantor or (B) the institution of any proceeding or any adverse determination in any federal, state or local court or administrative body regarding such Grantor's claim of ownership in or right to use any of the Intellectual Property Collateral material to the use and operation of the Collateral, its right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral necessary for the conduct of business of such Grantor, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral necessary for the conduct of business of such Grantor, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in each case except as shall be consistent with commercially reasonable business judgment and, if any Event of Default has occurred and is continuing with the prior approval of the Collateral Agent (such approval not to be unreasonably withheld, delayed or conditioned), (iv) upon such Grantor's obtaining knowledge thereof, promptly notify the Collateral Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof material to the use and operation of the Collateral, the ability of such Grantor or the Collateral Agent to dispose of such Intellectual Property Collateral or any portion thereof or the rights and remedies of the Collateral Agent in relation thereto including, without limitation, a levy or threat of levy or any legal process against such Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Grantor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the material licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral intended to be granted to the Collateral Agent for the benefit of the Secured Parties, without the consent of the Collateral Agent or as otherwise permitted under the Credit Agreement, (vi) until the Collateral Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to the Collateral Agent from time to time upon the Collateral Agent's reasonable request therefor detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Collateral Agent may from time to time request. Notwithstanding the foregoing, nothing herein shall prevent any Grantor from selling, disposing of or otherwise using any Intellectual Property Collateral as permitted under the Credit Agreement.

SECTION 6.5 After-Acquired Property. If any Grantor shall, at any time before this Security Agreement shall have been terminated in accordance with SECTION 9.5(a), (i) obtain any rights to any additional Intellectual Property Collateral (including by virtue of filing a "statement of use" or an "amendment to allege use" with respect to any intent-to-use Trademark application of such Grantor) or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof

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shall automatically apply thereto and any such item enumerated in clause (i) or (ii) of this SECTION 6.5 with respect to such Grantor shall automatically constitute Intellectual Property Collateral if such Intellectual Property Collateral would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Security Agreement without further action by any party. With respect to any Intellectual Property Collateral issued by, registered with or applied for in the United States Patent and Trademark Office or the United States Copyright Office, each Grantor shall promptly (a) provide to the Collateral Agent written notice of any of the foregoing and (b) confirm the attachment of the Lien and security interest created by this Security Agreement to any rights described in clauses (i) and (ii) of the immediately preceding sentence of this SECTION 6.5 by execution of an instrument in form reasonably acceptable to the Collateral Agent.

SECTION 6.6 Modifications. Each Grantor authorizes the Collateral Agent to modify this Security Agreement by amending Schedules 8(a) and 8(b) to the Perfection Certificate to include any Intellectual Property Collateral acquired or arising after the date hereof of such Grantor including, without limitation, any of the items listed in SECTION 6.5 hereof.

SECTION 6.7 Litigation. Unless there shall occur and be continuing any Event of Default, each Grantor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Grantors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Grantor, the Collateral Agent or the other Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Grantor shall, at the reasonable request of the Collateral Agent, do any and all lawful acts and execute any and all documents reasonably requested by the Collateral Agent in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Collateral Agent, as the case may be, for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this SECTION 6.7 in accordance with SECTION 9.3 hereof. In the event that the Collateral Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Grantor agrees, at the reasonable request of the Collateral Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent

the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement, except, in each case, as could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.8 Third Party Consents. Each Grantor shall use reasonable commercial efforts to obtain the consent of third parties to the extent such consent is necessary to create a valid, perfected security interest in favor of the Collateral Agent in any Intellectual Property Collateral that is necessary for such Grantor's business.

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ARTICLE VII

CERTAIN PROVISIONS CONCERNING ACCOUNTS

SECTION 7.1 [Reserved].

SECTION 7.2 Maintenance of Records. Each Grantor shall keep and maintain at its own cost and expense materially complete records of each Account, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Grantor shall, at such Grantor's sole cost and expense, upon the Collateral Agent's written demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Accounts, including, without limitation, all documents evidencing Accounts and any books and records relating thereto to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Grantor). Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may transfer a full and complete copy of any Grantor's books, records, credit information, reports, memoranda and all other writings relating to the Accounts to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Accounts or the Collateral Agent's security interest therein in accordance with applicable law without the consent of any Grantor.

SECTION 7.3 Legend. Each Grantor shall legend, at the reasonable request of the Collateral Agent made at any time after the occurrence and during the continuance of any Event of Default and in form and manner reasonably satisfactory to the Collateral Agent, the Accounts and the other books, records and documents of such Grantor evidencing or pertaining to the Accounts with an appropriate reference to the fact that the Accounts have been collaterally assigned to the Collateral Agent for the benefit of the Secured Parties and that the Collateral Agent has a security interest therein.

SECTION 7.4 Modification of Terms, Etc. No Grantor shall rescind or cancel any indebtedness evidenced by any Account or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Account or interest therein except in the ordinary course of business consistent with prudent business practice in accordance with the Credit Agreement without the prior written consent of the Collateral Agent.

SECTION 7.5 Collection. Each Grantor shall cause to be collected from the account debtor of each of the Accounts, as and when due in the ordinary course of business consistent with prudent business practice (including, without limitation, Accounts that are delinquent, such Accounts to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Account, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. The costs and expenses (including, without limitation, reasonable and documented attorneys' fees) of collection, in any case, whether incurred by any Grantor, the Collateral Agent or any other Secured Party, shall be paid by the Grantors.

ARTICLE VIII

REMEDIES

SECTION 8.1 Remedies. Upon the occurrence and during the continuance of any Event of Default the Collateral Agent may, and at the direction of the Required Lenders, shall, from time to time in respect of the Collateral (in each case, subject to the ABL/Term Loan Intercreditor Agreement),

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in addition to the other rights and remedies provided for herein, under applicable law or otherwise available to it:

- (a) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from any Grantor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Grantor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Grantor;
- (b) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including, without limitation, instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Grantor, prior to receipt by any such obligor of such instruction, such Grantor shall segregate all amounts received pursuant thereto in trust for the benefit of the Collateral Agent and shall promptly pay such amounts to the Collateral Agent or the ABL Agent, as applicable pursuant to the terms of the ABL/Term Loan Intercreditor Agreement;
- (c) Sell, assign, grant a license to use or otherwise liquidate, or direct any Grantor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;
- (d) Take possession of the Collateral or any part thereof, by directing any Grantor in writing to deliver the same to the Collateral Agent at any place or places so designated by the Collateral Agent, in which event such Grantor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Collateral Agent and therewith delivered to the Collateral Agent, (B) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent and (C) while the Collateral shall be so stored and kept, provide such security and maintenance services as shall reasonably be necessary to protect the same and to preserve and maintain them in good condition. Each Grantor's obligation to deliver the Collateral as contemplated in this SECTION 8.1 is of the essence hereof. Upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by any Grantor of such obligation;
- (e) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Grantor constituting Collateral for application to the Secured Obligations as provided in SECTION 8.7 hereof;
- (f) Retain and apply the Distributions to the Secured Obligations as provided in Article V hereof;

(g) Exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral; and

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(h) Exercise all the rights and remedies of a secured party under the UCC or other applicable law or in equity, and the Collateral Agent may also in its sole discretion, without notice except as specified in SECTION 8.2 hereof, sell, assign or grant a license to use the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. The Collateral Agent or any other Secured Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the fullest extent permitted by law, each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

SECTION 8.2 Notice of Sale. Each Grantor acknowledges and agrees that, to the extent notice of sale or other disposition of Collateral shall be required by applicable law and unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Collateral Agent shall provide such Grantor such advance notice as may be practicable under the circumstances), ten (10) days' prior written notice to such Grantor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. To the extent permitted by applicable law, no notification need be given to any Grantor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying (as permitted under law) any right to notification of sale or other intended disposition.

SECTION 8.3 Waiver of Notice and Claims. Each Grantor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Collateral Agent's taking possession or the Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Collateral Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VIII in the absence of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against such Grantor and against any and all Persons claiming or

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attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Grantor.

SECTION 8.4 Certain Sales of Collateral.

(a) Each Grantor recognizes that, by reason of certain prohibitions contained in applicable law, rules, regulations or orders of any Governmental Authority, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Grantor acknowledges that any such sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Collateral Agent shall have no obligation to engage in public sales.

(b) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(c) If the Collateral Agent determines to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon prior written request, the applicable Grantor shall from time to time furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Collateral Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(d) Each Grantor further agrees that a breach of any of the covenants contained in this SECTION 8.4 will cause irreparable injury to the Collateral Agent and the other Secured Parties, that the Collateral Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this SECTION 8.4 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing.

SECTION 8.5 No Waiver; Cumulative Remedies.

(a) No failure on the part of the Collateral Agent to exercise, no course of dealing with respect to, and no delay on the part of the Collateral Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any

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such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Collateral Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case, the Grantors, the Collateral Agent and each other Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the other Secured Parties shall continue as if no such proceeding had been instituted.

SECTION 8.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of Collateral Agent, each Grantor shall execute and deliver to Collateral Agent an assignment or assignments of the Patents, Trademarks and/or Copyrights and such other documents as are necessary or appropriate to carry out the intent and purposes hereof to the extent such assignment does not result in any loss of rights therein under applicable law. Within five (5) Business Days of written notice thereafter from Collateral Agent, each Grantor shall make available to Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of the Event of Default as Collateral Agent may reasonably designate to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Grantor under such Patents, Trademarks and/or Copyrights, and such Persons shall be available to perform their prior functions on Collateral Agent's behalf.

SECTION 8.7 Application of Proceeds. The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies shall be applied, together with any other sums then held by the Collateral Agent pursuant to this Security Agreement, in accordance with and as set forth in Subsection 10.14 of the Credit Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Concerning Collateral Agent.

(a) The Collateral Agent has been appointed as collateral agent pursuant to the Credit Agreement. The actions of the Collateral Agent hereunder are subject to the provisions of the Credit Agreement. The Collateral Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including, without limitation, the release or substitution of the Collateral), in accordance with this Security Agreement and the Credit Agreement. The Collateral Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact. The Collateral Agent may resign and a successor Collateral Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Collateral Agent by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights,

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powers, privileges and duties of the retiring Collateral Agent under this Security Agreement, and the retiring Collateral Agent shall thereupon be discharged from its duties and obligations under this Security Agreement. After any retiring Collateral Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Security Agreement while it was the Collateral Agent.

(b) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Collateral Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Collateral Agent nor any of the other Secured Parties shall have responsibility for, without limitation (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Collateral Agent or any other Secured Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Collateral Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Security Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Collateral also constitutes collateral granted to Collateral Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, Collateral Agent, in its sole discretion, shall select which provision or provisions shall control.

SECTION 9.2 Collateral Agent May Perform; Collateral Agent Appointed Attorney-in-Fact. If any Grantor shall fail to perform any covenants contained in this Security Agreement or in the Credit Agreement, the Collateral Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that Collateral Agent shall in no event be bound to inquire into the validity of any tax, lien, imposition or other obligation which such Grantor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Collateral Agent shall be paid by the Grantors in accordance with the provisions of SECTION 9.3 hereof. Neither the provisions of this SECTION 9.2 nor any action taken by Collateral Agent pursuant to the provisions of this SECTION 9.2 shall prevent any such failure to observe any covenant contained in this Security Agreement nor any breach of warranty from constituting an Event of Default. Each Grantor hereby appoints the Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, or otherwise, from time to time after the occurrence and during the continuation of an Event of Default in the Collateral Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement and the other Security Documents which the Collateral Agent may deem necessary to accomplish the purposes hereof. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof until the termination of this Security Agreement in accordance with SECTION 9.5. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

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SECTION 9.3 Expenses. Each Grantor will upon demand pay to the Collateral Agent the amount of any and all amounts required to be paid pursuant to Subsection 11.5 of the Credit Agreement.

SECTION 9.4 Security Interest; Assignment. This Agreement shall create a security interest in the Collateral and shall (i) be binding upon the Grantors, their respective successors and assigns, and (ii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent

and the other Secured Parties and each of their respective successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Grantor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject, however, to the provisions of the Credit Agreement.

SECTION 9.5 Termination; Release.

(a) This Security Agreement, the Lien in favor of the Collateral Agent (for the benefit of itself and the other Secured Parties) and all other security interests granted hereby (1) shall terminate with respect to all Secured Obligations when (i) the principal of and interest on each Loan and all fees and other Secured Obligations shall have been paid in full in cash provided, however, that in connection with the termination of this Security Agreement, the Collateral Agent may require such indemnities as it shall reasonably deem necessary or appropriate to protect the Secured Parties against loss on account of credits previously applied to the Secured Obligations that may subsequently be reversed or revoked, and (2) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Secured Obligation is rescinded or must otherwise be restored by any Secured Party or the Grantors upon the bankruptcy or reorganization of any Loan Party or otherwise.

(b) The Collateral shall be released from the Lien of this Security Agreement in accordance with the provisions of the Credit Agreement (which release shall be automatic in the case of any sale, transfer or disposition permitted under Subsection 8.4 of the Credit Agreement). Upon termination hereof or any release of Collateral in accordance with the provisions of the Credit Agreement, the Collateral Agent shall, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to the Grantors, against receipt and without recourse to or warranty by the Collateral Agent, such of the Collateral to be released (in the case of a release) or all of the Collateral (in the case of termination of this Security Agreement) as may be in possession of the Collateral Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

(c) At any time that the respective Grantor desires that the Collateral Agent take any action described in clause (b) of this SECTION 9.5, such Grantor shall, upon reasonable request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to clause (a) or (b) of this SECTION 9.5. The Collateral Agent shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it as permitted (or which the Collateral Agent in good faith believes to be permitted) by this SECTION 9.5.

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SECTION 9.6 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Grantor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Collateral Agent and the Grantors. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Grantor from the terms of any provision hereof shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Security Agreement or any other document evidencing the Secured Obligations, no notice to or demand on any Grantor in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances.

SECTION 9.7 Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Grantor, addressed to it at the address of the Borrower set forth in the Credit Agreement and as to the Collateral Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other parties hereto complying as to delivery with the terms of this SECTION 9.7.

SECTION 9.8 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 9.9 CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVER OF JURY TRIAL

(a) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY

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ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH GRANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH GRANTOR AGREES THAT ANY ACTION COMMENCED BY ANY GRANTOR ASSERTING ANY CLAIM ARISING UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY OR ANY FEDERAL COURT SITTING THEREIN AND ANY COUNTERCLAIM BROUGHT BY ANY GRANTOR SHALL BE IN THE SAME COURT WHERE THE SUCH INITIAL CLAIM WAS BROUGHT, IN EACH CASE, AS THE COLLATERAL AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.7. NOTHING IN THIS SECURITY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND WHETHER INITIATED BY OR AGAINST ANY SUCH PERSON OR IN WHICH ANY SUCH PERSON IS JOINED AS A PARTY LITIGANT). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.10 Severability of Provisions. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 9.11 Execution in Counterparts; Effectiveness. This Security Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

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SECTION 9.12 No Release. Nothing set forth in this Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Collateral Agent or any other Secured Party to perform or observe any such term, covenant, condition or agreement on such Grantor's part to be so performed or observed or shall impose any liability on the Collateral Agent or any other Secured Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Security Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. The obligations of each Grantor contained in this SECTION 9.12 shall survive the termination hereof and the discharge of such Grantor's other obligations under this Security Agreement, the Credit Agreement and the other Loan Documents.

SECTION 9.13 Obligations Absolute. All obligations of each Grantor hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Grantor;
- (b) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto;
- (d) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;
- (e) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of SECTION 9.6 hereof; or
- (f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Grantor (other than the termination of this Security Agreement in accordance with SECTION 9.5(a) hereof).

SECTION 9.14 ABL/Term Loan Intercreditor Agreement. Notwithstanding anything herein to the contrary, the parties hereto acknowledge that the security interest and Liens granted to the Collateral Agent herein for the benefit of the Collateral Agent, the Secured Parties and the other holders of the Secured Obligations and the rights, remedies, duties and obligations provided for herein are subject to the terms of the ABL/Term Loan Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of this Security Agreement and the ABL/Term Loan Intercreditor Agreement, the provisions of the ABL/Term Loan Intercreditor Agreement shall control. Nothing contained in the ABL/Term Loan Intercreditor Agreement shall be deemed to modify any of the provisions of this Security Agreement, which, as among the Grantors and Collateral Agent shall remain in full force and effect in accordance with its terms.

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IN WITNESS WHEREOF, the Grantors and the Collateral Agent have caused this Security Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

FLOOR AND DECOR OUTLETS OF AMERICA, INC., as a Grantor

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

FDO ACQUISITION CORP., as a Grantor

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

UBS AG, STAMFORD BRANCH, as Collateral Agent

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director Banking Product Services, US

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director Banking Products Services, US

[Signature Page to Security Agreement]

GUARANTY AGREEMENT

GUARANTY AGREEMENT (this “Guaranty”), dated as of September 30, 2016, by FDO ACQUISITION CORP., a Delaware corporation (“Holdings”), and the other Persons that from time to time become parties hereto pursuant to the terms of Subsection 7.9 of the Credit Agreement (such Persons, together with Holdings, are referred to herein each, individually, as a “Guarantor” and, collectively, as the “Guarantors”) in favor of UBS AG, STAMFORD BRANCH, as collateral agent (in such capacity, the “Collateral Agent”).

W I T N E S S E T H

WHEREAS, reference is made to that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified hereafter, the “Credit Agreement”), by and among (i) Floor and Decor Outlets of America, Inc., a Delaware corporation (the “Borrower”), (ii) Holdings, (iii) the Collateral Agent and UBS AG, Stamford Branch as administrative agent and (iv) the lenders party thereto (the “Lenders”). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

WHEREAS, the Lenders have agreed to make Loans to the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement.

WHEREAS, Holdings is the owner of 100% of the Capital Stock in the Borrower, and acknowledges that it will receive direct and indirect benefits from the availability of the credit facility provided for in the Credit Agreement and from the making of the Loans by the Lenders.

WHEREAS, the obligations of the Lenders to make Loans are conditioned upon, among other things, the execution and delivery by Holdings and each other party hereto of a guaranty in the form hereof. As consideration therefor, and in order to induce the Lenders to make Loans, each Guarantor is willing to execute this Guaranty.

Accordingly, each Guarantor hereby agrees as follows:

SECTION 1. Guaranty. Each Guarantor irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the due and punctual payment when due (whether at the stated maturity, by required prepayment, by acceleration or otherwise) and performance by the Borrower and each other Guarantor of all Term Loan Facility Obligations (collectively, the “Guaranteed Obligations”), including all such Guaranteed Obligations which shall become due but for the operation of the Bankruptcy Code. Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon this Guaranty notwithstanding any extension or renewal of any Guaranteed Obligation.

SECTION 2. Guaranteed Obligations Not Affected. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from, and protest to, any Loan Party of any of the Guaranteed Obligations, and also waives notice of acceptance of this Guaranty, notice of protest for nonpayment and all other notices of any kind. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by (a) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce or exercise any right or remedy against any Loan Party under the provisions of the Credit Agreement, any other Loan Document or otherwise or against any other party with respect to any of the Guaranteed Obligations, (b) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Guaranty, any other Loan Document or any other agreement, with respect to any Loan Party or with

respect to the Guaranteed Obligations, (c) the failure to obtain or perfect any security interest in, or the release or impairment of, any of the Collateral held by or on behalf of the Collateral Agent or any other Secured Party, or (d) the lack of legal existence of any Loan Party or legal obligation to discharge any of the Guaranteed Obligations by any Loan Party for any reason whatsoever, including, without limitation, in any insolvency, bankruptcy or reorganization of any Loan Party.

SECTION 3. Security. Each Guarantor hereby acknowledges and agrees that the Collateral Agent and each of the other Secured Parties may (a) take and hold security for the payment of this Guaranty and the Guaranteed Obligations and exchange, enforce, waive and release any such security, (b) apply such security and direct the order or manner of sale thereof as they in their sole discretion may determine, and (c) release or substitute any one or more guarantors or obligors with respect to the Guaranteed Obligations, in each case, without affecting or impairing in any way the liability of each Guarantor hereunder.

SECTION 4. Guaranty of Payment. Each Guarantor agrees that this Guaranty constitutes a continuing guaranty of payment and performance when due of all Guaranteed Obligations and not of collection and, to the fullest extent permitted by applicable law, waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any of the Collateral or other security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Collateral Agent or any other Secured Party in favor of any Loan Party or any other Person or to any other guarantor of all or part of the Guaranteed Obligations. Any payment required to be made by each Guarantor hereunder may be required by the Collateral Agent or any other Secured Party on any number of occasions and shall be payable to the Collateral Agent, for the benefit of the Collateral Agent and the other Secured Parties, in the manner provided in the Credit Agreement.

SECTION 5. [Reserved].

SECTION 6. No Discharge or Diminishment of Guaranty. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, other than the payment in full in cash of the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted), including any claim of waiver, release, surrender, alteration or compromise of any of the Guaranteed Obligations, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations, any of the Loan Documents or otherwise. Without limiting the generality of the foregoing, the Guaranteed Obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by any waiver or modification of any provision of this Guaranty, the Credit Agreement or any other Loan Document, by any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or omission that may in any manner or to any extent vary the risk of each Guarantor or that would otherwise operate as a discharge of each Guarantor as a matter of law or equity, other than the indefeasible payment in full in cash of the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted).

SECTION 7. Defenses of Loan Parties Waived. To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of any Loan Party or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Loan Party, other than the payment in full in cash of the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted).

Each Guarantor hereby acknowledges that the Collateral Agent may, at its election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Loan Party, or exercise any other right or remedy available to them against any Loan Party, without affecting or impairing in any way the liability of each Guarantor hereunder except to the extent that the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted) have been paid in full in cash. Pursuant to, and to the extent permitted by, applicable law, each Guarantor waives any defense arising out of any such election and waives any benefit of and right to participate in any such foreclosure action, even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of each Guarantor against any Loan Party, as the case may be, or any security.

SECTION 8. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against each Guarantor by virtue hereof, upon the failure of any Loan Party to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent or such other Secured Party as designated thereby in cash the amount of such unpaid Guaranteed Obligations. Upon payment by each Guarantor of any sums to the Collateral Agent or any other Secured Party as provided above, all rights of each Guarantor against any Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior payment in full in cash of all the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted). In addition, any indebtedness of the Borrower or any other Loan Party now or hereafter held by each Guarantor is hereby subordinated in right of payment to the prior payment in full in cash of all of the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted). After the occurrence and during the continuance of an Event of Default, each Guarantor will not demand, sue for, or otherwise attempt to collect any such indebtedness until the payment in full in cash of the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted), and termination or expiration of the Term Loan Commitments. If any amount shall erroneously be paid to each Guarantor on account of (a) such subrogation, contribution, reimbursement, indemnity or similar right or (b) any such indebtedness, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Collateral Agent to be credited against the payment of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement.

SECTION 9. Limitation on Guaranty of Guaranteed Obligations. In any action or proceeding with respect to each Guarantor involving any state corporate law, the Bankruptcy Code or any other state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of each Guarantor under SECTION 1 hereof would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under said SECTION 1, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by each Guarantor, any Secured Party, the Collateral Agent or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

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SECTION 10. Information. Each Guarantor assumes all responsibility for being and keeping itself informed of each Loan Party's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Guarantor assumes and incurs hereunder, and agrees that none of the Collateral Agent or the other Secured Parties will have any duty to advise each Guarantor of information known to it or any of them regarding such circumstances or risks.

SECTION 11. Termination. This Guaranty (a) shall terminate when the Guaranteed Obligations (other than Term Loan Facility Obligations in respect of contingent indemnification and reimbursement obligations that are not yet due and payable and for which no claim has been asserted) shall have been paid in full, and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored by any Secured Party or each Guarantor upon the bankruptcy or reorganization of any Loan Party or otherwise.

SECTION 12. [Reserved].

SECTION 13. Binding Effect; Several Agreement; Assignments. Whenever in this Guaranty any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Guaranty shall bind and inure to the benefit of each Guarantor and its successors and assigns. This Guaranty shall be binding upon each Guarantor and its successors and assigns, and shall inure to the benefit of the Collateral Agent and the other Secured Parties, and their respective successors and assigns, except that each Guarantor shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein (and any such attempted assignment or transfer shall be void), except as expressly permitted by this Guaranty or the Credit Agreement.

SECTION 14. Waivers; Amendment.

(a) The rights, remedies, powers, privileges, and discretion of the Collateral Agent hereunder and under applicable law (herein, the "Collateral Agent's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which they would otherwise have. No delay or omission by the Collateral Agent in exercising or enforcing any of the Collateral Agent's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Collateral Agent of any Event of Default or of any default under any other agreement shall operate as a waiver of any other default hereunder or under any other agreement. No single or partial exercise of any of the Collateral Agent's Rights or Remedies, and no express or implied agreement or transaction of whatever nature entered into between the Collateral Agent and any Person, at any time, shall preclude the other or further exercise of the Collateral Agent's Rights and Remedies. No waiver by the Collateral Agent of any of the Collateral Agent's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. The Collateral Agent's Rights and Remedies may be exercised at such time or times and in such order of preference as the Collateral Agent may determine. The Collateral Agent's Rights and Remedies may be exercised without resort or regard to any other source of satisfaction of the Guaranteed Obligations. No waiver of any provisions of this Guaranty or any other Loan Document or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstances.

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(b) Neither this Guaranty nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Collateral Agent and each Guarantor, subject to any consent required in accordance with Subsection 11.1 of the Credit Agreement.

SECTION 15. Copies and Facsimiles. This instrument and all documents which have been or may be hereinafter furnished by each Guarantor to the Collateral Agent may be reproduced by the Collateral Agent by any photographic, microfilm, xerographic, digital imaging, or other process. Any such reproduction shall be admissible

in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business). Any facsimile or other electronic transmission which bears proof of transmission shall be binding on the party which or on whose behalf such transmission was initiated and likewise so admissible in evidence as if the original of such facsimile or other electronic transmission had been delivered to the party which or on whose behalf such transmission was received.

SECTION 16. Governing Law. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 17. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Subsection 11.2 of the Credit Agreement.

SECTION 18. Survival of Agreement; Severability.

(a) All covenants, agreements, indemnities, representations and warranties made by each Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Guaranty shall be considered to have been relied upon by the Collateral Agent and the other Secured Parties and shall survive the execution and delivery of this Guaranty and the making of any Loans by the Lenders, regardless of any investigation made by the Collateral Agent or any other Secured Party or on their behalf and notwithstanding that the Collateral Agent or other Secured Party may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended, and shall continue in full force and effect until terminated as provided in SECTION 11 hereof.

(b) Any provision of this Guaranty held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 19. Counterparts. This Guaranty may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 20. Rules of Interpretation. The rules of interpretation specified in Subsection 1.2 of the Credit Agreement shall be applicable to this Guaranty.

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SECTION 21. Jurisdiction; Consent to Service of Process.

(a) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) WAIVER OF VENUE. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 17. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 22. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties set forth below have duly executed this Guaranty as of the day and year first above written.

GUARANTOR:

FDO ACQUISITION CORP.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive Vice President

[Guaranty Agreement (Term Loan)]

Acknowledged:

UBS AG, STAMFORD BRANCH, as Collateral Agent

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director Banking Product Services, US

By: /s/Kenneth Chin
Name: Kenneth Chin
Title: Director Banking Product Services, US

[Guaranty Agreement (Term Loan)]

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT NO. 1 TO CREDIT AGREEMENT, dated as of March 31, 2017 (this "Amendment"), is entered into by and among FDO ACQUISITION CORP., a Delaware corporation ("Holdings"), FLOOR AND DECOR OUTLETS OF AMERICA, INC., a Delaware corporation (the "Borrower"), the other Loan Parties listed on the signature pages hereto, UBS AG, STAMFORD BRANCH, as administrative agent for the lenders under the Credit Agreement (defined below), each person set forth on Schedule 2.01(a) hereto (each a "Replacement Term B-1 Lender") and each of the undersigned banks and other financial institutions and the other Lenders party hereto.

PRELIMINARY STATEMENTS:

WHEREAS, Holdings, the Borrower, the Administrative Agent, the Lenders and the other parties thereto entered into that certain Credit Agreement, dated as of September 30, 2016 (as amended, supplemented or otherwise modified, the "Credit Agreement"; capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement); and

WHEREAS, pursuant to Section 2.11 of the Credit Agreement, the Borrower has requested a new term loan facility in an aggregate amount sufficient to refinance all of its outstanding Initial Term Loans upon the terms and subject to the conditions set forth therein;

WHEREAS, the Replacement Term B-1 Lenders have agreed, upon the terms and subject to the conditions set forth herein, that each Replacement Term B-1 Lender will make its Replacement Term B-1 Loans (as defined below) in an aggregate principal amount not to exceed the amount set forth opposite such Replacement Term B-1 Lender's name under the heading "Replacement Term B-1 Loan Commitment" on Schedule 2.01(a) hereto (as to each such Replacement Term B-1 Lender, its "Replacement Term B-1 Commitment"), and the term loans made by each Replacement Term B-1 Lender in respect thereof, its "Replacement Term B-1 Loans";

WHEREAS, the proceeds of the Replacement Term B-1 Loans will be used by the Borrower to repay in full the outstanding principal amount of the Initial Term Loans, together with a portion of the accrued but unpaid interest, fees and expenses in connection therewith;

WHEREAS, upon the First Amendment Effective Date (as defined below), each Existing Lender of Initial Term Loans that executes and delivers a signature page to this Amendment in the form of the Lender Consent attached to the Election Notice Memorandum posted on LendAmend.com on March 24, 2017 (a "Consent") electing the "Consent and Cashless Settlement Option" or the "Consent and Assignment Settlement Option" (such consenting Lender, an "Exchanging Term Lender") shall be deemed to have consented to the Replacement Amendments (as defined below) and, on the First Amendment Effective Date, shall be deemed to have exchanged all (or such lesser amount as UBS Securities LLC shall allocate) of its Initial Term Loans (which Initial Term Loans shall thereafter no longer be deemed to be outstanding) for Replacement Term B-1 Loans in the same aggregate principal amount as such Lender's Initial Term Loans (or such lesser amount as UBS Securities LLC shall allocate), and

such Lender shall thereafter be a Replacement Term B-1 Lender under the Credit Agreement (after giving effect to the amendment of the Credit Agreement pursuant to Section 2 below);

WHEREAS, upon the First Amendment Effective Date, (i) each Existing Lender of Initial Term Loans that is not an Exchanging Term Lender shall have its Initial Term Loans prepaid in full in accordance with the terms of the Credit Agreement with the proceeds of Replacement Term B-1 Loans, (ii) each Exchanging Term Lender that is allocated an aggregate principal amount of Replacement Term B-1 Loans that is less than the aggregate principal amount of its Initial Term Loans shall have its remaining Initial Term Loans (after giving effect to its acquisition of Replacement Term B-1 Loans in exchange for Initial Term Loans) prepaid in full in accordance with the terms of the Credit Agreement with the proceeds of Replacement Term B-1 Loans, and (iii) all Initial Term Loans so prepaid shall thereafter be deemed to be no longer outstanding;

WHEREAS, the Borrower, Holdings, the other Loan Parties party hereto, the Lenders and the Administrative Agent have agreed to amend the Credit Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

SECTION 1. Replacement Term B-1 Loans.

(a) Subject to the terms and conditions set forth herein, each of the Replacement Term B-1 Lenders hereby (i) commits to provide Replacement Term B-1 Loans to the Borrower in the amount of its Replacement Term B-1 Commitment and (ii) agrees, on the First Amendment Effective Date, to fund Replacement Term B-1 Loans to the Borrower in the amount of its Replacement Term B-1 Commitment, after which such commitment shall terminate immediately and without further action.

(b) The amendments set forth in this Section 1 (the "Replacement Amendments") constitute a "Specified Refinancing Amendment" with respect to the establishment of the Replacement Term B-1 Commitments and the Replacement Term B-1 Loans as "Specified Refinancing Term Loans." Each Replacement Term B-1 Loan constitutes a "Specified Refinancing Term Loan" incurred in accordance with Subsection 2.11 of the Credit Agreement (as amended by this Amendment).

(c) With effect from the First Amendment Effective Date, the Replacement Term B-1 Loans shall be "Term Loans" and "Initial Term Loans" and the Replacement Term B-1 Lender shall be a Lender with outstanding Initial Term Loans.

(d) The Replacement Term B-1 Loans shall be subject to the provisions, including any provisions restricting the rights, or regarding the obligations, of the Loan Parties or any provisions regarding the rights of the Lenders, of the Credit Agreement and the other Loan Documents and shall have an initial Interest Period of one month.

(e) The Borrower shall use the proceeds of the Replacement Term B-1 Loans as set forth in the recitals to this Amendment.

SECTION 2. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 4, hereby amended as follows:

(a) Subsection 1.1 of the Credit Agreement shall be amended by adding the following new definitions thereto in proper alphabetical order:

“First Amendment” means that certain Amendment No. 1 to Credit Agreement, dated as of March 31, 2017, among Holdings, the Borrower, the other Loan Parties party thereto, the Administrative Agent and the Lenders party thereto.

“First Amendment Effective Date” means the date on which all of the conditions contained in Section 4 of the First Amendment have been satisfied or waived.

(b) The definition of “Applicable Margin” appearing in Subsection 1.1 of the Credit Agreement is hereby amended by (i) deleting “3.25%” and “4.25%” appearing in clause (a) thereof and substituting in lieu thereof “2.50%” and “3.50%” respectively, and (ii) deleting “2.75%” and “3.75%” appearing in clause (b) thereof and substituting in lieu thereof “2.00%” and “3.00%” respectively.

(c) The following definitions are hereby amended and restated in its entirety to read as follows:

“Initial Term Loan Commitment”: (a) from the Closing Date to the First Amendment Effective Date, as to any Lender, its obligation to make Initial Term Loans to the Borrower pursuant to Subsection 2.1(a) in an aggregate amount not to exceed at any one time outstanding the amount set forth opposite such Lender’s name in Schedule A under the heading “Initial Term Loan Commitment”; collectively, as to all the Lenders for such period, the “Initial Term Loan Commitments”; the original aggregate amount of the Initial Term Loan Commitments on the Closing Date is \$350,000,000; and (b) from and after the First Amendment Effective Date, as to any Lender, its obligation to make Initial Term Loans to the Borrower pursuant to Section 1(a) of the First Amendment in an aggregate amount not to exceed at any one time outstanding the amount set forth opposite such Lender’s name in Schedule 2.01(a) to the First Amendment under the heading “Initial Term Loan Commitment”; collectively, as to all the Lenders, the “Initial Term Loan Commitments”. The aggregate amount of the Initial Term Loan Commitments on the First Amendment Effective Date is \$348,250,000.

“Initial Term Loan”: (a) from the Closing Date to the First Amendment Effective Date, as defined in Subsection 2.1; and (b) from and after the First Amendment Effective Date, as defined in the First Amendment.

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(d) Subsection 4.5(b) of the Credit Agreement is hereby amended by deleting each reference to “six months after the Closing Date” appearing therein and substituting in lieu thereof “six months after the First Amendment Effective Date”.

SECTION 3. Reference to and Effect on the Loan Documents.

(a) This Amendment shall constitute a Loan Document for purposes of the Credit Agreement and the other Loan Documents, and on and after the First Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are, and shall continue to be, in full force and effect, and are hereby in all respects ratified and confirmed. The parties hereto hereby acknowledge and confirm that the Replacement Term B-1 Loans and all obligations related thereto are, and continue to be, subject to the ABL/Term Loan Intercreditor Agreement.

(c) Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Credit Agreement or any other Loan Document, nor shall it constitute a waiver of any provision of the Credit Agreement or any Loan Document.

(d) Each of the Guarantors hereby consents to the amendments to the Credit Agreement effected hereby, and hereby confirms, acknowledges and agrees that, notwithstanding the effectiveness of this Amendment, the obligations of such Guarantor contained in any of the Loan Documents to which it is a party are, and shall remain, in full force and effect and are hereby ratified and confirmed in all respects. Each of the Borrower, Holdings and the other Loan Parties party hereto hereby confirms, acknowledges and agrees that (i) the pledge and security interest in the Collateral granted by it pursuant to the Security Documents to which it is a party shall continue in full force and effect and (ii) such pledge and security interest in the Collateral granted by it pursuant to such Security Documents shall continue to secure the Obligations purported to be secured thereby, as amended or otherwise affected hereby.

(e) The parties hereto hereby consent to the incurrence of the Replacement Term B-1 Loans upon the terms and subject to the conditions set forth herein. Upon the First Amendment Effective Date, (i) all conditions and requirements set forth in the Credit Agreement or the other Loan Documents relating to the effectiveness of this Amendment shall be deemed satisfied, (ii) all conditions and requirements set forth in the Credit Agreement or the other Loan Documents relating to the incurrence of the Replacement Term B-1 Loans shall be deemed satisfied and (iii) the incurrence of the Replacement Term B-1 Loans shall be deemed arranged and consummated in accordance with the terms of the Credit Agreement and the other Loan Documents.

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SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of the date (the “First Amendment Effective Date”) on which the following conditions shall have been satisfied (or waived):

(a) the Administrative Agent shall have received counterparts of this Amendment executed by Holdings, the Borrower, the other Loan Parties party hereto, the Lenders and the Replacement Term B-1 Lenders prior to 5:00 p.m., New York City time on March 28, 2017;

(b) the Borrower shall have paid all reasonable, documented and invoiced out-of-pocket expenses of the Lead Arranger (including the reasonable fees, disbursements and other charges of Latham & Watkins LLP, counsel to the Lead Arranger) incurred in connection with the preparation and negotiation of this Amendment;

(c) the Borrower shall have paid (i) the principal amount on the Initial Term Loans required to be paid on March 31, 2017 pursuant to Subsection 2.2(b) of the Credit Agreement, and (ii) all accrued and unpaid interest on the Initial Term Loans through the First Amendment Effective Date;

(d) the Administrative Agent shall have received any required notice of borrowing of Replacement Term B-1 Loans pursuant to Subsection 6.2(a) of the Credit Agreement; and

(e) the Administrative Agent shall have received a certificate, dated the First Amendment Effective Date and signed by a Responsible Officer of the Borrower, certifying on behalf of the Borrower that (i) the representations and warranties made by the Loan Parties in Section 5 are true and correct on the First Amendment Effective Date and (ii) as of the First Amendment Effective Date and immediately after giving effect to the transactions contemplated by this Amendment, no Default or Event of Default shall have occurred and be continuing.

SECTION 5. Representations and Warranties. Each of the Borrower, Holdings and the other Loan Parties party hereto hereby represents and warrants to the Administrative Agent that:

(a) on and as of the First Amendment Effective Date (i) it has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals to enter into and perform its obligations under this Amendment and the Credit Agreement as amended hereby, and (ii) this Amendment has been duly authorized, executed and delivered by it; and

(b) this Amendment, and the Credit Agreement as amended hereby, constitute legal, valid and binding obligations of such entity, enforceable against it in accordance with their respective terms, in each case except as enforceability may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

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(c) each of the representations and warranties made by any Loan Party set forth in Section 5 of the Credit Agreement or in any other Loan Document shall be true and correct in all material respects (except to the extent any such representation and warranty itself is qualified by "materiality," "Material Adverse Effect" or similar qualifier, in which case, it shall be true and correct in all respects) on and as of the First Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (except to the extent any such representation and warranty itself is qualified by "materiality," "Material Adverse Effect" or similar qualifier, in which case, it was true and correct (after giving effect to any such qualifier) in all respects) on and as of such earlier date).

SECTION 6. Execution in Counterparts. This Amendment may be executed by one or more of the parties to this Amendment in any number of separate counterparts (including by telecopy and other electronic transmission), and all of such counterparts taken together shall be deemed to constitute one and the same instrument. A copy of this Amendment signed by all the parties shall be delivered to the Borrower and the Administrative Agent. The words "execution," "signed," "signature," and words of like import in this Amendment, any Assignment and Acceptance or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 7. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

SECTION 8. WAIVER OF RIGHT OF TRIAL BY JURY. EACH PARTY TO THIS AMENDMENT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AMENDMENT AND FOR ANY COUNTERCLAIM THEREIN.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

FLOOR AND DECOR OUTLETS OF AMERICA,
INC.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive
Vice President

FDO ACQUISITION CORP.

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive
Vice President

FD SALES COMPANY, LLC

By: /s/ Trevor Lang
Name: Trevor Lang
Title: Chief Financial Officer and Executive
Vice President

Signature Page to Amendment No. 1 to Credit Agreement

AGENT:

UBS AG, STAMFORD BRANCH, as
Administrative Agent

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director
Banking Products Services, US

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

Signature Page to Amendment No. 1 to Credit Agreement

UBS AG, STAMFORD BRANCH, as Replacement
Term B-1 Lender

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director
Banking Products Services, US

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

Signature Page to Amendment No. 1 to Credit Agreement

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation, Organization or Formation
FDO Acquisition Corp.	Delaware
Floor and Decor Outlets of America, Inc.	Delaware
FD Sales Company LLC	Delaware
Floor and Decor Business Information Consultancy (Shanghai) Co., Ltd.	Shanghai

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Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 20, 2017, in Amendment No. 2 to the Registration Statement (Form S-1 No. 333-216000) and related Prospectus of FDO Holdings, Inc. for the registration of its common stock.

/s/ Ernst & Young LLP

Atlanta, Georgia
April 7, 2017

QuickLinks

[Exhibit 23.2](#)

[Consent of Independent Registered Public Accounting Firm](#)

Consent to be Named Director

FDO Holdings, Inc., a Delaware corporation, has filed a Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of FDO Holdings, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to be named as a director of FDO Holdings, Inc. as of immediately prior to the closing of the offering and to the inclusion of my biographical information in the Registration Statement. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of the 7th day of April, 2017.

/s/ Michael Fung

Michael Fung

Consent to be Named Director

FDO Holdings, Inc., a Delaware corporation, has filed a Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of FDO Holdings, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to be named as a director of FDO Holdings, Inc. as of immediately prior to the closing of the offering and to the inclusion of my biographical information in the Registration Statement. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of the 7th day of April, 2017.

/s/ Richard Sullivan

Richard Sullivan

Consent to be Named Director

FDO Holdings, Inc., a Delaware corporation, has filed a Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of FDO Holdings, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to be named as a director of FDO Holdings, Inc. as of immediately prior to the closing of the offering and to the inclusion of my biographical information in the Registration Statement. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of the 7th day of April, 2017.

/s/ Felicia Thornton

Felicia Thornton
