Confidential offering memorandum and consent solicitation statement

Staples, Inc.

Offer to Exchange Any and All Outstanding 10.75% Senior Notes due 2027 (the "Old Notes") for New 12.75% Junior Lien Secured Notes due 2030 (the "Exchange Notes") and, if elected, Cash

and

Solicitation of Consents to Amend the Indenture Governing the Old Notes

THE EXCHANGE OFFER (AS DEFINED HEREIN) AND CONSENT SOLICITATION (AS DEFINED HEREIN) WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON JUNE 7, 2024, UNLESS EXTENDED (SUCH TIME AND DATE AS IT MAY BE EXTENDED, THE "EXPIRATION TIME"), OR EARLIER TERMINATED. TO BE ELIGIBLE TO RECEIVE THE EARLY EXCHANGE CONSIDERATION (AS DEFINED HEREIN), ELIGIBLE HOLDERS (AS DEFINED HEREIN) MUST VALIDLY TENDER (AND NOT VALIDLY WITHDRAW) THEIR OLD NOTES AND DELIVER THEIR RELATED CONSENTS (AS DEFINED HEREIN) AT OR PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON MAY 22, 2024, UNLESS EXTENDED (SUCH TIME AND DATE AS IT MAY BE EXTENDED, THE "EARLY EXCHANGE TIME"). RIGHTS TO WITHDRAW TENDERED OLD NOTES AND REVOKE CONSENTS WILL TERMINATE AT 5:00 P.M., NEW YORK CITY TIME, ON MAY 22, 2024, UNLESS EXTENDED (SUCH TIME AND DATE AS IT MAY BE EXTENDED, THE "WITHDRAWAL DEADLINE"), EXCEPT FOR CERTAIN LIMITED CIRCUMSTANCES WHERE ADDITIONAL WITHDRAWAL RIGHTS ARE REQUIRED BY LAW. TO BE ELIGIBLE TO RECEIVE THE LATE EXCHANGE CONSIDERATION (AS DEFINED HEREIN), ELIGIBLE HOLDERS THAT DID NOT VALIDLY TENDER (OR THAT VALIDLY TENDERED BUT SUBSEQUENTLY VALIDLY WITHDREW) THEIR OLD NOTES AND DELIVER THEIR RELATED CONSENTS PRIOR TO THE WITHDRAWAL DEADLINE MUST VALIDLY TENDER (AND NOT VALIDLY WITHDRAW) THEIR OLD NOTES AND DELIVER THEIR RELATED CONSENTS AT OR PRIOR TO THE EXPIRATION TIME. NO CONSIDERATION WILL BE PAID FOR CONSENTS. THE EARLY EXCHANGE TIME OR THE EXPIRATION TIME WITH RESPECT TO THE EXCHANGE OFFER AND CONSENT SOLICITATION CAN BE EXTENDED INDEPENDENTLY OF THE WITHDRAWAL DEADLINE FOR THE EXCHANGE OFFER AND CONSENT SOLICITATION.

Upon the terms and subject to the conditions set forth in this confidential offering memorandum and consent solicitation statement (as it may be supplemented and amended from time to time, this "Offering Memorandum"), Staples, Inc., a Delaware corporation (the "Issuer"), is offering to Eligible Holders of its 10.75% Senior Notes due 2027 (the "Old Notes") to exchange (the "Exchange Offer") any and all of their outstanding Old Notes for: (a) newly issued 12.75% Junior Lien Secured Notes due 2030 (the "Exchange Notes") and (b) if elected as set forth herein, cash.

The Issuer's obligation to accept for exchange Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer and related Consent Solicitation is subject to the satisfaction or waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation," including: (a) a minimum of over 50% of the aggregate outstanding principal amount of Old Notes (excluding any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates) shall have been validly tendered (and, if applicable, not validly withdrawn) pursuant to the Exchange Offer and the Requisite Consents (as defined herein) shall have been received (the "Minimum Participation Condition"), (b) the entry into the ABL Credit Facility Amendment (as defined herein) (the "ABL Amendment Condition"), (c) the consummation of New First Lien Financing Transactions (as defined herein) in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing term loan facility and 7.500% Senior Secured Notes due 2026 (the "Old Secured Notes") and pay related fees, costs and expenses (the "First Lien Financing Condition") and (d) the consummation of the Sponsor Exchange (as defined herein) (the "Sponsor Exchange Condition"). The Issuer reserves the right, in its sole discretion, to (i) amend the terms of the Exchange Offer and Consent Solicitation or (ii) waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. By tendering Old Notes, each Eligible Holder acknowledges and consents to the right of the Issuer to waive or amend any condition described in this Offering Memorandum without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition.

The Exchange Notes offered hereby will be issued under a new indenture (the "Exchange Notes Indenture") to be entered into on the Settlement Date (as defined herein) by and among the Issuer, the Exchange Notes Guarantors (as defined herein) and Computershare Trust Company, National Association, as trustee (in such capacity, the "Exchange Notes Trustee") and collateral agent (in such capacity, the "Exchange Notes Collateral Agent").

The Exchange Notes will mature on January 15, 2030. The Exchange Notes will bear interest at a rate of 12.75% per annum. Interest on the Exchange Notes will be payable semi-annually in cash in arrears on January 15 and July 15 of each year, beginning on July 15, 2024. Interest on the Exchange Notes will accrue from the Settlement Date.

Obligations under the Exchange Notes will be guaranteed (the "guarantees"), jointly and severally, by Arch Parent Inc. ("Holdings") and each of the Issuer's existing and future wholly-owned domestic restricted subsidiaries (together with Holdings, the "Exchange Notes Guarantors") that will guarantee the New Term Loan Facility (as defined herein) and the New First Lien Notes (as defined herein). The Exchange Notes and the related guarantees will be secured on a second-lien basis, subject to permitted liens, by a pledge of the capital stock of the Issuer as well as substantially all assets of the Issuer and the Exchange Notes Guarantors (other than any Excluded Assets or ABL Priority Collateral (each as defined herein)) (the "Term Priority Collateral"), which assets will also secure, on a third-lien basis, the obligations under the ABL Credit Facility (as defined herein) and, on a first-lien basis, the Issuer's and the Exchange Notes Guarantors' obligations under the New Term Loan Facility and the New First Lien Notes. The Exchange Notes and the related guarantees will also be secured on a third-lien basis, subject to permitted liens, by certain of the assets of the Issuer and the Exchange Notes Guarantors that secure, on a first-lien basis, obligations under the ABL Credit Facility (the "ABL Priority Collateral" and, together with the Term Priority

Collateral, the "Collateral"; and any obligations secured on a first-lien basis by the Collateral and/or a second-lien basis by the ABL Priority Collateral, collectively, the "Priority Obligations"), which assets will also secure, on a second-lien basis, the Issuer's and the Exchange Notes Guarantors' obligations under the New Term Loan Facility and the New First Lien Notes. See "Description of Exchange Notes—Collateral and Intercreditor Arrangements." The Exchange Notes and the related guarantees will be senior secured obligations, and the Exchange Notes and the related guarantees will rank equally in right of payment, without giving effect to collateral arrangements, with all of the Issuer's and the Exchange Notes Guarantors' existing and future senior indebtedness (including any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange) and senior in right of payment to any future subordinated indebtedness. The Exchange Notes and the related guarantees will be effectively senior to any of the Issuer's and the Exchange Notes Guarantors' existing and future unsecured indebtedness (including any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange) to the extent of the value of the assets securing the Exchange Notes and will be effectively senior to the Issuer's and Exchange Notes Guarantors' obligations under the ABL Credit Facility to the extent of the value of the Term Priority Collateral. The Exchange Notes and the related guarantees will be effectively subordinated to any of the Issuer's and Exchange Notes Guarantors' existing and future obligations secured by assets other than Collateral or secured on a first-lien basis by the Collateral or a second-lien basis by the ABL Priority Collateral, in each case, to the extent of the value of such assets, Collateral or ABL Priority Collateral, as the case may be. In addition, the Exchange Notes and the related guarantees will be structurally subordinated to the existing and future indebtedness, claims of holders of preferred stock and other liabilities of any subsidiary of the Issuer that is not an Exchange Notes Guarantor.

The Exchange Notes may be redeemed, in whole or in part, on or after June 15, 2027 at the redemption prices specified under "Description of Exchange Notes—Optional Redemption," together with accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to June 15, 2027, the Issuer may redeem the Exchange Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a make-whole premium, together with accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the Issuer may redeem up to 40% of the Exchange Notes before June 15, 2027 with an amount not to exceed the net cash proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Exchange Notes—Optional Redemption." If the Issuer and its restricted subsidiaries sell certain of their assets or the Issuer experiences specific kinds of changes of control, the Issuer must offer to purchase the Exchange Notes at the prices set forth in this Offering Memorandum plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. The Issuer will not be required to offer to repurchase the Exchange Notes as a result of the Divestment (as defined herein).

In conjunction with the Exchange Offer, the Issuer is soliciting consents (the "Consents") from holders of Old Notes to certain proposed amendments to the indenture governing the Old Notes (the "Old Notes Indenture"), dated as of April 16, 2019, by and among the Issuer, the guarantors party thereto (the "Old Notes Guarantors") and Computershare Trust Company, National Association (as successor to Wells Fargo Bank, National Association), as trustee (the "Old Notes Trustee"), to eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations, and modify or eliminate certain other provisions, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes (collectively, the "Proposed Amendments"). If the Proposed Amendments become effective and operative, any Old Notes remaining outstanding following the consummation of the Exchange Offer will be effectively subordinated to the Exchange Notes and the Priority Obligations to the extent of the value of the Collateral securing the Exchange Notes and the Priority Obligations and will not benefit from any security interest in such Collateral.

In order to be adopted, the Proposed Amendments must be consented to by the Eligible Holders of at least a majority in aggregate principal amount of Old Notes outstanding (the "Requisite Consents"). Any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates will be disregarded and deemed to be not outstanding in determining whether the Requisite Consents have been obtained. As described in more detail herein, the Sponsor Exchange will be conducted pursuant to the terms of the Exchange Agreement (as defined herein), and the Sponsor Noteholders (as defined herein) will not participate in the Exchange Offer. If the Requisite Consents are delivered, the Issuer, the Old Guarantors and Old Notes Trustee will enter into a supplemental indenture (the "Old Notes Supplemental Indenture") to the Old Notes Indenture to give effect to the Proposed Amendments as described in "Proposed Amendments." However, the Proposed Amendments will not become operative until the Settlement Date. The solicitation of Consents is referred to herein as the "Consent Solicitation."

The Eligible Holders who have expressed their intention to participate in the Exchange Offer collectively hold a majority of the aggregate outstanding principal amount of Old Notes (excluding Old Notes held by the Sponsor Noteholders) as of the date of this Offering Memorandum, which means we expect to have the necessary consents to adopt the Proposed Amendments, assuming the consummation of the Exchange Offer and Consent Solicitation.

In addition, on May 9, 2024, the Issuer entered into an exchange agreement (the "Exchange Agreement") with certain affiliates of the Sponsor (the "Sponsor Noteholders"), which collectively hold approximately $95 million in aggregate principal amount of Old Notes as of the date of this Offering Memorandum. Pursuant to and subject to the terms of the Exchange Agreement, the Sponsor Noteholders have agreed to exchange all of their Old Notes for an equivalent aggregate principal amount of Exchange Notes on the same terms as the Exchange Notes issued as the Second Option Consideration (as defined herein) in the Exchange Offer (the "Sponsor Exchange Notes"). The Sponsor Exchange is expected to be consummated substantially concurrently with, and subject to, the settlement of the Exchange Offer. The Sponsor Noteholders will not receive any cash consideration in respect of the principal amount of Old Notes exchanged in the Sponsor Exchange. The Sponsor Exchange Notes will be issued to the Sponsor Noteholders pursuant to the exemption provided under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). The Sponsor Exchange is expected to be consummated substantially concurrently with, and subject to, the settlement of the Exchange Offer. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions —Sponsor Exchange."

Each Eligible Holder that tenders Old Notes in the Exchange Offer will be deemed to have given its Consent to the Proposed Amendments with respect to those tendered Old Notes. Eligible Holders of Old Notes may not tender Old Notes without delivering the related Consents, and Eligible Holders of Old Notes may not deliver Consents without tendering the related Old Notes. Old Notes may not be withdrawn from the Exchange Offer, and the related Consents may not be revoked from the Consent Solicitation, after the Withdrawal Deadline, subject to applicable law. See "Proposed Amendments."

The Issuer, in its sole discretion, reserves the right, subject to applicable law, to extend, amend, terminate, withdraw, amend or extend the Exchange Offer and/or the Consent Solicitation at any time. The Exchange Offer and Consent Solicitation are subject to the satisfaction or, if permitted, waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation." The Issuer may terminate either the Exchange Offer or the Consent Solicitation if any of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation" are not satisfied or, if permitted, waived by the Expiration Time, subject to applicable law. In the event the Exchange Offer is terminated, the Exchange Offer and Consent Solicitation and the Sponsor Exchange will not be consummated, the related Proposed Amendments will not become operative, Eligible Holders that tendered Old Notes pursuant to such Exchange Offer will not receive any consideration and such Old Notes tendered pursuant to such Exchange Offer

will be promptly returned to such Eligible Holders, the related Consents will be deemed void and the Old Notes will remain outstanding.

The Issuer will announce any extension, termination or amendment in the manner described under "General Terms of the Exchange Offer and Consent Solicitation—Early Exchange Time; Expiration Time; Extensions; Amendments; Termination." There can be no assurance that the Issuer will exercise its right to extend, terminate or amend the Exchange Offer or the Consent Solicitation. During any extension, irrespective of any amendment to the Exchange Offer or the Consent Solicitation, all outstanding Old Notes previously validly tendered and not validly withdrawn will remain subject to the Exchange Offer or the Consent Solicitation and may be accepted thereafter for exchange by the Issuer subject to the terms and conditions of the Exchange Offer and Consent Solicitation and compliance with applicable law. In addition, the Issuer may waive certain conditions without extending the Exchange Offer or the Consent Solicitation, subject to applicable law. See "General Terms of the Exchange Offer and Consent Solicitation—Early Exchange Time; Expiration Time; Extensions; Amendments; Termination."

On or prior to the Settlement Date, the Issuer expects to (a) enter into a new term loan credit agreement (the "New Term Loan Credit Agreement") that will govern a new senior secured term loan facility (the "New Term Loan Facility") and (b) issue new first lien senior secured notes (the "New First Lien Notes") in a private offering in reliance on Rule 144A ("Rule 144A") under the Securities Act, and outside the United States, in reliance on Regulation S under the Securities Act. The entry into the New Term Loan Credit Agreement and the issuance of the New First Lien Notes are referred to herein as the "New First Lien Financing Transactions." Subject to entry into the ABL Credit Facility Amendment, the Issuer intends to use the net proceeds from the New First Lien Financing Transactions, together with borrowings under the ABL Credit Facility and cash on hand, to (i) repay its existing term loan borrowings, redeem its Old Secured Notes and pay related fees, costs and expenses (collectively, the "Existing First Lien Paydown"), (ii) fund the cash portion of the Early Exchange Consideration, assuming the First Option Consideration is elected by Eligible Holders that validly tender (and do not validly withdraw) Old Notes at or prior to the Early Exchange Time (such funding, the "Exchange Cash Payout") and (iii) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation. The foregoing assumes that the Divestment is consummated after the Settlement Date and, unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds therefrom. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—Sale of DEX Business." The Issuer currently anticipates that the aggregate amount of new first lien secured indebtedness incurred upon consummation of the New First Lien Financing Transactions will be up to $4,150 million. However, the terms of the New First Lien Financing Transactions have not been finalized and therefore, the consummation of the New First Lien Financing Transactions is not guaranteed to occur on the terms described herein or at all. The consummation of the New First Lien Financing Transactions is required to satisfy the First Lien Financing Condition of the Exchange Offer and Consent Solicitation. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." The New First Lien Notes will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction, and the Issuer is under no obligation to so register the New First Lien Notes. This Offering Memorandum shall not constitute an offer to sell or a solicitation of an offer to buy the New First Lien Notes and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions."

In addition, on or prior to the Settlement Date, the ABL Credit Agreement will be amended to, among other things, (a) extend the maturity of the ABL Credit Facility, (b) permit the Issuer and the Exchange Notes Guarantors to (i) consummate the Sponsor Exchange and issue the Sponsor Exchange Notes and (ii) consummate the Exchange Offer and issue the Exchange Notes and (c) permit the use of funds drawn under the ABL Credit Facility to complete the Existing First Lien Paydown (the "ABL Credit Facility Amendment").

You are encouraged to carefully consider all of the information in this Offering Memorandum in its entirety, particularly the "Risk Factors" beginning on page 34 of this Offering Memorandum.

The Exchange Notes and the offering thereof have not been and will not be registered with the under the Securities Act or the securities laws of any state or any other jurisdiction, and the Issuer is under no obligation to so register the Exchange Notes. The Exchange Notes and the related guarantees will not be entitled to any registration rights and the Issuer will not be required, and has no present intention, to complete a registered exchange offer or file a registration statement to register the resale of the Exchange Notes and the related guarantees. The Exchange Offer and Consent Solicitation will only be made, and the Exchange Notes are only being offered and issued, to holders of Old Notes that are (a) reasonably believed to be qualified institutional buyers (as defined in Rule 144A, "QIBs") in reliance on Rule 144A or (b) non-U.S. persons, in transactions outside the United States, in reliance on Regulation S under the Securities Act ("Regulation S") (such holders, the "Eligible Holders"). The Exchange Notes Indenture will not be qualified under, subject to, or incorporate, restate or make reference to, any provisions of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). Persons who are not Eligible Holders may not receive and review this Offering Memorandum or participate in the Exchange Offer and Consent Solicitation. Each Eligible Holder participating in the Exchange Offer will be deemed to have made certain acknowledgments, representations and agreements. See "Notice to Investors."

Currently, there is no public market for the Exchange Notes. The Issuer does not intend to apply for listing of the Exchange Notes on any securities exchange or for inclusion of the Exchange Notes in any automated dealer quotation system.

J.P. Morgan
(Lead Left Dealer Manager and Solicitation Agent)

Morgan Stanley
(Joint Dealer Manager and Solicitation Agent)

Co-Dealer Managers and Solicitation Agents

UBS Investment Bank **BofA Securities** **Deutsche Bank Securities**

Goldman Sachs & Co. LLC **RBC Capital Markets**

Barclays **Jefferies** **Mizuho** **Wells Fargo Securities**

The date of this Offering Memorandum is May 9, 2024.

Subject to the satisfaction or, if permitted, waiver of the conditions of the Exchange Offer and Consent Solicitation described under “Conditions of the Exchange Offer and Consent Solicitation” and the tender acceptance procedures described herein: (i) for each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange, Eligible Holders of Old Notes will be eligible to receive the applicable early exchange consideration set forth in the table below (the “Early Exchange Consideration”); and (ii) for each $1,000 principal amount of Old Notes validly tendered after the Early Exchange Time but at or prior to the Expiration Time and accepted for exchange, Eligible Holders of Old Notes will be eligible to receive $950 principal amount of Exchange Notes (the “Late Exchange Consideration”).

The consideration offered in the Exchange Offer is summarized below.

Title of Series of Old Notes	**CUSIP No. / ISIN(1)**	**Aggregate Outstanding Principal Amount(2)**	**Early Exchange Consideration, if validly tendered and not validly withdrawn at or prior to the Early Exchange Time(3)**	**Late Exchange Consideration, if validly tendered after the Early Exchange Time and at or prior to the Expiration Time(3)**
10.75% Senior Notes due 2027	855030AP7 / US855030AP77 U85440AE2 / USU85440AE22	$854,189,000	First Option: $1,000, consisting of $883 in principal amount of Exchange Notes and $117 in cash(4) OR Second Option: $1,000 principal amount of Exchange Notes (the “Second Option Consideration”)	$950 principal amount of Exchange Notes

(1) No representation is made as to the correctness or accuracy of the CUSIP numbers or ISINs listed in this Offering Memorandum or printed on the Old Notes. Such CUSIP numbers and ISINs are provided solely for the convenience of the Eligible Holders of Old Notes.

(2) Aggregate outstanding principal amount excludes principal amount of Old Notes owned by the Sponsor Noteholders. Including the principal amount of Old Notes owned by the Sponsor Noteholders, the aggregate outstanding principal amount of Old Notes as of the date of this Offering Memorandum is $949,564,000.

(3) For each $1,000 principal amount of Old Notes validly tendered and accepted for exchange the Issuer will pay accrued and unpaid interest in addition to the Early Exchange Consideration or Late Exchange Consideration, as applicable, to, but excluding, the Settlement Date. Interest on the Exchange Notes will accrue from the Settlement Date. No consideration will be paid for Consents in the Consent Solicitation. The Early Exchange Consideration and the Late Exchange Consideration, as applicable, will be paid on the Settlement Date.

(4) For each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange, Eligible Holders of Old Notes that elect the First Option of the Early Exchange Consideration will be eligible to receive an amount equal to $1,000 consisting of (i) an amount of cash equal to $100 million divided by the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect such First Option multiplied by $1,000 plus (ii) an amount of Exchange Notes equal to $1,000 less the cash consideration amount determined under clause (i) (the consideration under (i) and (ii) collectively, the “First Option Consideration”). For the avoidance of doubt, the amount of cash payable as First Option Consideration will not exceed $1,000 for each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange. The First Option Consideration depicted in the table above is illustrative only and assumes that all outstanding Old Notes, other than any Old Notes owned by the Sponsor Noteholders, are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration and that such Old Notes are accepted for exchange. The Early Exchange Consideration will be impacted on a pro rata basis by participation levels and elections of the First Option Consideration in the Exchange Offer at or prior to the Early Exchange Time. See the table titled “Hypothetical Total Consideration” below.

The cash consideration payable as part of the First Option Consideration will be determined at the Early Exchange Time based on the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. Eligible Holders that fail to validly tender (or who validly withdraw) their Old Notes at or prior to the Early Exchange Time will not receive the First Option Consideration or the Second Option Consideration and, for the avoidance of doubt, will not receive any cash consideration in respect of their Old Notes.

The cash consideration payable as part of the First Option Consideration is inversely related to the amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. Accordingly, the greater the amount of Old Notes validly tendered (and not validly withdrawn) by Eligible Holders that elect to receive the First Option Consideration, the lower the pro rata portion of the

cash consideration. Below is a table depicting hypothetical cash consideration amounts at various levels of participation in the Exchange Offer:

Hypothetical First Option Consideration[1]

Hypothetical Participation at or Prior to the Early Exchange Time[2]	First Option Consideration per $1,000 Principal Amount of Old Notes Validly Tendered (and not Validly Withdrawn)
100%	$1,000, consisting of $883 in principal amount of Exchange Notes and $117 in cash
80%	$1,000, consisting of $854 in principal amount of Exchange Notes and $146 in cash
60%	$1,000, consisting of $805 in principal amount of Exchange Notes and $195 in cash

---

(1) The hypothetical First Option Consideration is shown for illustrative purposes only and assumes that all Eligible Holders validly tendering Old Notes at or prior to the Early Exchange Time elect to receive the First Option Consideration. The actual First Option Consideration will be determined following the Early Exchange Time in the manner described herein. See “General Terms of the Exchange Offer and Consent Solicitation—General.”

(2) Hypothetical participation amounts exclude Old Notes held by the Sponsor Noteholders. The Sponsor Noteholders will not be eligible to receive cash consideration in connection with the Sponsor Exchange.

The Old Notes will only be accepted for exchange by the Issuer in minimum principal amounts of $2,000 and integral multiples of $1,000 thereafter. No alternative, conditional or contingent tenders will be accepted.

The Exchange Notes will only be issued in minimum principal denominations of $2,000 and integral multiples of $1.00 in excess thereof. The Issuer will not accept any tender of Old Notes that would result in the issuance of less than $2,000 principal amount of Exchange Notes and tenders of $2,000 in aggregate principal amount will not be eligible to receive cash consideration payable as part of the First Option Consideration. If, under the terms of the Exchange Offer and Consent Solicitation, a tendering Eligible Holder is entitled to receive Exchange Notes in a principal amount that is not an integral multiple of $1.00, the Issuer will round downward such principal amount of Exchange Notes to the nearest integral multiple of $1.00. This rounded amount will be the principal amount of Exchange Notes that Eligible Holders will be eligible to receive, and no additional cash will be paid in lieu of any principal amount of Exchange Notes not received as a result of rounding down. Upon the terms and subject to the conditions of the Exchange Offer and Consent Solicitation, the settlement date (the “Settlement Date”) for the Exchange Offer will occur promptly after the Expiration Time and is expected to occur no later than three (3) business days after the Expiration Time. See “General Terms of the Exchange Offer and Consent Solicitation—Settlement Date.”

Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.

Tenders of Old Notes pursuant to the Exchange Offer may be validly withdrawn at any time prior to the Withdrawal Deadline, but not thereafter. If an Eligible Holder validly withdraws its tendered Old Notes prior to the Withdrawal Deadline, such Eligible Holder will be deemed to have revoked its Consent and may not deliver a subsequent Consent without re-tendering its Old Notes.

Any Old Notes that are not validly tendered and accepted for exchange will remain outstanding. If the Issuer consummates the Exchange Offer, the applicable trading market for the Old Notes may be significantly more limited. See “Risk Factors.”

From time to time after consummation of the Exchange Offer, the Issuer and its affiliates may, to the extent permitted by applicable law and certain restrictive covenants in the agreements governing the Issuer’s indebtedness, purchase additional outstanding Old Notes in the open market, in privately negotiated transactions, through tender offers, exchange offers or otherwise. The Issuer may also redeem Old Notes pursuant to their terms, subject to restrictions

contemplated in the Exchange Notes or any other agreements governing the Issuer's indebtedness. Any future purchases, exchanges or redemptions may be on the same terms or on terms that are more or less favorable to holders of Old Notes than the terms of the Exchange Offer. Any future purchases, exchanges or redemptions by the Issuer and its affiliates will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) the Issuer and its affiliates may choose to pursue in the future. The Exchange Notes Indenture is expected to restrict the Issuer's ability to redeem Old Notes that remain outstanding following the consummation of the Exchange Offer and the Sponsor Exchange prior to January 15, 2027.

This Offering Memorandum has not been filed with, reviewed, approved or disapproved by the SEC or any state or foreign securities commission or other regulatory authority, nor has the SEC or any state or foreign securities commission or other regulatory authority passed upon the fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this Offering Memorandum or any related documents. Any representation to the contrary is a criminal offense. This Offering Memorandum does not constitute an offer to exchange Old Notes or a solicitation of Consents in any jurisdiction in which it is unlawful to make such an offer or solicitations under applicable securities law or blue sky laws.

None of the Issuer, the Dealer Managers (as defined herein), the Exchange Agent (as defined herein), the Information Agent (as defined herein), the Old Notes Trustee, the Exchange Notes Trustee, the Exchange Notes Collateral Agent or any affiliate of any of them makes any recommendation as to whether any Eligible Holder of Old Notes should tender or refrain from tendering all or any portion of the principal amount of such Eligible Holder's Old Notes for Exchange Notes in the Exchange Offer. No one has been authorized by any of them to make such a recommendation. Each Eligible Holder of Old Notes must make its own decision whether to tender Old Notes in the Exchange Offer and, if so, the amount of Old Notes as to which action is to be taken. Each Eligible Holder of Old Notes should consult with its advisors as needed to make its decision to tender Old Notes pursuant to the Exchange Offer and to deliver Consents pursuant to the Consent Solicitation and to determine whether it is legally permitted to participate in the Exchange Offer under applicable laws or regulations.

Table of Contents

	Page
Offering Memorandum Summary	1
Summary of the Terms of the Exchange Offer and Consent Solicitation	15
Summary of the Exchange Notes	24
Summary Historical Financial Information	31
Risk Factors	34
Use of Proceeds	73
Capitalization	74
Management's Discussion and Analysis of Financial Condition and Results of Operations	77
Business	85
Management	94
Description of Certain Other Indebtedness	96
General Terms of the Exchange Offer and Consent Solicitation	102
Acceptance of Old Notes; Acceptance of Consents; Accrual of Interest	107
Procedures for Tendering Old Notes and Delivering Consents	109
Withdrawal of Tenders	114
Conditions of the Exchange Offer and Consent Solicitation	115
Dealer Managers and Solicitation Agents, Exchange Agent and Information Agent	118
Description of Exchange Notes	120
Book Entry, Delivery and Form	242
Transfer Restrictions	248
Certain U.S. Federal Income Tax Considerations	252
Certain Considerations for ERISA and Other U.S. Benefit Plan Investors	263
Independent Registered Public Accounting Firm	265
Legal Matters	266
Proposed Amendments	267
Index to Consolidated Financial Statements	F-1

Unless otherwise indicated or the context otherwise requires, as used in this Offering Memorandum, the terms (i) "we," "us" and "our" refer to Staples, Inc. and its consolidated subsidiaries and (ii) "Staples" and the "Issuer" refer to Staples, Inc. and not to any of its subsidiaries or affiliates. Further, references to "you" and "yours" refer to any Eligible Holder of Old Notes reading this Offering Memorandum.

Important Information

You should read this Offering Memorandum in its entirety.

Only registered holders, who are also Eligible Holders, are entitled to tender Old Notes. A beneficial owner whose Old Notes are registered in the name of a custodian must contact such custodian if such beneficial owner desires to tender Old Notes so registered. Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee or custodian may establish their own earlier deadlines for participation in the Exchange Offer. Accordingly, beneficial owners wishing to participate in the Exchange Offer should contact their broker, dealer, commercial bank, trust company or other nominee or custodian as soon as possible in order to determine the times by which such beneficial owner must take action in order to participate in the Exchange Offer. See "Procedures for Tendering Old Notes and Delivering Consents."

We have engaged J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, BofA Securities, Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, RBC Capital Markets, LLC, Barclays Capital Inc., Jefferies LLC, Mizuho Securities USA LLC and Wells Fargo Securities, LLC (the "Dealer Managers") to act as dealer managers and solicitation agents (the Dealer Managers in such capacity, the "Solicitation Agents") of the Exchange Offer and Consent Solicitation. We have also engaged D.F. King & Co., Inc. to act as the exchange agent (in such capacity, the "Exchange Agent") and the information agent (in such capacity, the "Information Agent") for the Exchange Offer.

Any questions or requests for assistance relating to the terms and conditions of the Exchange Offer and Consent Solicitation may be directed to any of the Dealer Managers at the address and telephone number on the back cover of this Offering Memorandum. Questions concerning exchange procedures and requests for additional copies of this Offering Memorandum may be directed to the Information Agent at its address and telephone numbers on the back cover of this Offering Memorandum. Beneficial owners of the Old Notes should also contact their nominees or custodians for assistance regarding the Exchange Offer.

There are no guaranteed delivery provisions provided for in conjunction with the Exchange Offer under the terms of this Offering Memorandum. Tendering holders must tender their Old Notes in accordance with the procedures, and within the times, set forth under "Procedures for Tendering Old Notes and Delivering Consents."

None of the Issuer, the Exchange Notes Guarantors or the Dealer Managers have authorized anyone to provide any information or to make any representations other than those contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Exchange Notes Guarantors or the Dealer Managers. None of the Issuer, the Exchange Notes Guarantors or the Dealer Managers are responsible for, or can provide any assurance as to the reliability of, any other information that others may give you. We are not, and the Dealer Managers are not, making an offer to exchange securities in any jurisdiction where an offer or exchange is not permitted. Unless expressly stated otherwise, you should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date of this Offering Memorandum. Our business, financial condition, results of operations and prospects may have changed since such date.

The Dealer Managers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Dealer Managers as to the past or future.

The Exchange Offer and Consent Solicitation are being made on the basis of and are subject to the terms and conditions described in this Offering Memorandum. Any decision to participate in the Exchange Offer and Consent Solicitation must be based on the information included in this Offering

Memorandum. In making a decision to tender Old Notes pursuant to the Exchange Offer and deliver Consents pursuant to the Consent Solicitation, prospective investors must rely on their own examination of the Issuer and the terms of the Exchange Offer and Consent Solicitation and the Exchange Notes, including the merits and risks involved. Investors should not construe anything in this Offering Memorandum as legal, investment, business or tax advice. Each investor should consult its advisors as needed to make its decision to tender Old Notes pursuant to the Exchange Offer and deliver Consents pursuant to the Consent Solicitation and to determine whether it is legally permitted to participate in the Exchange Offer under applicable laws or regulations.

This Offering Memorandum is highly confidential and has been prepared by the Issuer solely for use in connection with the Exchange Offer and Consent Solicitation. We have provided this Offering Memorandum confidentially to a limited number of investors that are reasonably believed to be Eligible Holders based on information provided by them so that they can consider participating in the Exchange Offer and Consent Solicitation. We have not authorized its use for any other purpose. This Offering Memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided by the Issuer or the Dealer Managers or their authorized representatives.

By accepting delivery of this Offering Memorandum, you agree to these restrictions. By accepting delivery, you also acknowledge that this Offering Memorandum contains confidential information and you agree that the use of this information for any purpose other than considering an exchange for the Exchange Notes is strictly prohibited. These undertakings and prohibitions are intended for our benefit and may be enforced by us.

The federal securities laws prohibit trading in our securities while in possession of material non-public information with respect to us. We and the Dealer Managers require persons in possession of material non-public information to inform themselves about and to observe any such restrictions.

No Review by the SEC; No Registration Rights

The information included in this Offering Memorandum does not conform to information that would be required if the Exchange Offer and Consent Solicitation were made pursuant to a registration statement filed with the SEC. This Offering Memorandum, as well as any other documents provided in connection with the Exchange Offer and Consent Solicitation, will not be reviewed by the SEC. The Exchange Notes have not been and will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction, and the Issuer is under no obligation to register the Exchange Notes. The Exchange Notes and the related guarantees will not be entitled to any registration rights, and the Issuer will not be required, and has no present intention, to complete a registered exchange offer or file a registration statement to register the sale of the Exchange Notes and the related guarantees. The Exchange Notes Indenture will not be qualified under, subject to, or incorporate, restate, or make reference to, any provisions of the Trust Indenture Act. We do not intend to apply for listing of the Exchange Notes on any securities exchange or on any automated dealer quotation system.

Where You Can Find More Information

We are not subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Under the Exchange Notes Indenture, we will agree that for so long as any of the Exchange Notes remain outstanding, the Issuer will furnish to the Exchange Notes Trustee and holders of the Exchange Notes certain information specified therein. See “Description of Exchange Notes—Certain Covenants—Reports and Other Information.”

This Offering Memorandum contains summaries of certain agreements that we have entered into or will enter into, such as the Exchange Notes Indenture, the indenture that will govern the New First Lien Notes and the New Term Loan Credit Agreement. The descriptions contained in this Offering Memorandum of these agreements do not purport to be complete and are subject to, or qualified in their

entirety by reference to, the definitive agreements. Copies of the definitive agreements when available can be obtained at no charge by sending a written request to the Issuer at Five Hundred Staples Drive, Framingham, MA 01702.

Basis of Presentation

Our fiscal year consists of the 52 or 53 weeks ending on the Saturday closest to January 31. Our financial statements included in this Offering Memorandum relate to the period covering the 53 weeks ended February 3, 2024 ("fiscal year 2023"), the period covering the 52 weeks ended January 28, 2023 ("fiscal year 2022") and the period covering the 52 weeks ended January 29, 2022 ("fiscal year 2021"). Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. All material intercompany accounts and transactions are eliminated in consolidation. In addition, unless otherwise stated or the context otherwise requires:

- References to the "U.S. population" in this Offering Memorandum are to the population in the area comprising the contiguous United States.

- References to our "sales" for any fiscal period as disclosed in this Offering Memorandum are to sales excluding sales to related parties.

Unless otherwise stated or the context otherwise requires, all financial information that is presented in this Offering Memorandum on an as adjusted basis after giving effect to the Transactions (as defined herein) assumes that: (i) the Exchange Offer is consummated on the Settlement Date and all outstanding Old Notes (other than Old Notes held by the Sponsor Noteholders) are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration; (ii) the Sponsor Exchange is consummated on the Settlement Date; (iii) the Issuer enters into the ABL Credit Facility Amendment on or prior to the Settlement Date; (iv) the Issuer incurs $4,150 million in aggregate principal amount of new first lien secured indebtedness upon consummation of the New First Lien Financing Transactions (all of which is outstanding on the Settlement Date); (v) the Issuer borrows $191 million under the ABL Credit Facility (the "ABL Drawdown") on or prior to the Settlement Date; (vi) the Divestment is consummated after the Settlement Date; and (vii) the Issuer uses the net proceeds from the First Lien Financing Transactions, together with the ABL Drawdown and cash on hand, to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation. If the Divestment is consummated on or prior to the date the Issuer effectuates the Existing First Lien Paydown, the Issuer may determine not to effectuate the ABL Drawdown (or use cash on hand) and instead may allocate all or a portion of the net proceeds from the Divestment for the uses described in clause (vii) above. The consummation of the Exchange Offer is not contingent on the consummation of the Divestment and the consummation of the Divestment is not contingent on the consummation of the Exchange Offer. Unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds from the Divestment.

No assurances can be given that entry into the New Term Loan Facility or issuance of the New First Lien Notes will be consummated in the amount assumed above, on the terms described herein, or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." If consummated, the Issuer may enter into the New Term Loan Facility, issue the New First Lien Notes and effectuate the ABL Drawdown prior to the Settlement Date, which is assumed above,

resulting in incremental borrowing and other costs. See “Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments.” In addition, there can be no assurance as to the final aggregate principal amount of outstanding Old Notes that will be validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange pursuant to the Exchange Offer or whether Eligible Holders will select the First Option Consideration or the Second Option Consideration if they validly tender (and do not validly withdraw) Old Notes at or prior to the Early Exchange Time. See “Risk Factors— Risks Related to Participating in the Exchange Offer and Consent Solicitation—The Exchange Offer and Consent Solicitation may be cancelled, delayed or changed.”

This Offering Memorandum shall not constitute an offer to sell or a solicitation of an offer to buy the New First Lien Notes and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, nothing in this Offering Memorandum should be construed as an offer to purchase, notice of redemption, notice of repayment or a solicitation of an offer to purchase any indebtedness of the Issuer.

Industry and Market Data

The market data and other statistical information used in this Offering Memorandum are based on independent industry publications, government publications, reports by market research firms, as well as our good faith estimates, which are derived from management’s knowledge of the industry and independent sources. Although we believe these sources are reliable, we have not independently verified the information. This information may prove to be inaccurate because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, our internal estimates are based upon our understanding of industry conditions and make certain assumptions regarding the markets we operate in. Such information has not been verified by any independent sources. You should be aware that market and other similar industry data included in this Offering Memorandum, and estimates and beliefs based on that data, may not be reliable. Neither we nor the Dealer Managers can guarantee the accuracy or completeness of any such information contained in this Offering Memorandum. While we are not aware of any misstatements regarding any market or similar data presented herein, such data involve risks and uncertainties. In particular, forecasts and other forward-looking information obtained from independent sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum. See “Special Note Regarding Forward-Looking Statements.” Our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under “Risk Factors,” “Special Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Offering Memorandum.

Trademarks and Copyrights

Staples is a registered trademark of Staples, Inc. All other service marks, trademarks and trade names referred to in this Offering Memorandum are the property of their respective owners. We do not intend for references to other parties’ trademarks, service marks, trade names or copyrights to imply, and such references should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties. Solely for convenience, our copyrights, trademarks, service marks and trade names referred to in this Offering Memorandum may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under the applicable law, our rights or the right of the applicable licensor to these copyrights, trademarks, service marks and trade names.

Non-GAAP Financial Measures

This Offering Memorandum contains certain supplemental financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA (as defined herein) and related ratios, and Adjusted Operating Expenses (as defined herein). We define EBITDA as loss from continuing operations before interest expense and income, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that are either non-cash or that we do not consider indicative of our ongoing performance. For a reconciliation of Adjusted EBITDA to loss from continuing operations before income taxes, see "Summary Historical Financial Information." These non-GAAP measures are not recognized under, and do not have standardized meanings prescribed by, GAAP, and are therefore unlikely to be comparable to similarly titled measures of other companies. These non-GAAP measures have important limitations as analytical tools due to the exclusion of some, but not all, items that affect the most directly comparable GAAP financial measures. For example, Adjusted EBITDA excludes interest expense; however, as we have borrowed money to finance transactions and operations, interest expense is an important element of our cost structure and can affect our ability to generate revenue and returns. Further, Adjusted EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Adjusted EBITDA also excludes income tax expense; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions, these non-GAAP financial measures have material limitations as compared to comparable GAAP measures.

The presentation of these non-GAAP measures should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. The non-GAAP measures contained in this Offering Memorandum are used by management to evaluate our core operating results because they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of our business. We believe that the use of these non-GAAP financial measures, along with GAAP financial measures, is helpful for management and investors when analyzing our performance by providing meaningful information that facilitates the comparability of underlying business results from period to period.

Notice to Investors

THE EXCHANGE NOTES AND THE OFFERING THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO ANY U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE EXCHANGE NOTES FOR AN INDEFINITE PERIOD OF TIME. SEE "TRANSFER RESTRICTIONS." ONLY HOLDERS OF OLD NOTES THAT CERTIFY IN WRITING THAT THEY ARE ELIGIBLE HOLDERS ARE AUTHORIZED TO PARTICIPATE IN THE EXCHANGE OFFER AND CONSENT SOLICITATION.

This Offering Memorandum does not constitute an offer of, or an invitation to participate in, the Exchange Offer or Consent Solicitation to any person in any jurisdiction in which it would be unlawful to make such offer or invitation under applicable securities laws or blue sky laws. Each holder must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, exchanges, offers or sells Exchange Notes or Old Notes or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for the purchase, exchange, offer or sale by it of Exchange Notes and Old Notes, as the case may be, in connection with the Exchange Offer under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, exchanges, offers or sales in connection with the Exchange Offer, and none of the Issuer or the Dealer Managers or any of their representatives shall have any responsibility therefor.

Each person receiving this Offering Memorandum represents and acknowledges that (1) it is an Eligible Holder, (2) it has been afforded an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained in this Offering Memorandum, (3) it has not relied upon the Dealer Managers or any person affiliated with the Dealer Managers in connection with its investigation of the accuracy of such information or its decision to tender Old Notes pursuant to the Exchange Offer and to deliver Consents pursuant to the Consent Solicitation, (4) this Offering Memorandum relates to the Exchange Offer, which is exempt from or not subject to registration under the Securities Act, and therefore the information included in this Offering Memorandum does not conform to information that would be required if the Exchange Offer and Consent Solicitation were made pursuant to a registration statement filed with the SEC, (5) no person has been authorized to give information or to make any representation concerning the Issuer, the Exchange Notes Guarantors, the Exchange Offer, the Consent Solicitation or the Exchange Notes, other than as contained in this Offering Memorandum in connection with an investor's examination or consideration of the Issuer, the Exchange Notes Guarantors and the terms of the Exchange Offer and Consent Solicitation, and if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Exchange Notes Guarantors or the Dealer Managers and (6) it will not reproduce or distribute this Offering Memorandum, in whole or in part, and it will not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than in relation to the tender of Old Notes pursuant to the Exchange Offer and the delivery of Consents pursuant to the Consent Solicitation.

Offer and Distribution Restrictions

Notice to Prospective Investors in the European Economic Area

The Exchange Notes are not being offered to the public in the European Economic Area within the meaning of the Regulation (EU) 2017/1129 (as amended or superseded, the "EU Prospectus Regulation"). In member states of the European Economic Area, this Offering Memorandum is directed only at persons who are "qualified investors" within the meaning of the EU Prospectus Regulation. This Offering Memorandum must not be acted on or relied on in any member state of the European Economic Area by persons who are not qualified investors. Any investment or investment activity to which this Offering Memorandum relates is available only to qualified investors in any member state of the European Economic Area. Neither we nor the Dealer Managers have authorized, nor will authorize, the making of any offer of notes other than to qualified investors.

The Exchange Notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Exchange Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and, therefore, offering or selling the European Economic Area or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Exchange Notes in any member state of the European Economic Area will be made pursuant to an exemption under the EU Prospectus Regulation from a requirement to publish a prospectus for offers of Exchange Notes. Accordingly, any person making or intending to make an offer in a member state of the European Economic Area of notes which are the subject of the offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the Dealer Managers to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, in each case, in

relation to such offer. This Offering Memorandum is not a prospectus for the purpose of the EU Prospectus Regulation.

Notice to Prospective Investors in the U.K.

The Exchange Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("U.K."). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the UK Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of the European Union (Withdrawal) Act 2018 ("UK MiFIR"). Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Exchange Notes or otherwise making them available to retail investors in the U.K. has been prepared and, therefore, offering or selling the Exchange Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Exchange Notes in the U.K. will be made pursuant to an exemption under the U.K. Prospectus Regulation from a requirement to publish a prospectus for offers of notes. The Offering Memorandum is not a prospectus for the purpose of the U.K. Prospectus Regulation.

This Offering Memorandum has not been approved by an authorized person in the U.K. and is for distribution only to persons who (i) are outside the U.K., (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of the FSMA, in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Exchange Notes other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

Notice to Prospective Investors in Switzerland

This Offering Memorandum does not constitute an offer to the public or a solicitation to purchase or invest in any Exchange Notes. No Exchange Notes have been offered or will be offered to the public in Switzerland, except that offers of the Exchange Notes may be made to the public in Switzerland at any time under the following exemptions under the Swiss Financial Services Act ("FinSA"):

(a) to any person which is a professional client as defined under the FinSA;

(b) to fewer than 500 persons (other than professional clients as defined under the FinSA), subject to obtaining the prior consent of the Dealer Managers for any such offer; or

(c) in any other circumstances falling within Article 36 FinSA in connection with Article 44 of the Swiss Financial Services Ordinance,

provided that no such offer of the Exchange Notes shall require the Issuer or any Dealer Manager to

publish a prospectus pursuant to Article 35 FinSA.

The Exchange Notes have not been and will not be listed or admitted to trading on a trading venue in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Exchange Notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this Offering Memorandum nor any other offering or marketing material relating to the Exchange Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre ("DIFC")

This Offering Memorandum relates to an Exempt Offer in accordance with the Markets Law, DIFC Law No. 1 of 2012, as amended. This Offering Memorandum is intended for distribution only to persons of a type specified in the Markets Law, DIFC Law No. 1 of 2012, as amended. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority ("DFSA") has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Offering Memorandum. The securities to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Offering Memorandum you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in Hong Kong

The Dealers Managers (i) have not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") and any rules made thereunder; or (b) in other circumstances which do not result in the Offering Memorandum being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and (ii) have not issued or had in their possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Exchange Notes, 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 the Exchange Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Singapore

The Dealer Managers have acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Dealer Managers have represented, warranted and agreed that they have not offered or sold any Exchange Notes or caused the Exchange Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Exchange Notes or cause the Exchange Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Exchange Notes, whether directly or indirectly, to any person in

Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of the Exchange Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Exchange Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Japan

The Exchange Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Exchange Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Canada

This Offering Memorandum constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Exchange Notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Exchange Notes and any representation to the contrary is an offence.

Each Canadian investor who purchases the Exchange Notes will be deemed to have represented to the Issuer and the Dealer Managers that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The offer and sale of the Exchange Notes in Canada is being made on a private placement basis only and is exempt from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Exchange Notes must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements of applicable securities laws, or in a transaction not subject to the prospectus requirements of applicable securities laws. These resale restrictions may under certain circumstances apply to resales of the Exchange Notes outside of Canada.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the Issuer and the Dealer Managers provide Canadian investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105 in connection with the Exchange Offer and Consent Solicitation.

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Exchange Notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Exchange Notes or with respect to the eligibility of the Exchange Notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Exchange Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des billets d'échange décrits aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Other Relationships

Some of the Dealer Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. An affiliate of UBS Securities LLC is expected to act as sole administrative and sole collateral agent in respect of the New Term Loan Facility, and certain of the Dealer Managers or their affiliates will act as lead arrangers, joint book-runners and lenders in respect of the New Term Loan Facility and as initial purchasers in respect of the New First Lien Notes, and will therefore receive customary fees and commissions thereunder. An affiliate of UBS Securities LLC is the administrative agent and certain of the Dealer Managers or their affiliates are lenders under the Issuer's existing term loan credit facilities, which will be refinanced in connection with the Transactions. Certain of the Dealer Managers and/or their affiliates hold a portion of the outstanding Old Notes and may participate in the Exchange Offer and Consent Solicitation on the same terms as other Eligible Holders of the outstanding Old Notes, but have no obligation to do so. In addition, certain of the Dealer Managers and/or their affiliates may hold the Old Secured Notes which will be redeemed in connection with the Transactions. An affiliate of Wells Fargo Securities, LLC is the administrative agent and certain of the Dealer Managers or their affiliates are lenders under the ABL Credit Facility.

In addition, in the ordinary course of their business activities, the Dealer Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Dealer Managers or their affiliates that have a lending relationship with us routinely hedge, and certain of the Dealer Managers or their affiliates may hedge,

their credit exposure to us consistent with their customary risk management policies. Typically, such Dealer Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the Exchange Notes offered hereby. The Dealer Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. See “Dealer Managers and Solicitation Agents, Exchange Agent and Information Agent—Dealer Managers and Solicitation Agents.”

Important Dates

Eligible Holders should note the following dates and times relating to the Exchange Offer and Consent Solicitation, unless extended by us in our discretion:

Event	Time and Date	Description
Commencement Date.....	May 9, 2024	Commencement of the Exchange Offer and Consent Solicitation.
Early Exchange Time......	5:00 P.M., New York City time, on May 22, 2024	The last time and date for any Eligible Holder to validly tender (and not validly withdraw) Old Notes to qualify for payment of the Early Exchange Consideration. **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.**
Withdrawal Deadline.......	5:00 P.M., New York City time, on May 22, 2024	The last time and date for any Eligible Holder to validly withdraw tenders of Old Notes. If an Eligible Holder validly withdraws its tenders of Old Notes, such Eligible Holder will no longer receive any consideration (unless such Eligible Holder validly tenders such Old Notes again at or before the Expiration Time). A valid withdrawal of tendered Old Notes will constitute the concurrent valid revocation of such Eligible Holder's related Consents.
Expiration Time..............	5:00 P.M., New York City time, on June 7, 2024	The last time and date for any Eligible Holder to validly tender Old Notes to qualify for the payment of the Late Exchange Consideration. **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.**
Settlement Date	Promptly after the Expiration Time. Expected to occur no later than three (3) business days after the Expiration Time.	For Old Notes validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange, payment of the Early Exchange Consideration and the Late Exchange Consideration, as applicable, plus payment in cash of accrued and unpaid interest on Old Notes accepted for exchange from the last interest payment date to, but excluding, the Settlement Date.

Special Note Regarding Forward-Looking Statements

Statements in this Offering Memorandum regarding management's expectations, objectives, strategies, intentions, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the federal securities laws.

Any statements that are not statements of historical fact should be considered forward-looking statements, including without limitation statements that use words like "believes," "expects," "anticipates," "plans," "may," "will," "would," "intends," "projects," "plans," "estimates" and other similar expressions, whether in the negative or affirmative. These statements include, for example, statements regarding our expectations, beliefs, intentions or strategies regarding the future such as those relating to our ability to execute and realize the expected benefits from the Transactions, our ability to successfully consummate the Exchange Offer and Consent Solicitation and the Divestment, anticipated growth in the size of our addressable markets and our related market position, the extent and timing of future revenues and expenses, economic conditions affecting customer demand, ability to grow or maintain sales, response to new concepts, financing needs and other expected results, events and information. These forward-looking statements are based on a series of expectations, estimates, forecasts and projections about the industry and markets in which we operate, and management's beliefs and assumptions, and should be read in conjunction with the historical consolidated financial statements included in this Offering Memorandum. We cannot guarantee that we will actually achieve the plans, intentions or expectations disclosed in the forward-looking statements made. There are a number of important risks and uncertainties, many of which are beyond our control, that could cause its actual results to differ materially from those indicated by such forward-looking statements, including, but not limited to, the adverse impact of failing to consummate the Transactions on our financial condition, business prospects and the market price of our securities, the risk that an insufficient number of Eligible Holders participate in the Exchange Offer and tender their Old Notes, and diversion of our management's attention away from our business on account of the Transactions. All forward-looking statements included in this Offering Memorandum are based on information available to us as of the date on which such statements were made and we assume no obligation to update or revise any forward-looking statements to reflect events or circumstances that occur after such statements are made, except as required by law.

There are a number of important, additional factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including those set forth below under the heading "Risk Factors," in this Offering Memorandum.

Selected Preliminary Results

This Offering Memorandum includes selected information related to our preliminary estimated financial results. Such information is preliminary, unaudited, and subject to completion, and includes only select information which may not be a full representation of our financial reporting, risks, and assumptions applicable for the stated period. In addition, the preliminary selected financial information reflects the Issuer's and its management team's current views and projections and may change as a result of management's review of results and other risks, factors and uncertainties, including but not limited to general economic and currency conditions, various conditions specific to the Issuer's business and industry, market demand, competitive factors, supply constraints, technology factors, government and regulatory actions, the Issuer's accounting policies, future trends, and other risks. These preliminary estimated financial results are subject to the closing of quarter-end financial and accounting procedures and should not be viewed as a substitute for full financial statements prepared in accordance with GAAP or as may otherwise be required. During the preparation of the Issuer's unaudited financial statements for the first quarter of 2024 (as defined herein), additional items that would require adjustments to be made to the preliminary results presented below may be identified, and those adjustments could be material. Accordingly, we have provided ranges, rather than specific amounts, for the preliminary estimated financial results described herein. We caution you that the preliminary estimated financial results set forth in this Offering Memorandum are forward-looking statements. We cannot guarantee that we will meet or exceed the preliminary estimated financial results and our actual results may differ materially from these

preliminary estimated financial results. There are a number of important risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from these preliminary estimated financial results. As a result, there can be no assurance that these preliminary estimated financial results accurately reflect future trends or performance. For all these reasons, you should not place undue reliance on these estimates.

These preliminary estimated financial results were not prepared with a view toward compliance with applicable guidelines of the Securities and Exchange Commission or the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts. In addition, these preliminary estimated financial results were not prepared with the assistance of, or reviewed, compiled or examined by, independent accountants. These preliminary estimated financial results may differ from publicly available information prepared by third parties.

These preliminary estimated financial results are based on information available to us as of the date on which such results were announced and we assume no obligation to update or revise any preliminary estimated financial results to reflect events or circumstances that occur after such results were announced, except as required by law.

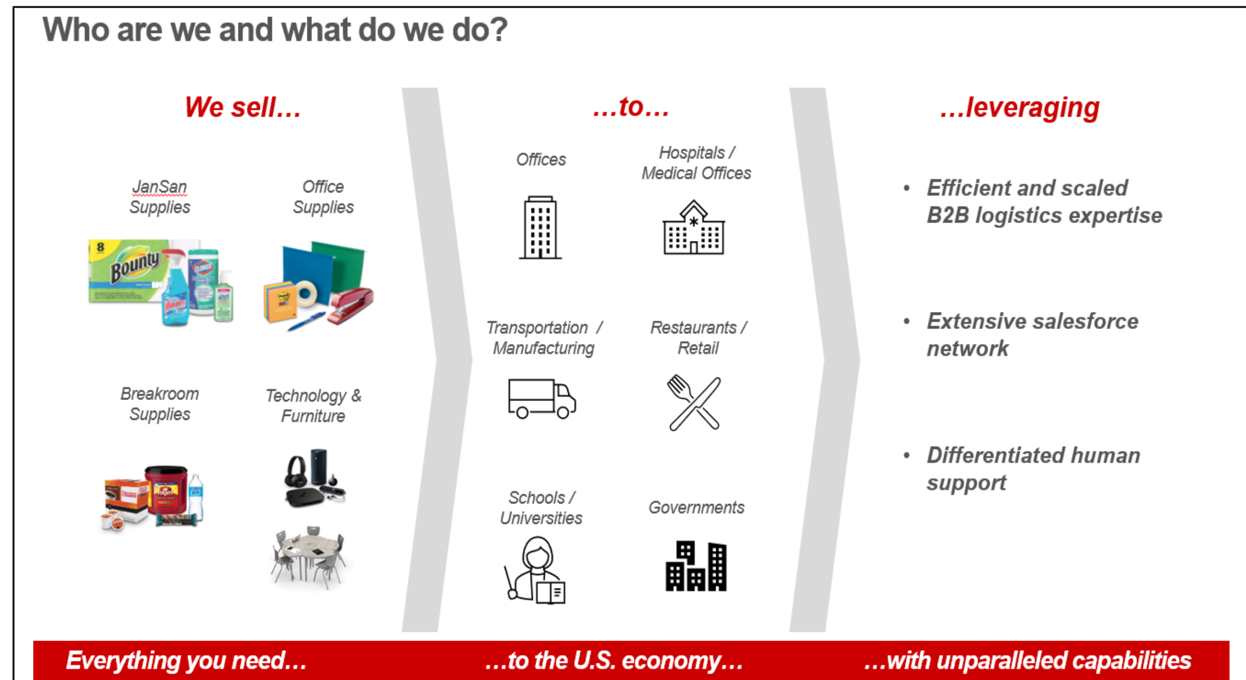
Offering Memorandum Summary

This summary highlights information appearing elsewhere in this Offering Memorandum. This summary is not complete and does not contain all of the information that may be important to you in making a decision to tender Old Notes pursuant to the Exchange Offer and to deliver Consents pursuant to the Consent Solicitation. You should carefully read this entire Offering Memorandum, including our financial statements and related notes contained in this Offering Memorandum and the section entitled "Risk Factors," to understand fully the terms of the Exchange Offer and other considerations that may be important to you in making a decision to tender Old Notes pursuant to the Exchange Offer and to deliver Consents pursuant to the Consent Solicitation.

References to "fiscal year 2023" refer to the results of Staples (on a consolidated basis) as of and for the 53 weeks ended February 3, 2024. References to "fiscal year 2022" reflect the results of Staples (on a consolidated basis) as of and for the 52 weeks ended January 28, 2023. References to "fiscal year 2021" refer to the results of Staples (on a consolidated basis) as of and for the 52 weeks ended January 29, 2022. References to "fiscal year 2019" refer to the results of Staples (on a consolidated basis) as of and for the 52 weeks ended February 1, 2020.

Company Overview

Staples North American Delivery ("Staples NAD") is a market-leading commercial supply distributor serving business customers across the United States. Within our core Contract business line, Staples Business Advantage ("SBA") serves a highly diversified mix of approximately 200,000 customers as of February 3, 2024 across a broad spectrum of sizes, geographies (national and regional) and industries pursuant to multi-year agreements with 95% or greater annual customer retention in each of the last five fiscal years. We provide our customers with a diverse offering of products in the "Pro Categories," which represent a majority of our business, as well as traditional office supplies. Our business is built on a differentiated supply chain foundation, with 82 delivery locations as of February 3, 2024, enabling efficient next-day delivery to over 98% of the U.S. population, at a low cost-to-serve.



Our business is led by an experienced, world-class management team with diverse tenure and experience. Our business is organized into three main lines of business:

- Contract: Our primary contract-based commercial distribution business, representing approximately 75% of our sales in fiscal year 2023. Contract serves both enterprise and small and medium-sized business ("SMB") customers through SBA, our account-based Quill.com website ("Quill"), HiTouch Business Services (an independent dealer of office-related supplies and services), and our Project Tech and Project Furniture services.

- Online: Our online channel targeting SMBs through our transactional Staples.com website, representing approximately 15% of our sales in fiscal year 2023.

- Services: Includes Staples Promotional Products ("SPP") and DEX Imaging ("DEX"), representing approximately 10% of our sales in fiscal year 2023. SPP is a leader in the promotional products industry, with a particular strength serving the programmatic needs of larger corporate clients. We believe DEX is the market leader in SMB managed print services.

	Business Segments		
	Contract	Online	Services
Description	Commercial supplies distributor for contracted and on-demand clients	Commercial supplies distributor via Staples.com primarily for SMBs	Managed Print (DEX) Promo Products (SPP)
% of NAD Sales	~75%	~15%	~10%
Market Position[1]	#1	#2	#1
Retention Rate[2]	95%+	n/a	n/a
Market leaders with 95%+ customer retention			

(1) Based on management estimates.
(2) Contract retention for SBA only.

Contract

Contract is our core business line and represented approximately 75% of our sales in fiscal year 2023. We believe our value-add commercial capabilities and compelling value proposition help drive strong customer loyalty, with our SBA business having 95% or greater annual customer retention in each of the last five fiscal years. We believe customers value several aspects of our offering, including:

- High touch service: Our Contract business has a team of over 2,000 sales representatives dedicated to managing Contract accounts with white glove service for each customer's unique business needs.

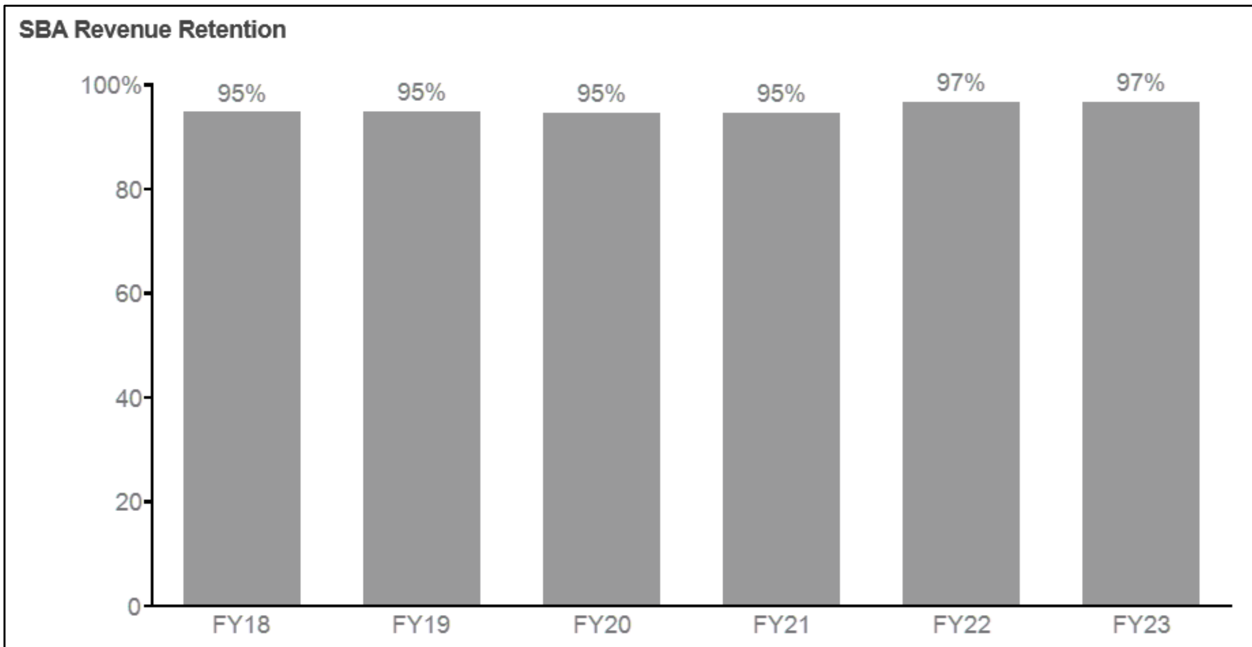
- Customized contracts with competitive pricing: Staples NAD can customize each customer contract down to individual SKUs to ensure it is optimized for the characteristics the customer values most.

- Curated product offering: We strive to identify the highest quality products at the best prices to offer a tailored set of choices for our customers. For example, Staples NAD sells nine options of

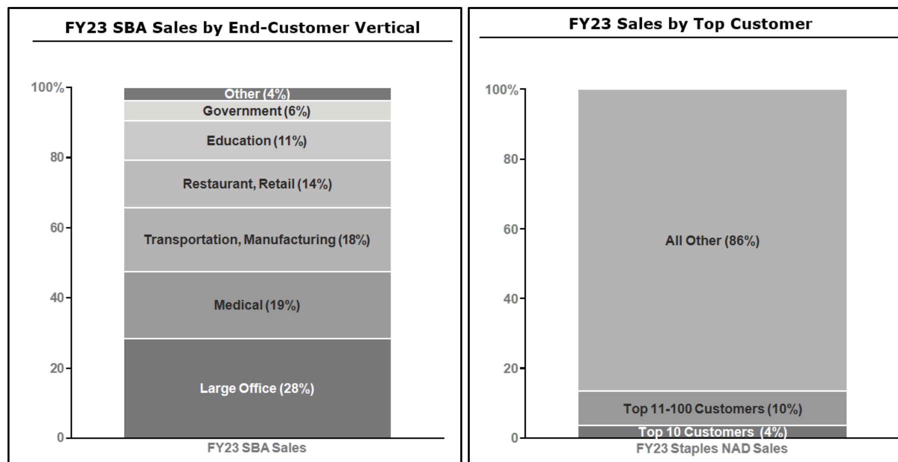
four-foot charging cords, compared to some of our competitors, who offer hundreds of options. Our team has done extensive work to identify and offer high-quality products.

- Procurement integration: For large accounts, Staples NAD integrates into customers' procurement and accounting systems to allow for easy account management and invoicing.

- Sophisticated digital user experience: We have heavily invested in a digital commerce engine with sophisticated capabilities, including auto-restock, customized site tools, real-time inventory awareness, among others.



As of February 3, 2024, within our core Contract business line, SBA serves approximately 200,000 customers, including over half of the Fortune 500 and over 175,000 mid-market business accounts. Our customers are diversified across several criteria, including industry vertical, geographic presence (national and regional) and size. Our diversified customer base includes customers across all major industries, including healthcare, professional services, financial services, consumer goods, manufacturing, agricultural, industrial, education and the government. Further, within SBA, our large office customers represented less than 30% of our sales in fiscal year 2023, with the remainder coming from largely in-person industries, such as healthcare, manufacturing, retail, education and government. Additionally, we have no significant customer concentration and the top 10 Staples NAD customers accounted for approximately 4% of sales in fiscal year 2023, which allows us to generate revenue without undue reliance on any single large account.



In fiscal year 2023, approximately 54% of our sales were in Pro Category products and the remaining 46% were in office supplies. Pro Category products include sanitation, janitorial, technology, breakroom, furniture, services and print products. Office supplies includes core office supplies (pens, folders, etc.), paper products and printing consumables. Since 2019, we have focused on diversifying our product mix and growing Pro Categories by leveraging our customer relationships, embedded salesforce and strong supply chain. These efforts have resulted in Pro Category products growing from approximately 48% of our sales in fiscal year 2019 to approximately 54% of our sales in fiscal year 2023. In fiscal year 2023, sales growth for our various product subcategories was as follows:

	SBA Revenue CAGR	
	FY19-FY23	FY22-FY23
Pro Categories:		
JanSan	5%	12%
Breakroom	6%	22%
Technology	4%	(11%)
Furniture	(13%)	(16%)
Print Services	1%	8%
Office Supplies:		
Office Products	(3%)	2%
Paper	0%	7%
Ink & Toner	(6%)	0%

We serve our customers through our owned distribution network. As of February 3, 2024, Staples NAD operates 35 fulfillment centers, 82 delivery locations, a 2,000 vehicle fleet of delivery trucks, and can reach 98% of the U.S. population with next-day delivery. During fiscal year 2023, we delivered more than two million units daily, with a high percentage delivered by our drivers, reducing our reliance on third-parties to operate the last mile of delivery. Staples NAD can not only bring products to the doorstep but can also deliver food to the breakroom and paper to the copier. In an industry where our core customers often cannot lift the products we are delivering, the ability to physically meet the customer where they need the product is a point of differentiation when compared to our online competitors.

Competitive Strengths

#1 Player in a Large, Fragmented Market

We operate in the broad, over $100 billion and growing North American business-to-business distribution market, based on management estimates, which includes office products and business supplies. We believe we are the leading player (based on sales) in this highly fragmented market, where a very limited number of resellers operate on a national scale. We compete against distributors and resellers including Office Depot, Amazon Business, Imperial Dade and approximately 900 smaller regional distributors.

Our scale provides several benefits relative to our competitors (and in particular relative to the significant portion of the market that remains with regional distributors), including greater scale in purchasing, distribution and salesforce. We can deliver higher margins because we receive preferred pricing from vendors, as well as volume rebates, which results in gross margins that are approximately 500 basis points higher than independent regional distributors. As of February 3, 2024, our distribution network allows us to reach 98% of the U.S. population with next-day delivery, and the route density from delivering over two million items a day drives operating leverage. Further, we have leading e-commerce offerings and our approximately 3,000-person salesforce enables us to provide tailored solutions for each customer.

Efficient and Scaled Distribution Network

We operate a modern, robust and well-invested national supply chain equipped with advanced technological capabilities and tailored to the needs of our business customers. As of February 3, 2024, our supply chain consists of 35 fulfillment centers augmented by 82 delivery locations, representing over 13 million square feet. This national infrastructure enables cost efficient, free, next-day delivery to over 98% of the U.S. population. Our supply chain is optimized for the way business customers place orders (with an average order size of approximately $186 in fiscal year 2023), the way customers want orders delivered (for instance, single desktop or breakroom delivery) and the categories we deliver (for instance, paper, bulky facilities and breakroom products).

In terms of the ordering process, orders are often consolidated at our fulfillment centers, so a single, consolidated delivery arrives at each delivery site. During fiscal year 2023, over 50% of our Contract orders were delivered by Staples uniformed drivers. This provides us with end-to-end control of the delivery process and creates consistency in performance and experience as well as building personal relationships with customers. Orders can be scheduled so that deliveries arrive at convenient times.

While we believe our differentiated supply chain network provides a competitive advantage, we are constantly exploring ways to enhance our execution to maintain our leadership position. We are currently executing on several strategic initiatives to drive lower costs and improved performance. See "—Strategic Priorities."

Differentiated Capabilities and Value Proposition Versus Competitors

We believe we offer a compelling and defensible value proposition. We can provide a differentiated level of service to our customers through our broad product and service offerings, which include:

- Customized Programs: We offer customized contracts and terms based on account size, industry end-market and other customer-specific needs, with the ability to tailor every aspect of the contract, including SKU-level pricing and product ordering controls. Additionally, we work with procurement officers or office managers to customize the invoice and order entry process to interconnect with existing internal systems. This customized approach is a differentiated offering compared to the "one size fits all" model employed by some of our competitors.

- Competitive Pricing: Staples NAD's scale and curated product portfolio enables us to offer prices at significant discounts to our competitors.

- Sales Relationships and Product Expertise: Our sales representatives provide personalized orders and logistical support across a variety of product categories that require a high level of expertise. For instance, sales representatives advise healthcare customers on designing sanitation programs for hospital networks. Our customer relationships are supported by our extensive and experienced salesforce of over 3,000 representatives and experts as of February 3, 2024, with individual domain expertise.

- "High Touch" Service: We operate with a dedicated sales team and delivery fleet. We offer customized delivery times and placement, such as delivery, stocking and installation of merchandise at specific times to specific locations within a building in a consolidated single delivery. We believe this is a highly differentiated and value-added service compared to the traditional "click and drop" model of e-commerce competitors, who rely on third party delivery service without the ability to tailor to customers' specific business needs. This customized delivery capability is supported by our dedicated supply chain network.

- "Next-Day" Delivery: Through our national network of 82 delivery locations as of February 3, 2024 and our owned fleet and dedicated third party delivery partners, we offer next-day delivery to over 98% of the U.S. population.

Highly Diversified Sales Base

We have a highly diversified sales base across end-customer industry and merchandise categories. Our top ten customers accounted for approximately 4% of our sales in fiscal year 2023 and the top 11 to 100 customers accounted for only 10% of our total sales in fiscal year 2023. We serve customers across all major industries, including healthcare, professional services, financial services, consumer, manufacturing, agricultural and industrial, education and the government. The largest share of our sales represented by any one end-customer vertical (large offices), was approximately 28% of our SBA sales in fiscal year 2023.

Over the last several years, we have successfully grown our merchandise mix beyond core office products. Approximately 54% of our sales in fiscal year 2023 were from Pro Category products, which includes sanitation, janitorial, technology, breakroom, furniture, services and print products. Pro Categories have grown to be a larger portion of overall sales over the past five years as we have focused on further diversifying our product mix by leveraging our customer relationships, embedded sales force and strong supply chain.

As a result of our diversified product mix, our core business has experienced a steady sales compounded annual growth rate of approximately 1% to 2% per year between fiscal year 2008 and fiscal year 2023.

Loyal and Recurring Customer Base

We serve a broad universe of loyal business customers across a number of criteria, including industry vertical, geographic presence (national and regional) and size. Our scale allows us the flexibility to meet the needs of business customers and accommodate virtually any preference in terms of volume and order frequency, key products required and supply-chain service levels. We have deep relationships with most of our customers, which resulted in over 20 million human interactions with our customers during fiscal year 2023. These capabilities have resulted in 95% or greater annual customer retention in our SBA business in each of the last five fiscal years.

We provide delivery services tailored to the typical needs of our customers from SMBs to large enterprise customers. Customers of all types and sizes can take advantage of our strong supply chain capabilities and wide range of products. Our customers can be categorized as:

- Enterprise: Includes firms with over 250 employees. Customers in this category typically have a centralized procurement function with product category managers. These customers often demand national or multi-regional fulfillment, customized desktop delivery to specific locations in large facilities (such as, a specific maintenance closet or specific office), customized pricing and invoicing and an integrated procurement system.

- Mid-Market: Includes firms with up to 250 employees. We typically interact with these customers through procurement or office managers. These customers typically value high-touch service and next-day fulfillment.

Blue-Chip Management Team

Since 2017, Sycamore has recruited an experienced leadership team led by John Lederer and Jeff Hall. John Lederer, our Executive Chairman and CEO, previously served as CEO of US Foods, an approximately $25 billion revenue food service distributor, from 2010 to 2015. While at US Foods, he executed numerous initiatives, including tuck-in acquisitions and a branding re-launch. Prior to US Foods, he was the CEO of Duane Reade from 2008 until its sale to Walgreens in 2010. Jeff Hall, our CFO, previously served as the CFO of Express Scripts from 2008 to 2013, and he has actively led the profit improvement and cost initiatives accomplished to date.

Strategic Priorities

In 2022, Staples NAD launched a strategic initiative titled "Groundwork for Growth." The strategy was a holistic reset of our strategic priorities toward long term value creation and profit maximization. Key focus areas of Groundwork for Growth included improving our organizational focus on contribution margin, digitally enabling our salesforce and delivering significant cost savings. Key strategic evolutions resulting from our Groundwork for Growth included (i) expanding our revenue management function to deploy optimized pricing across both Contract and Staples.com, (ii) redesigning salesforce compensation and (iii) improving our digital selling capabilities to facilitate holistic realignment of our salesforce toward vertical markets and away from geographic orientation. Together, the holistic initiatives resulting from our Groundwork for Growth initiatives have supported a gross margin expansion of over 100 basis points from fiscal year 2021 to fiscal year 2023 and contributed to significant cost savings over the same period.

We expect incremental cost saving benefits from Groundwork for Growth to be realized and recognized in fiscal year 2024. In November 2023, we executed $70 million in cost savings. While a portion of these savings were recognized in our fiscal year 2023 results, the majority will be recognized in fiscal year 2024. We believe there are incremental potential cost savings of approximately $30 million that could be partially realized and recognized in fiscal year 2024 and contribute to our financial performance. Our Adjusted EBITDA metrics do not give effect to the cost actions to be recognized in fiscal year 2024.

Looking ahead, we believe we have substantial incremental margin optimization and sales growth opportunities. More specifically on our margin optimization efforts, management remains focused on four key levers to continue driving growth:

- Pricing and Analytics: We continue to improve and scale our pricing and analytics capabilities. We have invested in new technologies and upgraded talent to deliver improved customer insights and competitive positioning. These capabilities are delivering better customer pricing, user experience and improved margins.

- Logistics Efficiencies: We have made significant improvements to our distribution network over the last five fiscal years, investing approximately $300 million in the network since fiscal year

2019. We intend to continue to make investments that we believe will have a high rate of return that will drive cost savings while further leveraging our scale to maximize density and fleet efficiency. We also hired a new Chief Information Officer to drive cost efficiency within our IT division.

- Owned Brand Penetration: Increasing owned brand penetration is a key focus of our organization. As of the date of this Offering Memorandum, our owned brand penetration is approximately 29% of Contract and Staples online businesses. To further drive penetration, we hired a new team focused on innovating our owned brand product offering. We have also restructured our salesforce compensation to drive penetration of owned brands. Owned brands generate approximately 1,000 basis points higher gross margins than comparable national brands in fiscal year 2023, while providing our customers with access to similar quality products offered at lower prices than national brands.

    - Scale Benefits in Pro Categories: Historically, our Pro Category products had lower margins than office supplies. As we have improved execution and scale in our Pro Category products, margins have expanded and were comparable to the rest of our business in fiscal year 2023. As examples, janitorial product gross margins have increased approximately 250 basis points from fiscal year 2021 to fiscal year 2023, and furniture gross margins (excluding Project Furniture) have increased approximately 475 basis points from fiscal year 2021 to fiscal year 2023. As we continue to gain market share in these categories, we intend to continue leveraging our scale and expertise to continue increasing margin rate in these higher growth categories.

In addition to our margin opportunities, we remain focused on driving top-line growth, leveraging the strong foundation we have built. We believe our chief growth opportunities include increasing our existing market share (estimated at less than 5% as of the date of this Offering Memorandum) of the approximately $50 billion Pro Category market, where we believe we remain underpenetrated relative to our market share in office supplies. As an example of this opportunity, 97% of our Pro Category customers purchased office supplies from us in fiscal year 2023, while only 33% of our office supplies customers purchased both breakroom and janitorial products from us. We believe we can continue to gain market share in under-penetrated categories as a natural extension of our current relationships with office supplies customers because the purchasing manager for office supplies and Pro Categories is often the same person, and because we can simplify customers' procurement procedures and offer lower costs. As an example of the potential size of this opportunity, we believe the market for janitorial products in the United States is approximately $20 billion. While we believe our market share is rapidly growing as we estimate our growth to be at a rate that is approximately 2.5 times faster than the overall market, our share is still estimated at approximately 6% of the overall market as of February 3, 2024. We believe we have a similar opportunity across the other Pro Categories, where we estimate our share of each is less than 5% as of the date of this Offering Memorandum. Pro Categories are attractive for us to pursue, as we expect that the market for Pro Category products will grow at a rate that is approximately 5% higher than the market for office supplies in the coming years.

Our History

In 2017, Staples, Inc. was acquired by Sycamore Partners, and was reorganized into three separate businesses, each of which is a standalone entity with independent capital structures and owned by three separate Sycamore-affiliated entities, with only the Staples NAD business remaining at Staples, Inc.

Recent Developments and Concurrent Transactions

Selected Preliminary Unaudited Financial Results for the First Quarter of Fiscal Year 2024

On May 9, 2024, the Issuer announced the following selected preliminary unaudited financial results for the 13-week period ended May 4, 2024 (“the first quarter of 2024”) in comparison to the 13-week period ended April 29, 2023 (“the first quarter of 2023”):

(i) Sales in a range of $2,458 to $2,468 million for the first quarter of 2024, compared to $2,607 million for the first quarter of 2023.

(ii) Adjusted EBITDA in a range of $210 to $220 million for the first quarter of 2024, compared to $209 million for the first quarter of 2023.

During the twelve fiscal months ended May 4, 2024, the Issuer had sales in a range of $10,085 to $10,095 million and Adjusted EBITDA in a range of $921 to $931 million.

The Issuer expects to provide its complete financial statements for the first quarter of 2024 in June 2024 and host its customary earnings call at that time. See “Special Note Regarding Forward Looking Statements—Selected Preliminary Results.”

Sale of DEX Business

On April 19, 2024, we entered into a definitive agreement to sell our DEX Imaging business (the “Divested Business” and such sale, the “Divestment”) to an entity affiliated with Gamut Capital Management, L.P. (the “Purchaser”). The sale consideration for the Divestment is $470 million, subject to customary adjustments. The Divestment is expected to close in the Issuer’s second fiscal quarter of 2024, subject to the satisfaction or waiver of customary closing conditions. The Divested Business represented approximately 7% of our total assets, approximately 4% of our sales and approximately 7% of our Adjusted EBITDA, in each case, for fiscal year 2023.

If the Divestment is consummated after the Existing First Lien Paydown, we intend to use up to $450 million of the net proceeds therefrom to repay (a) up to $225 million of indebtedness incurred in the New First Lien Financing Transactions and (b) up to $225 million of borrowings outstanding under the ABL Credit Facility. If the Divestment is consummated on or prior to the Existing First Lien Paydown, we may determine not to effectuate the ABL Drawdown (or use cash on hand) and instead may allocate all or a portion of the net proceeds from the Divestment to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation. The Issuer will not be required to offer to repurchase the Exchange Notes as a result of the Divestment. Unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds from the Divestment.

No assurances can be given that the Divestment will be consummated in the time periods we anticipate or at all. The consummation of the Exchange Offer is not contingent on the consummation of the Divestment and the consummation of the Divestment is not contingent on the consummation of the Exchange Offer. See “Risk Factors—Risks Related to Our Business—We may not complete the Divestment in a timely manner or at all” and “Risk Factors— Risks Related to Our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments.”

Support Agreement

On May 9, 2024, the Issuer entered into a Support Agreement (as amended or otherwise modified from time to time, the "Support Agreement") with certain Eligible Holders of the Old Notes (the "Supporting Noteholders"), pursuant to which, among other things, and subject to the terms and conditions set forth therein, each Supporting Noteholder has agreed to validly tender (and not validly withdraw) its Old Notes in the Exchange Offer and provide their Consents to the Proposed Amendments in the Consent Solicitation.

The Support Agreement provides that each of the Supporting Noteholders will not sell, pledge, encumber or otherwise transfer or dispose of any Old Notes without the express prior consent of the Issuer. The Support Agreement also contains certain customary representations, warranties and other agreements by the parties thereto.

The Support Agreement is subject to termination under certain circumstances, including (i) upon mutual written agreement of the Issuer and the Supporting Noteholders, (ii) the termination by the Issuer of the Exchange Offer and Consent Solicitation, (iii) automatically on July 8, 2024 or (iv) automatically upon the consummation of the Exchange Offer and Consent Solicitation.

Sponsor Exchange

On May 9, 2024, the Issuer entered into the Exchange Agreement with the Sponsor Noteholders, which collectively hold approximately $95 million in aggregate principal amount of Old Notes as of the date of this Offering Memorandum. Pursuant to and subject to the terms of the Exchange Agreement, the Sponsor Noteholders have agreed to exchange all of their Old Notes for an equivalent aggregate principal amount of Exchange Notes on the same terms as the Exchange Notes issued as the Second Option Consideration in the Exchange Offer. The Sponsor Exchange is expected to be consummated substantially concurrently with, and subject to, the settlement of the Exchange Offer. The Sponsor Noteholders will not receive any cash consideration in respect of the principal amount of Old Notes exchanged in the Sponsor Exchange. The Sponsor Exchange will be conducted pursuant to the terms of the Exchange Agreement, and the Sponsor Noteholders will not participate in the Exchange Offer.

The Sponsor Exchange Notes will be issued to the Sponsor Noteholders pursuant to the exemption provided under Section 4(a)(2) of the Securities Act. The Sponsor Exchange Notes will be issued under the Exchange Notes Indenture and will be fungible with the Exchange Notes issued on the Settlement Date. We will not receive any cash proceeds from the issuance of the Sponsor Exchange Notes.

ABL Credit Facility Amendment and ABL Drawdown

On or prior to the Settlement Date, the Issuer expects to amend the ABL Credit Agreement to, among other things, (a) extend the maturity of the ABL Credit Facility, (b) permit the Issuer and the Exchange Notes Guarantors to (i) consummate the Sponsor Exchange and issue the Sponsor Exchange Notes and (ii) consummate the Exchange Offer and issue the Exchange Notes and (c) permit the use of funds drawn under the ABL Credit Facility to complete the Existing First Lien Paydown.

The Issuer intends to borrow up to $191 million under the ABL Credit Facility in connection with the Existing First Lien Paydown and the payment of fees, costs and expenses related to the Exchange Offer and Consent Solicitation. See also "—Sale of DEX Business" for a discussion of the ABL Drawdown in the event the Divestment is consummated prior to the Existing First Lien Paydown. No assurance can be given that the Issuer will consummate the ABL Drawdown in the amount assumed above, on the terms described herein or at all. If consummated, the Issuer may effectuate the ABL Drawdown prior to the Settlement Date resulting in incremental borrowing and other costs.

New First Lien Financing Transactions

On or prior to the Settlement Date, we expect to enter into the New First Lien Financing Transactions. The Issuer currently anticipates that the aggregate amount of new first lien secured indebtedness incurred upon consummation of the New First Lien Financing Transactions will be up to $4,150 million. However, the terms of the New First Lien Financing Transactions have not been finalized and therefore, the consummation of the New First Lien Financing Transactions is not guaranteed to occur on the terms described herein or at all. The consummation of the New First Lien Financing Transactions is required to satisfy the First Lien Financing Condition of the Exchange Offer and Consent Solicitation. See also "—Sale of DEX Business" for a discussion of anticipated use of proceeds from the Divestment if it is consummated after the Existing First Lien Paydown.

New First Lien Notes Offering

On or prior to the Settlement Date, we expect to issue New First Lien Notes in a private offering in reliance on Rule 144A under the Securities Act, and outside the United States, only to non-U.S. investors in reliance on Regulation S. Subject to entry into the ABL Credit Facility Amendment, we intend to use the net proceeds from the issuance of the New First Lien Notes, together with borrowings under the New Term Loan Facility and the ABL Credit Facility and cash on hand, to (i) effectuate the Existing First Lien Paydown, (ii) fund the Exchange Cash Payout and (iii) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation. The New First Lien Notes will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction and the Issuer is under no obligation to so register the New First Lien Notes. This Offering Memorandum shall not constitute an offer to sell or a solicitation of an offer to buy the New First Lien Notes and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. See "Description of Certain Other Indebtedness" for a summary of the anticipated terms of the New First Lien Notes.

The consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing term loan facility and the Old Secured Notes and pay related fees, costs and expenses. As of the date of this Offering Memorandum, we have yet to agree to the final terms of or enter into definitive documentation for the New First Lien Notes. All terms of the New First Lien Notes are subject to continuing negotiation and could change. No assurances can be given that issuance of the New First Lien Notes will be consummated in the amount assumed above, on the terms described herein, or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes— The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." If consummated, the Issuer may issue the New First Lien Notes prior to the Settlement Date, resulting in incremental borrowing and other costs.

Syndication of the New Term Loan Facility

We intend to commence a syndication process relating to the New Term Loan Credit Agreement that will govern the New Term Loan Facility. The Issuer will be the borrower under the New Term Loan Facility. See "Description of Certain Other Indebtedness" for a summary of the anticipated terms of the New Term Loan Credit Agreement.

Subject to entry into the ABL Credit Facility Amendment, we intend to use the net proceeds from the New Term Loan Facility, together with net proceeds from the issuance of the New First Lien Notes, borrowings under the ABL Credit Facility and cash on hand, to (i) effectuate the Existing First Lien

Paydown, (ii) fund the Exchange Cash Payout and (iii) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation.

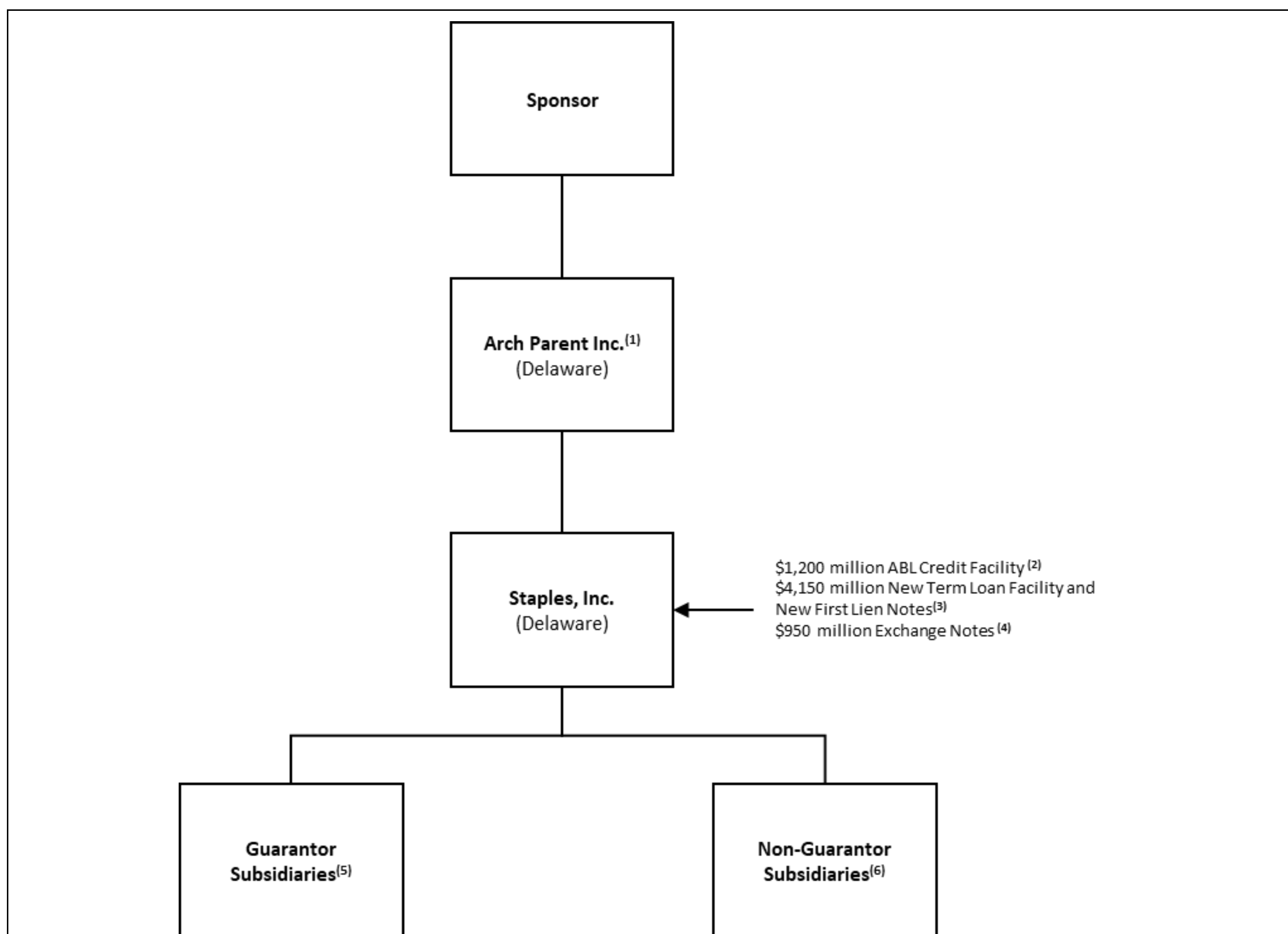
The consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing term loan facility and the Old Secured Notes and pay related fees, costs and expenses. As of the date of this Offering Memorandum, we have yet to agree to the final terms of or enter into definitive documentation for the New Term Loan Facility. All terms of the New Term Loan Facility are subject to continuing negotiation and could change. No assurances can be given that entry into the New Term Loan Facility will be consummated in the amount assumed above, on the terms described herein, or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." If consummated, the Issuer may enter into the New Term Loan Facility prior to the Settlement Date, resulting in incremental borrowing and other costs.

As used throughout this Offering Memorandum, the term "Transactions" refers to (i) the Exchange Offer and Consent Solicitation, (ii) the Sponsor Exchange, (iii) the offering of New First Lien Notes, (iv) the entry into the New Term Loan Facility and drawing in full thereunder, (v) the use of the net proceeds from the New First Lien Financing Transactions, together with borrowings under the ABL Credit Facility and cash on hand, to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation, (vi) the entry into the ABL Credit Facility Amendment and (vii) the Divestment, and (except with respect to the Divestment, which is assumed to occur after the Settlement Date) assumes all such events and transactions occur on or prior to the Settlement Date. Unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds from the Divestment. See also "—Sale of DEX Business" and "Capitalization."

In addition, nothing in this Offering Memorandum should be construed as an offer to purchase, notice of redemption, notice of repayment or a solicitation of an offer to purchase any indebtedness of the Issuer.

Organizational Structure

The chart below summarizes our organizational structure and principal indebtedness as of the date of this Offering Memorandum, after giving effect to the Transactions other than the Divestment and the use of proceeds therefrom. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all obligations of, the Issuer.



---

(1) Arch Parent Inc. is a guarantor of the ABL Credit Facility and will be a guarantor of the New Term Loan Facility, the New First Lien Notes and the Exchange Notes.

(2) The ABL Credit Facility may be drawn in an aggregate principal amount of up to $1,200 million, subject to a borrowing base limitation. The ABL Credit Facility has an accordion feature pursuant to which the maximum borrowing capacity can be increased to $1,500 million, or higher, if certain conditions are met. In addition, on or prior to the Settlement Date, the ABL Credit Agreement will be amended to, among other things, (a) extend the maturity of the ABL Credit Facility, (b) permit the Issuer and the Exchange Notes Guarantors to (i) consummate the Sponsor Exchange and issue the Sponsor Exchange Notes and (ii) consummate the Exchange Offer and issue the Exchange Notes and (c) permit the use of funds drawn under the ABL Credit Facility to complete the Existing First Lien Paydown. We intend to borrow up to $191 million under the ABL Credit Facility in connection with the Existing First Lien Paydown and the payment of fees, costs and expenses related to the Exchange Offer and Consent Solicitation. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—ABL Credit Facility Amendment and ABL Drawdown" and "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments."

(3) On or prior to the Settlement Date, we expect to enter into the New First Lien Financing Transactions. The Issuer currently anticipates that the aggregate amount of new first lien secured indebtedness incurred upon consummation of the New First Lien Financing Transactions will be up to $4,150 million. However, the terms of the New First Lien Financing Transactions have not been finalized and therefore, the consummation of the New First Lien Financing Transactions is not guaranteed to occur on the terms described herein or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity

under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown."

(4) Reflects (a) the issuance of the Sponsor Exchange Notes in exchange for Old Notes pursuant to the Sponsor Exchange and (b) the issuance of the Exchange Notes in exchange for Old Notes pursuant to the Exchange Offer assuming the Exchange Offer is consummated on the Settlement Date and all outstanding Old Notes (other than Old Notes held by the Sponsor Noteholders) are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. There can be no assurance as to the final aggregate principal amount of outstanding Old Notes that will be validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange pursuant to the Exchange Offer or whether Eligible Holders will select the First Option Consideration or the Second Option Consideration if they validly tender (and do not validly withdraw) Old Notes at or prior to the Early Exchange Time. See "Risk Factors—Risks Related to Participating in the Exchange Offer and Consent Solicitation—The Exchange Offer and Consent Solicitation may be cancelled, delayed or changed."

(5) Domestic restricted subsidiaries of the Issuer that guarantee the ABL Credit Facility and will guarantee the New Term Loan Facility, the New First Lien Notes and the Exchange Notes.

(6) Includes certain Canadian subsidiaries that only guarantee the ABL Credit Facility. As of February 3, 2024 and for fiscal year 2023, our non-guarantor subsidiaries represented approximately 0.8% of our sales, 1.2% of our Adjusted EBITDA, 4.5% of our total assets and 2.5% of our total liabilities.

Our Sponsor

Sycamore Partners Management, L.P. ("Sycamore" or the "Sponsor"), is a private equity firm based in New York specializing in consumer, distribution and retail-related investments. The firm has approximately $10 billion in aggregate committed capital. Sycamore's strategy is to partner with management teams to improve the operating profitability and strategic value of their businesses. Sycamore's investment portfolio includes, MGF Sourcing, Torrid, Hot Topic, Rithum, Pure Fishing, Azamara, Chateau Ste. Michelle Wine Estates, Digital Room, The Goddard School, RONA and the Knitwell Group.

Corporate Information

Staples, Inc. was organized in 1986 as a Delaware corporation. Our headquarters is located at Five Hundred Staples Drive, Framingham, MA 01702, and our telephone number is 508-253-5000. Our corporate website is www.staples.com. The information contained on or that can be accessed through our website is not incorporated by reference in, and is not part of, this Offering Memorandum, and you should not rely on any such information in connection with your investment decision with respect to the Exchange Offer, the Consent Solicitation and the Exchange Notes.

Summary of the Terms of the Exchange Offer and Consent Solicitation

Issuer	Staples, Inc., a Delaware corporation ("Issuer")
Old Notes	10.75% Senior Notes due 2027
Exchange Notes	12.75% Junior Lien Secured Notes due 2030
Exchange Offer and Consent Solicitation..	Upon the terms and subject to the conditions of the Exchange Offer and Consent Solicitation described in this Offering Memorandum, including the Minimum Participation Condition, the ABL Amendment Condition, the First Lien Financing Condition and the Sponsor Exchange Condition, the Issuer is offering to Eligible Holders to exchange any and all outstanding Old Notes for newly issued Exchange Notes. Old Notes validly tendered (and not validly withdrawn) will be accepted as further described herein. The Issuer reserves the right to amend the terms of the Exchange Offer and Consent Solicitation, in its sole discretion, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law. The Issuer reserves the right, subject to applicable law, to extend, terminate, withdraw, amend or extend the Exchange Offer and/or the Consent Solicitation at any time. The Issuer may terminate either the Exchange Offer or the Consent Solicitation if any of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation" are not satisfied or, if permitted, waived by the Expiration Time, subject to applicable law. By tendering Old Notes, each Eligible Holder acknowledges and consents to the right of the Issuer to, in its sole discretion, amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. See "General Terms of the Exchange Offer and Consent Solicitation."
Holders Eligible to Participate in the Exchange Offer	The Exchange Offer and Consent Solicitation will only be made, and the Exchange Notes are only being offered and issued, to holders of Old Notes that are (a) reasonably believed to be QIBs in reliance on Rule 144A or (b) non-U.S. persons, in transactions outside the United States, in reliance on Regulation S. **Only Eligible Holders that have completed and returned the eligibility certification, which is available**

	at www.dfking.com/staples, are authorized to receive and review this Offering Memorandum and to participate in the Exchange Offer and Consent Solicitation. There will be no letter of transmittal for the Exchange Offer.
Consideration Offered in the Exchange Offer	For each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange, Eligible Holders of Old Notes that elect to receive the First Option Consideration will be eligible to receive an amount equal to $1,000 consisting of (i) an amount of cash equal to $100 million divided by the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration multiplied by $1,000 plus (ii) an amount of Exchange Notes equal to $1,000 less the cash consideration amount determined under clause (i). For the avoidance of doubt, the amount of cash payable as First Option Consideration will not exceed $1,000 for each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange. For each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange, Eligible Holders of Old Notes that elect to receive the Second Option Consideration will be eligible to receive $1,000 principal amount of Exchange Notes. For each $1,000 principal amount of Old Notes validly tendered after the Early Exchange Time but at or prior to the Expiration Time and accepted for exchange, Eligible Holders of Old Notes will be eligible to receive $950 principal amount of Exchange Notes. Eligible Holders that fail to validly tender (or who validly withdraw) their Old Notes prior to the Early Exchange Time will not receive the First Option Consideration or the Second Option Consideration and, for the avoidance of doubt, will not receive any cash consideration in respect of their Old Notes. The cash consideration payable as part of the First Option Consideration will be determined at the Early Exchange Time based on the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. The cash consideration payable as part of the First Option Consideration is inversely related to the amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders

	that elect to receive the First Option Consideration. Accordingly, the greater the amount of Old Notes validly tendered (and not validly withdrawn) by Eligible Holders that elect to receive the First Option Consideration, the lower the pro rata portion of the cash consideration. For example, assuming that all tendering Eligible Holders elect to receive the First Option Consideration: (i) if 100% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly withdrawn), an amount equal to $1,000 consisting of $883 in principal amount of Exchange Notes and $117 in cash, (ii) if 80% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly withdrawn), an amount equal to $1,000 consisting of $854 in principal amount of Exchange Notes and $146 in cash and (iii) if 60% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly withdrawn), an amount equal to $1,000 consisting of $805 in principal amount of Exchange Notes and $195 in cash. The hypothetical participation amounts discussed above exclude Old Notes held by the Sponsor Noteholders. The Sponsor Noteholders will not be eligible to receive cash consideration in connection with the Sponsor Exchange. See “General Terms of the Exchange Offer and Consent Solicitation—General.”
Accrued and Unpaid Interest.....................	In addition to the consideration described above, the Issuer will pay in cash accrued and unpaid interest on the Old Notes accepted in the Exchange Offer from the latest interest payment date to, but excluding, the Settlement Date. Interest on the Exchange Notes will accrue from the date of first issuance of the Exchange Notes.
Consent Solicitation	In conjunction with the Exchange Offer, the Issuer is soliciting Consents from holders of Old Notes to adopt the Proposed Amendments to the Old Notes Indenture. By tendering your Old Notes, you will be deemed to have consented to the Proposed Amendments related to the Old Notes tendered and to have directed the Old Notes Trustee to execute and deliver the Old Notes Supplemental Indenture giving effect to the Proposed Amendments. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations, and modify or eliminate certain other provisions contained in the Old

	Notes Indenture, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes. In order to be adopted, the Proposed Amendments must be consented to by the Eligible Holders of at least a majority in aggregate principal amount of the Old Notes outstanding. Any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates will be disregarded and deemed to be not outstanding in determining whether the Requisite Consents have been obtained. Eligible Holders may not tender their Old Notes without delivering the related Consents, and Eligible Holders of Old Notes may not deliver Consents without tendering the related Old Notes. Old Notes may not be withdrawn from the Exchange Offer and the related Consents may not be revoked from the Consent Solicitation after the Withdrawal Deadline, subject to applicable law. See "Proposed Amendments."
Denominations; Rounding	The Old Notes will only be accepted for exchange by the Issuer in minimum principal amounts of $2,000 and integral multiples of $1,000 thereafter. No alternative, conditional or contingent tenders will be accepted. **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.** The Issuer will not accept any tender of Old Notes that would result in the issuance of less than $2,000 principal amount of Exchange Notes and tenders of $2,000 in aggregate principal amount will not be eligible to receive cash consideration payable as part of the First Option Consideration. If, under the terms of the Exchange Offer, a tendering holder is entitled to receive Exchange Notes in a principal amount that is not an integral multiple of $1.00, the Issuer will round downward such principal amount of Exchange Notes to the nearest integral multiple of $1.00. This rounded amount will be the principal amount of Exchange Notes that Eligible Holders will be eligible to receive, and no additional cash will be paid in lieu of any principal amount of Exchange Notes not received as a result of rounding down.
Early Exchange Time	To be eligible to receive the Early Exchange Consideration, Eligible Holders must tender their Old Notes at or prior to 5:00 P.M., New York City time, on May 22, 2024, unless extended by the Issuer.
Expiration Time	5:00 P.M., New York City time, on May 22, 2024, unless extended by the Issuer.
Settlement Date	Upon the terms and subject to the conditions of the Exchange Offer and Consent Solicitation, the Settlement

	Date for the Exchange Offer will occur promptly after the Expiration Time and is expected to occur no later than three (3) business days after the Expiration Time.
Conditions	The Exchange Offer and Consent Solicitation are subject to the satisfaction or, if permitted, waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation." The Issuer reserves the right, in its sole discretion, to amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. By tendering Old Notes, each Eligible Holder acknowledges and consents to the right of the Issuer to, in its sole discretion, amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. See "Conditions of the Exchange Offer and Consent Solicitation." The Issuer reserves the right to amend the terms of the Exchange Offer and Consent Solicitation, in its sole discretion, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law. The Issuer reserves the right, subject to applicable law, to extend, terminate, withdraw, amend or extend the Exchange Offer and/or the Consent Solicitation at any time. The Issuer may terminate either the Exchange Offer or the Consent Solicitation if any of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation" are not satisfied or, if permitted, waived by the Expiration Time, subject to applicable law. If the Exchange Offer is terminated, the Exchange Offer and Consent Solicitation will not be consummated, the related Proposed Amendments will not become operative, Eligible Holders that tendered Old Notes pursuant to such Exchange Offer will not receive any consideration, such Old Notes tendered pursuant to such Exchange Offer will be promptly returned to such Eligible Holders, the related Consents will be deemed void and the Old Notes will remain outstanding. See "Conditions of the Exchange Offer and Consent Solicitation."
Extensions, Termination or Amendments	The Issuer may extend, in its sole discretion, the Early Exchange Time, the Withdrawal Deadline or the Expiration Time with respect to the Exchange Offer and Consent Solicitation, subject to applicable law. The Issuer

	reserves the right, in its sole discretion and with respect to the Exchange Offer and Consent Solicitation, subject to applicable law, to: (i) delay accepting any Old Notes, extend the Exchange Offer and Consent Solicitation or terminate the Exchange Offer and Consent Solicitation and not accept any Old Notes pursuant thereto; (ii) extend the Early Exchange Time without extending the Withdrawal Deadline and vice versa; and (iii) amend, modify or waive in part or whole, at any time, or from time to time, the terms of the Exchange Offer and Consent Solicitation in any respect, including the terms of the Exchange Notes and waiver of certain conditions of consummation of the Exchange Offer and Consent Solicitation, in each case subject to applicable law. If the Exchange Offer is terminated or otherwise not completed prior to its Expiration Time, the Exchange Offer and Consent Solicitation will not be consummated, the related Proposed Amendments will not become operative, Eligible Holders that tendered Old Notes pursuant to such Exchange Offer will not receive any consideration and such Old Notes tendered pursuant to such Exchange Offer will be promptly returned to such Eligible Holders, the related Consents will be deemed void and the Old Notes will remain outstanding. In any such event, Old Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering holders. See "General Terms of the Exchange Offer and Consent Solicitation—Early Exchange Time; Expiration Time; Extensions; Amendments; Termination."
Procedures for Participating in the Exchange Offer and Consent Solicitation..	If an Eligible Holder wishes to participate in the Exchange Offer and Consent Solicitation and such Eligible Holder's Old Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, such Eligible Holder must instruct such custodial entity (pursuant to the procedures of the custodial entity) to tender the Old Notes on such Eligible Holder's behalf. Custodial entities that are participants in The Depository Trust Company ("DTC") must tender Old Notes through DTC's Automated Tender Offer Program ("ATOP"). For further information, see "Procedures for Tendering Old Notes and Delivering Consents." **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.**
Withdrawal..	Tenders of Old Notes pursuant to the Exchange Offer may be validly withdrawn at any time prior to 5:00 P.M., New York City time, on May 22, 2024, unless extended by the Issuer, by following the procedures described herein. If an Eligible Holder validly withdraws its tendered Old Notes prior to the Withdrawal Deadline, such Eligible Holder will be deemed to have revoked its Consent and may not deliver a subsequent Consent without re-tendering its Old Notes. Any Old Notes tendered prior to

	the Withdrawal Deadline and that are not validly withdrawn prior to the Withdrawal Deadline may not be withdrawn thereafter, except as otherwise may be provided by law. Old Notes tendered in the Exchange Offer after the Withdrawal Deadline may not be withdrawn, except in the limited circumstances where additional withdrawal rights are required by law. See "Withdrawal of Tenders" and "General Terms of the Exchange Offer and Consent Solicitation—Early Exchange Time; Expiration Time; Extensions; Amendments; Termination."
Certain Income Tax Considerations	We intend to treat the exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer as a disposition of Old Notes in exchange for Exchange Notes (and/or cash, to the extent elected as part of the Early Exchange Consideration) for U.S. federal income tax purposes. Accordingly, unless the exchange qualifies as a recapitalization for U.S. federal income tax purposes, U.S. Holders that tender Old Notes in exchange for Exchange Notes and/or cash generally will recognize gain or loss for U.S. federal income tax purposes. Although not free from doubt, we intend to take the position that the exchange of Old Notes for Exchange Notes will be treated as a recapitalization and not as a taxable exchange. If treated as a recapitalization, a U.S. Holder would not recognize loss on the exchange and would recognize gain equal to the lesser of (i) the amount of cash received in the Exchange offer and (ii) the gain realized by the U.S. Holder (i.e., the excess of the "issue price" of the Exchange Notes plus the amount of cash received over the U.S. Holder's adjusted tax basis in the Old Notes surrendered in the exchange.) Please consult your tax advisor about the tax consequences to you of the exchange. For a summary of certain income tax consequences of the Exchange Offer, see "Certain U.S. Federal Income Tax Considerations."
Consequences of not Exchanging Old Notes for Exchange Notes	Old Notes acquired in the Exchange Offer will be retired and cancelled. Old Notes not acquired in the Exchange Offer or exchanged in the Sponsor Exchange will remain outstanding obligations of the Issuer as further described below. Any Old Notes that are not validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange will remain outstanding. If the Issuer consummates the Exchange Offer, the trading market for the Old Notes may be significantly more limited. The smaller outstanding principal amount may make the trading price of the remaining Old Notes more volatile. Consequently, the liquidity, market value and price volatility of the Old Notes that remain outstanding may be materially and adversely affected. If the Issuer receives the Requisite Consents related to

	the Old Notes and the Proposed Amendments become operative, the Old Notes that are not exchanged in the Exchange Offer will no longer have the benefit of substantially all of the restrictive covenants, certain of the default provisions currently applicable to the Old Notes and certain other provisions currently contained in the Old Notes Indenture. The Proposed Amendments would also eliminate any requirement to provide collateral or guarantees in the future with respect to the Old Notes. **Any Old Notes remaining outstanding following the consummation of the Exchange Offer will be effectively junior to the Exchange Notes to the extent of the value of the Collateral securing the Exchange Notes.** The Exchange Notes Indenture is expected to restrict the Issuer's ability to redeem Old Notes that remain outstanding following the consummation of the Exchange Offer and the Sponsor Exchange prior to January 15, 2027. For a description of other consequences of failing to tender your Old Notes pursuant to the Exchange Offer, see "Risk Factors—Risks Related to Holders of Old Notes Not Tendered in the Exchange Offer."
Use of Proceeds..	We will not receive any cash proceeds from the Exchange Offer.
Dealer Managers and Solicitation Agents, Exchange Agent and Information Agent...	J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, BofA Securities, Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, RBC Capital Markets, LLC, Barclays Capital Inc., Jefferies LLC, Mizuho Securities USA LLC and Wells Fargo Securities, LLC are serving as the Dealer Managers and Solicitation Agents for the Exchange Offer and Consent Solicitation. D.F. King & Co., Inc. has been appointed as Exchange Agent and the Information Agent for the Exchange Offer. The addresses and the facsimile and telephone numbers of the Dealer Managers, the Exchange Agent and the Information Agent appear on the back cover of this Offering Memorandum. We have certain other business relationships with the Dealer Managers, as described in "Dealer Managers and Solicitation Agents, Exchange Agent and Information Agent."
Brokerage Fees and Commissions...........	No brokerage fees or commission are payable by the holders of the Old Notes to the Dealer Managers, the Exchange Agent, the Information Agent, the Exchange

	Notes Guarantors or the Issuer in connection with the Exchange Offer. If a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, that holder may be required to pay brokerage fees or commissions.
No Recommendation..................................	None of the Issuer, the Exchange Notes Guarantors, the Dealer Managers, the Exchange Agent, the Information Agent, the Old Notes Trustee, the Exchange Notes Trustee, the Exchange Notes Collateral Agent or any affiliate of any of them makes any recommendation as to whether any holder of Old Notes should tender or refrain from tendering all or any portion of the principal amount of such holder's Old Notes for Exchange Notes in the Exchange Offer. No one has been authorized by any of them to make such a recommendation. You must make your own decision whether to tender Old Notes in the Exchange Offer and, if so, the amount of Old Notes as to which action is to be taken. You should consult with your advisors as needed to make your decision to tender Old Notes pursuant to the Exchange Offer and to deliver Consents pursuant to the Consent Solicitation and to determine whether you are legally permitted to participate in the Exchange Offer under applicable laws or regulations.
Risk Factors	You should consider carefully the information set forth in the section entitled "Risk Factors" and all the other information included in this Offering Memorandum in deciding whether to participate in the Exchange Offer and Consent Solicitation.
Further Information.....................................	Questions or requests for assistance related to the Exchange Offer and Consent Solicitation or for additional copies of this Offering Memorandum may be directed to the Information Agent at its telephone numbers and address listed on the back cover of this Offering Memorandum. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer and Consent Solicitation. The contact information for the Dealer Managers, the Exchange Agent and the Information Agent appear on the back cover of this Offering Memorandum.

Summary of the Exchange Notes

The summary below describes the principal terms of the Exchange Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section titled "Description of Exchange Notes" contains a more detailed description of the terms and conditions of the Exchange Notes.

Issuer .... Staples, Inc., a Delaware corporation (the "Issuer")

Exchange Notes offered................................ 12.75% Junior Lien Secured Notes due 2030

Maturity... The Exchange Notes will mature on January 15, 2030.

Interest.. Interest on the Exchange Notes will accrue at the rate of 12.75% per annum. Interest on the Exchange Note will be payable semi-annually in cash in arrears on January 15 and July 15 of each year, beginning on July 15, 2024. Interest will accrue from the Settlement Date.

Ranking... The Exchange Notes will:

- be general, secured, senior obligations of the Issuer, secured by a second-priority security interest in the Term Priority Collateral and a third priority security interest in the ABL Priority Collateral, in each case, other than Excluded Assets, and subject to permitted liens;

- rank equally in right of payment, without giving effect to collateral arrangements, with all existing and future senior indebtedness of the Issuer (including the obligations of the Issuer under any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, the New First Lien Notes and the Senior Secured Credit Facilities);

- be effectively senior to any existing and future unsecured indebtedness of the Issuer (including any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange), to the extent of the value of the Term Priority Collateral and the ABL Priority Collateral;

- be effectively senior to the Issuer's obligations under the ABL Credit Facility to the extent of the value of the Term Priority Collateral;

- be effectively junior to any of the Issuer's existing and future obligations secured by assets other than the Collateral or secured by a Priority Lien (as defined below) on the Collateral (including the Priority Obligations), to

the extent of the value of such assets or the Collateral, as applicable;

- rank senior in right of payment to any future indebtedness of the Issuer that is expressly subordinated in right of payment to the Exchange Notes; and

- be structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of the Issuer's subsidiaries that do not guarantee the Exchange Notes (including certain Canadian subsidiaries that only guarantee obligations under the ABL Credit Facility).

Guarantees .... The Exchange Notes will be fully and unconditionally guaranteed, jointly and severally, on a secured basis by Holdings and each of the Issuer's restricted subsidiaries that will guarantee the New Term Loan Facility and New First Lien Notes. In the future, each wholly-owned domestic restricted subsidiary that guarantees certain indebtedness of the Issuer or any Exchange Notes Guarantor will guarantee the Exchange Notes, subject to certain exceptions. None of the Issuer's foreign subsidiaries or the Issuer's non-wholly-owned domestic restricted subsidiaries will guarantee the Exchange Notes. The guarantees are subject to release under specified circumstances. See "Description of Exchange Notes—Guarantees."

Each of the guarantees of the Exchange Notes will:

- be a general, secured, senior obligation of each Exchange Notes Guarantor, secured by a second-priority security interest in the Term Priority Collateral and a third-priority security interest in the ABL Priority Collateral, in each case, other than Excluded Assets, and subject to permitted liens;

- rank equally in right of payment, without giving effect to collateral arrangements, with all existing and future senior indebtedness of that Exchange Notes Guarantor (including that Exchange Notes Guarantor's guarantee of any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, the New First Lien Notes and the Senior Secured Credit Facilities);

- be effectively senior to any existing and future unsecured indebtedness of that Exchange Notes Guarantor (including obligations under any Old Notes that remain outstanding after the

consummation of the Exchange Offer and the Sponsor Exchange), to the extent of the value of the Collateral securing the Exchange Notes;

- be effectively senior to that Exchange Notes Guarantor's guarantee of the ABL Credit Facility to the extent of the value of the Term Priority Collateral;

- be effectively junior to any of that Exchange Notes Guarantor's existing and future obligations secured by assets other than the Collateral or secured by a Priority Lien on the Collateral (including the Priority Obligations), to the extent of the value of such assets or the Collateral, as applicable;

- rank senior in right of payment to any future indebtedness of that Exchange Notes Guarantor that is expressly subordinated in right of payment to the guarantee of that Guarantor; and

- be structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of the subsidiaries of that Exchange Notes Guarantor that do not guarantee the Exchange Notes (including certain Canadian subsidiaries that only guarantee obligations under the ABL Credit Facility).

Optional Redemption .... The Issuer may, at its option, redeem the Exchange Notes, in whole or in part, at any time prior to June 15, 2027, at a price equal to 100% of the principal amount of the Exchange Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus the applicable "make-whole premium" described under "Description of Exchange Notes—Optional Redemption."

From and after June 15, 2027, the Issuer may, at its option, redeem at any time and from time to time some or all of the Exchange Notes at the applicable redemption prices set forth in this Offering Memorandum plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Exchange Notes—Optional Redemption."

In addition, prior to June 15, 2027, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Exchange Notes with an amount not to exceed the net cash proceeds from certain equity offerings at the redemption price of 112.75% of the principal amount of the Exchange Notes to be

	redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
Security	The Exchange Notes and the related guarantees will be secured on a second-lien basis, subject to permitted liens, by a pledge of the capital stock of the Issuer as well as substantially all assets of the Issuer and the Exchange Notes Guarantors (other than any Excluded Assets or ABL Priority Collateral), which assets will also secure, on a third-lien basis, the obligations under the ABL Credit Facility and, on a first-lien basis, the Issuer's and the Exchange Notes Guarantors' obligations under the New Term Loan Facility and the New First Lien Notes. The Exchange Notes and the related guarantees will also be secured on a third-lien basis, subject to permitted liens, by certain of the assets of the Issuer and the Exchange Notes Guarantors that secure, on a first-lien basis, obligations under the ABL Credit Facility, which assets will also secure, on a second-lien basis, the Issuer's and the Exchange Notes Guarantors' obligations under the New Term Loan Facility and the New First Lien Notes. For more information on the security granted, see "Description of Exchange Notes—Term Priority Collateral" and "Description of Exchange Notes—ABL Priority Collateral."
Intercreditor Agreements	The relative rights and priorities in the Collateral as between (a) the holders of the New First Lien Notes, the lenders under the New Term Loan Facility and the holders of the Exchange Notes, on the one hand, and (b) the lenders under the ABL Credit Facility, on the other hand, will be as set forth in an intercreditor agreement among the First Lien Term Loan Agent (as defined therein), the New First Lien Secured Notes Collateral Agent (as defined below), the Exchange Notes Collateral Agent and the ABL Agent (as defined therein) (the "ABL Intercreditor Agreement"). The relative rights in the Collateral as between (a) the holders of the New First Lien Notes and (b) the lenders under New Term Loan Facility will be set forth in a *pari passu* intercreditor agreement (the "Pari Passu Intercreditor Agreement"). Additionally, upon the issuance of the Exchange Notes, we will also enter into with the Exchange Notes Collateral Agent and the collateral agents for the New First Lien Notes and the New Term Loan Facility an intercreditor agreement (the "Junior Lien Intercreditor Agreement" and, collectively with the ABL Intercreditor Agreement and the Pari Passu Intercreditor Agreement, the "Intercreditor Agreements"), which will govern the relative rights and priorities in the Collateral as between (a) the holders of the New First Lien Notes and the

	lenders under the New Term Loan Facility, on the one hand, and (b) the holders of the Exchange Notes, on the other hand. See "Description of Exchange Notes—Collateral and Intercreditor Arrangements." Holders of the Exchange Notes will waive a number of rights otherwise accruing to secured lenders in bankruptcy. For a description of the Intercreditor Agreements, see "Description of Exchange Notes—Intercreditor Agreements."
Change of Control Offer	Upon the occurrence of specific kinds of changes of control, if the Issuer does not redeem the Exchange Notes, you will have the right, as holders of the Exchange Notes, to require the Issuer to purchase some or all of your Exchange Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date. See "Description of Exchange Notes—Repurchase at the Option of Holders—Change of Control." The Issuer will not be required to offer to repurchase the Exchange Notes as a result of the Divestment.
Certain Covenants	The Exchange Notes will be issued under the Exchange Notes Indenture that will contain covenants that, among other things, limit the Issuer's ability and the ability of its restricted subsidiaries to: • incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock or redeem Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange earlier than three months before the maturity date of the Old Notes; • pay dividends and make other distributions or repurchase stock; • make certain investments; • create or incur liens; • sell assets; • enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to the Issuer or the Exchange Notes Guarantors; • enter into certain transactions with the Issuer's affiliates;

- designate restricted subsidiaries as unrestricted subsidiaries; and
- merge, consolidate or transfer or sell all or substantially all of the Issuer's or the Exchange Notes Guarantors' assets.

These covenants are subject to a number of important limitations and exceptions. Most of these covenants will not apply to the Issuer and its restricted subsidiaries during any period in which (i) the Exchange Notes are rated investment grade by any two of Moody's Investors Service, Inc. ("Moody's"), S&P Global Inc. ("S&P") or Fitch Ratings, Inc. ("Fitch") and (ii) no default has occurred and is continuing under the Exchange Note Indenture. See "Description of Exchange Notes—Certain Covenants—Changes in Covenants when Exchange Notes Rated Investment Grade."

Transfer Restrictions; No Registration Rights... The Exchange Notes and the related guarantees have not been and will not be registered under the Securities Act, or the securities laws of any state or any other jurisdiction and the Issuer is under no obligation to so register the Exchange Notes. The Exchange Notes and the related guarantees will not be entitled to any registration rights and the Issuer will not be required, and has no present intention, to complete a registered exchange offer or file a registration statement to register the resale of the Exchange Notes and the related guarantees. The Exchange Notes Indenture will not be qualified under, subject to, or incorporate, restate or make reference to, any provisions of the Trust Indenture Act.

The Exchange Notes are being offered in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A and to certain non-U.S. persons, in transactions outside the United States, in reliance on Regulation S. For a description of certain restrictions on transfers of the Exchange Notes, see "Transfer Restrictions."

Form and Denomination .... The Exchange Notes shall be in minimum principal denominations of $2,000 and integral multiples of $1.00 in excess thereof. The Exchange Notes will be issued in book-entry form only and will be in the form of one or more global certificates, which will be deposited with, or on behalf of, DTC, and registered in the name of Cede & Co or another nominee of such depositary.

Sponsor Exchange Notes .... The Sponsor Exchange Notes will be issued under the Exchange Notes Indenture and will be fungible with the Exchange Notes issued on the Settlement Date.

No Public Market or Listing	The Exchange Notes will constitute a new class of securities with no established trading market. We cannot assure you that an active trading market for the Exchange Notes will develop and continue after the Exchange Offer. The Issuer does not intend to apply for listing of the Exchange Notes on any securities exchange or on any automated dealer quotation system. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Exchange Notes.
Trustee	Computershare Trust Company, National Association, in such capacity, the "Exchange Notes Trustee."
Collateral Agent	Computershare Trust Company, National Association, in such capacity, the "Exchange Notes Collateral Agent."
Governing Law	The Exchange Notes, the Exchange Notes Indenture will be governed by the laws of the State of New York.
Risk Factors	You should consider carefully the information set forth in the section entitled "Risk Factors" and all the other information included in this Offering Memorandum in deciding whether to participate in the Exchange Offer and Consent Solicitation.

Summary Historical Financial Information

The following tables set forth summary historical consolidated financial information of Staples and its consolidated subsidiaries for the periods and as of the dates indicated. The summary historical consolidated financial information should be read in conjunction with the information included under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical consolidated financial statements and the notes thereto included in this Offering Memorandum.

The summary historical consolidated financial information of Staples and its consolidated subsidiaries does not give effect to the Transactions, except to the extent indicated. See “Capitalization” for our cash and cash equivalents and our capitalization on an as adjusted basis after giving effect to the Transactions.

Our fiscal year consists of the 52 or 53 weeks ending on the Saturday closest to January 31. Our financial statements included in this Offering Memorandum relate to the period covering the 53 weeks ended February 3, 2024, the period covering the 52 weeks ended January 28, 2023 and the period covering the 52 weeks ended January 29, 2022. References to “fiscal year 2023” refer to the results of Staples and its consolidated subsidiaries as of and for the 53 weeks ended February 3, 2024. References to “fiscal year 2022” reflect the results of Staples and its consolidated subsidiaries as of and for the 52 weeks ended January 28, 2023. References to “fiscal year 2021” refer to the results of Staples and its consolidated subsidiaries as of and for the 52 weeks ended January 29, 2022.

The summary historical consolidated financial information below includes certain supplemental financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA and related ratios, and Adjusted Operating Expenses. These non-GAAP measures are not recognized under, and do not have standardized meanings prescribed by, GAAP, and are therefore unlikely to be comparable to similarly titled measures of other companies. The presentation of these non-GAAP measures should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. The non-GAAP measures contained in this Offering Memorandum are used by management to evaluate our core operating results because they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of our business. We believe that the use of these non-GAAP financial measures, along with GAAP financial measures, is helpful for management and investors when analyzing our performance by providing meaningful information that facilitates the comparability of underlying business results from period to period. See “Non-GAAP Financial Measures.”

	Fiscal Year Ended		
	February 3, 2024	**January 28, 2023**	**January 29, 2022**
		($ in millions)	
Summary Statement of Loss Data			
Sales	$ 10,234	$ 10,172	$ 9,739
Sales—Related parties	264	306	351
Total sales	10,498	10,478	10,090
Cost of goods sold and occupancy costs	8,033	8,143	7,862
Cost of goods sold—Related parties	233	285	343
Total cost of goods sold	8,266	8,428	8,205
Gross profit	2,232	2,050	1,885
Operating expenses:			
Selling, general and administrative	1,553	1,489	1,483
Acquisition-related costs	1	2	2
Impairment of goodwill and long-lived assets	8	3	13
Restructuring and severance charges	28	12	40
Amortization of intangibles	108	109	109
Total operating expenses	1,698	1,615	1,647

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
		($ in millions)	
Gain (loss) on disposal of assets, net	—	4	(2)
Operating income	534	439	236
Other income (expense):			
Interest income	3	1	—
Interest expense	(552)	(462)	(409)
Gain on early extinguishment of debt	—	13	—
Other (expense) income, net	—	(6)	2
(Loss) from continuing operations before income taxes	(15)	(15)	(171)
Income tax expense (benefit)	56	31	(59)
Loss from continuing operations	(71)	(46)	(112)
Discontinued operations:			
Pretax income of discontinued operations	1	9	9
Income tax expense	—	—	1
Income from discontinued operations, net of income taxes	1	9	8
Net loss	$ (70)	$ (37)	$ (104)

	February 3, 2024	January 28, 2023
	($ in millions)	
Summary Balance Sheet Data		
Cash and cash equivalents	$ 133	$ 263
Total current assets	2,241	2,465
Property and equipment, net	404	360
Operating lease right-of-use assets	482	502
Intangible assets, net	2,252	2,354
Goodwill	1,786	1,783
Other assets	200	192
Due from Essendant, non-current	75	75
Total assets	$ 7,440	$ 7,731
Total current liabilities	$ 2,341	$ 1,847
Long-term debt	4,725	5,489
Long-term debt due to related party	92	13
Operating lease liabilities, non-current	436	446
Deferred tax liabilities	325	346
Other long-term obligations	141	141
Total liabilities	$ 8,060	$ 8,282
Total stockholder's deficit	$ (620)	$ (551)

	As of and for Fiscal Year Ended February 3, 2024
	($ in millions)
Other Data	
Adjusted EBITDA[1]	$ 920
As adjusted total debt[2]	5,457
Capital expenditures	167
Adjusted Operating Expenses[1][3]	1,384
Adjusted EBITDA less capital expenditures	$ 753
Ratio of as adjusted total debt to Adjusted EBITDA[2][4]	5.9x

(1) Adjusted EBITDA and related ratios, and Adjusted Operating Expenses, are supplemental financial measures that are not calculated in accordance with GAAP. We define EBITDA as loss from continuing operations before interest expense and

income, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that are either non-cash or that we do not consider indicative of our ongoing performance. These non-GAAP measures are not recognized under, and do not have standardized meanings prescribed by, GAAP, and are therefore unlikely to be comparable to similarly titled measures of other companies. These non-GAAP measures have important limitations as analytical tools due to the exclusion of some, but not all, items that affect the most directly comparable GAAP financial measures. For example, Adjusted EBITDA excludes interest expense; however, as we have borrowed money to finance transactions and operations, interest expense is an important element of our cost structure and can affect our ability to generate revenue and returns. Further, Adjusted EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Adjusted EBITDA also excludes income tax expense; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions, these non-GAAP financial measures have material limitations as compared to comparable GAAP measures. The presentation of these non-GAAP measures should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. See "Non-GAAP Financial Measures."

The following table provides a reconciliation of Adjusted EBITDA to loss from continuing operations before income taxes for the periods indicated:

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
(Loss) from continuing operations before income taxes	$ (15)	$ (15)	$ (171)
Depreciation	148	140	156
Amortization of intangibles	108	109	109
Stock-based compensation and replacement awards	19	24	22
Acquisition-related costs	1	2	2
Restructuring and severance charges	28	12	40
Impairment of goodwill and long-lived assets	8	3	13
Gain on early extinguishment of debt	—	(13)	—
(Gain) loss on disposal of assets, net	—	(4)	2
Interest expense, net	549	461	409
Dex deferred purchase price accruals	—	—	15
COVID-19 related costs[a]	3	19	54
Derecognition of income tax indemnification receivable	—	3	6
Unrealized gain on financial instruments, net	—	—	(8)
Other adjustments[b]	71	84	41
Adjusted EBITDA	$ 920	$ 825	$ 690

(a) Primarily include write-downs related to personal protective equipment inventory.
(b) Includes costs associated with business transformation initiatives, cyber security incident and other items that are either non-recurring in nature or not indicative of the performance of our ongoing operations.

(2) As adjusted total debt is calculated as the sum of outstanding borrowings, including capital lease obligations, without giving effect to unamortized debt issuance costs and after giving effect to the Transactions other than the Divestment and the use of proceeds therefrom.
(3) Reflects our selling, general and administrative expenses (which amounted to $1,553 million in fiscal year 2023) as adjusted to eliminate the impact of depreciation (which amounted to $86 million in fiscal year 2023) and certain expenditures in the amount of $83 million for fiscal year 2023 that are either non-recurring in nature or not indicative of the performance of our ongoing operations.
(4) Calculated using Adjusted EBITDA for the fiscal year 2023. The Divested Business represented approximately 7% of our Adjusted EBITDA for fiscal year 2023.

Risk Factors

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

Risks Related to Our Business

If we fail to meet the changing needs of our customers, our business, financial condition, results of operations and prospects could be adversely affected.

Our success depends on providing our customers a selection of products and services at competitive prices that meet customers’ changing needs and purchasing habits. If we misjudge either the demand for products and services we sell or our customers’ purchasing habits and tastes, we may be faced with excess inventories of some products, shortages of key products or missed opportunities for products and services we do not offer. We could focus our efforts and investment on new products that ultimately are not accepted by consumers. Likewise, our failure to offer innovative products that meet consumer and other end-user demand could compromise our competitive position. There can be no assurance that we will be successful in developing such innovative products and services. Failure to provide the products and services preferred by our customers could have a material adverse effect on our revenue, results of operations and ability to attract and retain customers.

Many end-markets are experiencing changes due to technological progress and an evolving workplace environment in the wake of the COVID-19 pandemic, including a variety of return to office, remote work and alternate work models, which are influencing customer preferences. With professionals spending less time in traditional workspaces, consumer demand for office supplies, business technology products, janitorial and sanitation supplies, breakroom supplies, print and marketing services, office furniture and other workplace staples has declined. Continuation or acceleration of the decline in the overall demand for any of the products we sell has, and could continue to, adversely impact our business, results of operations and financial condition.

In order to grow and remain competitive, we will need to continue to adapt to future changes in technology, enhance our existing offerings and introduce new offerings to address the changing demands of customers. Technological developments and changing demands of customers may require additional investment in new equipment and technologies. The development of such solutions may be costly and there is no assurance that these solutions will be accepted by our customers. If we are unable to adapt to technological changes on a timely basis or at an acceptable cost, customers’ demand for our products and services may be adversely affected.

We operate in a highly competitive market and we may not be able to continue to compete successfully.

As we expand our assortment of products and services we compete against a growing and diverse set of competitors, including other distributors, wholesalers, networks of regional suppliers, managed print service companies, contract stationers, e-commerce distributors, e-commerce retailers, regional and local dealers, direct manufacturers of the products we distribute, and companies focused on adjacent categories such as maintenance, repair and operation providers. We also compete against

distributors and resellers, including Office Depot, Amazon Business, Imperial Dade and approximately 900 smaller regional distributors. Some of our current and potential competitors are larger than we are, may have more experience in selling certain products or delivering services, may offer a broader assortment of products or have more extensive e-commerce channels, or may have substantially greater financial resources to devote to sourcing, marketing and selling their products. Intense competitive pressures from one or more of our competitors could affect prices or demand for our products and services, and the ability of consumers to compare prices on a real-time basis using digital technology puts additional pressure on us to maintain competitive pricing. If we are unable to appropriately respond to these competitive pressures, or offer the appropriate mix of products and services at competitive prices, our financial performance and market share could be adversely affected.

Furthermore, consumers and businesses continue to focus on delivery services, with customers increasingly seeking faster, guaranteed delivery times and low-price or free shipping. Our ability to be competitive on delivery times and delivery costs depends on many factors, and our failure to successfully manage these factors and offer competitive delivery options could negatively impact the demand for our products and our profit margins.

Macroeconomic conditions could adversely affect our business, financial condition, results of operations and prospects.

As a provider of products and services that operates to serve the needs of business customers and consumers, our operating results and performance depend significantly on North American economic conditions and their impact on business and consumer spending. The global macroeconomic outlook remains uncertain due to a variety of factors, including geopolitical instability, labor shortages, supply chain disruptions, fuel costs and inflation. Increases in the levels of unemployment or labor dislocation, particularly among white-collar workers, consumer debt, energy and commodity costs, health care costs, interest rates and taxes, as well as tighter credit markets, reduced consumer credit availability, volatility in financial markets, lower consumer confidence, lack of small business formation, tariffs and other factors could result in a decline in consumer spending and adversely impact our sales. Our business, financial condition, results of operations and prospects may continue to be adversely affected, and our ability to generate cash flow may be negatively impacted, by current and future economic conditions if there is a decline in business and consumer spending or if such spending remains stagnant.

Significant increases in inflation or commodity prices as well as increases in wage and benefit costs have adversely impacted and may continue to adversely impact our earnings.

The price and availability of fuel, raw materials, transportation, labor, and other necessary supplies and services used in our business can be volatile due to numerous factors beyond our control, including general economic and competitive conditions, inflation, supply chain disruptions, supplier business strategies, and political instability, war and other geopolitical tensions. In recent years, the global economy has experienced the highest levels of inflation in decades. Additionally, the global imbalance between the supply and demand for commodities, component parts, transportation and labor have impacted their availability and increased their cost. This has been exacerbated by the geopolitical unrest in Europe and the Middle East. As a result, we have experienced cost increases from our suppliers of raw materials, component parts and purchased finished goods, as well as increased labor, energy and commodity costs. During the fourth fiscal quarter of 2023, we began to see signs of moderating inflation. While we believe that inflationary costs for most raw materials, purchased finished goods, and freight and transportation will continue to moderate, there can be no assurance that inflation will not return.

During periods of inflation and rising costs, companies manage this volatility through a variety of actions, including sales price increases. However, we may not be able to raise prices fast enough to effectively mitigate the adverse impact of cost increases on our margins. Additionally, we have lost, and may continue to lose, sales due to increasing our selling prices to our customers. We have also seen customers reduce the volume of the products they purchase and/or purchase lower priced products, which generate lower margins, due to our price increases and we expect this trend may continue.

Our expenses relating to employee labor, including employee health benefits, are significant. Our ability to control our employee and related labor costs is generally subject to numerous external factors, including prevailing wage rates, legislative and private sector initiatives regarding healthcare reform, and adoption of new or revised employment and labor laws and regulations. Recently, various legislative movements have sought to increase the federal minimum wage in the United States and the minimum wage in a number of individual states, some of which have been successful at the state level. As federal or state minimum wage rates increase, we may need to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other employees as well. Further, should we fail to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline, causing our customer service to suffer. Any increase in the cost of our labor could have an adverse effect on our operating costs, financial condition and results of operations.

Increased transportation costs and changes in the relationships with independent shipping companies may have an adverse effect on our business.

We operate a large network of fulfillment centers, delivery locations and delivery vehicles. As such, we purchase significant amounts of fuel needed to transport products to our customers, and also incur shipping costs to import products from overseas. The underlying commodity costs associated with this transport activity is beyond our control and may be volatile. Recently, the supply and availability of fuel in markets in which we operate have experienced increased volatility and have led to changes in fuel prices. Disruptions in availability of fuel or future increases in the price of fuel could cause our operating costs to rise significantly to the extent not covered by our hedges and could have a negative impact on our ability to operate our transportation networks. Additionally, other commodity prices may increase and we may not be able to pass along such costs to our customers. Fluctuations in the availability or cost of our energy and other commodity prices could have a material adverse effect on our profitability.

We utilize third-party carriers for timely delivery of a portion of our product shipments. As a result, we may be subject to carrier disruptions and increased costs due to factors that are beyond our control, including employee strikes, labor organization, inclement weather and increased labor and fuel costs. Any failure to deliver products to our customers in a timely and accurate manner may damage our reputation and brand and may cause us to lose customers. If our relationship with any of these third-party carriers is terminated or impaired, or if any of these third parties are unable to ship products for us, we would be required to use alternative, and possibly more expensive, carriers for the shipment of products. We may be unable to engage alternative carriers on a timely basis or on terms favorable to us, if at all, which may have an adverse effect on our results of operations, financial condition and cash flows. Changes in shipping terms, or the inability of these third-party shippers to perform effectively (whether as a result of mechanical failure, casualty loss, labor stoppage, insolvency or any other reason), may have an adverse effect on our results of operations, financial condition and cash flows. Additionally, deterioration of the financial condition of these third-party carriers may have an adverse effect on our shipping costs. Any future increases in shipping rates may have an adverse effect on our results of operations, financial condition and cash flows, particularly if we are unable to pass on these higher costs to our customers.

The failure, or perceived failure, to comply with applicable data privacy and security laws may materially harm our business and operations as well as damage our reputation and business partner and customer relationships.

Our business operations involve the collection, transfer, use, disclosure, storage, disposal and other processing of personal information of our customers, end users of our services, vendors, business partners and employees. As a result, our business is subject of complex and continually evolving (and at times conflicting) U.S. federal, state and local laws and regulations regarding data privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation and could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business.

For example, we are subject to the California Consumer Privacy Act, as amended by the California Privacy Rights Act (the “CCPA”), which imposes significant obligations on businesses that

process the personal information of California residents. Among other things, the CCPA requires disclosures to such residents about the data collection, use and disclosure practices of covered businesses, and provides such individuals expanded rights to access, delete and correct their personal information as well as the right to opt-out of certain sales or transfers of personal information. The effects of this legislation are far-reaching and have required, and may continue to require, us to modify our data processing practices and policies and to incur significant costs and expenses in an effort to comply. The CCPA has also prompted a wave of similar data privacy laws in other states across the United States and similar laws are being considered at the federal level, reflecting a trend toward more stringent data privacy legislation in the United States.

We are also subject to privacy regimes beyond the United States and new laws are being enacted regularly, including laws that may have potentially conflicting requirements with those that we are subject to in the United States and this may make compliance challenging. For example, we have a small operation in Canada and as such we are subject to various aspects of Canada's federal or provincial laws.

We are also subject to evolving privacy laws on cookies and e-marketing. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target potential customers, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand potential customers. In addition, if our website and our other customer-facing technology systems do not function as designed, the customer experience could be negatively affected, resulting in a loss of customer confidence and satisfaction, and lost sales, which could adversely affect our reputation and results of operations.

The effects of any applicable data privacy laws and regulations that are currently in effect or that may go into effect in the future, are significant and may require us to modify our data processing practices and policies and to incur substantial costs and potential liability in an effort to comply with such laws and regulations. Responding to allegations of non-compliance, whether or not true, could be costly, time consuming, distracting to management and cause reputational harm. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards. Because the interpretation and application of privacy and data protection laws are still uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with one another or inconsistent with our existing data management practices or the features of our products and services. Any actual or perceived failure to comply with these and other data protection and privacy laws and regulations could result in regulatory scrutiny and increased exposure to the risks of litigation (including class action lawsuits) or the imposition of consent orders, resolution agreements, requirements to take particular actions with respect to training, policies or other activities and civil and criminal penalties, including fines, which could harm our business. Any of the foregoing could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business.

Compromises of our information systems or unauthorized access to confidential information or personal information may materially harm our business and operations as well as damage our reputation and business partner and customer relationships.

Through our sales and marketing activities and our business operations, we collect and store confidential information and certain personal information from our customers, end users of our services, vendors, business partners and employees. We rely on third parties to provide payment processing services or make certain payments on our behalf and may share such confidential and personal information with vendors or other third parties in connection with processing of transactions, operating certain aspects of our business or for marketing purposes. Although we have taken steps designed to safeguard such information, there can be no assurance that such information will be protected against loss or unauthorized access, acquisition, use or disclosure or other threats to the confidentiality, integrity or availability of such confidential or personal information. For example, computer hackers may penetrate our or our vendors' network security and, if successful, misappropriate such information or interfere with our ability to access such information. Our employees, contractors or other third parties with whom we do

business may misuse confidential or personal information to which they have access, attempt to circumvent our security measures, or inadvertently cause a breach involving such information. Additionally, methods and tools (including artificial intelligence) to obtain unauthorized access to confidential information change frequently, are increasingly sophisticated and may be difficult to detect or remediate, which can impact our ability to respond appropriately. Moreover, our costs to maintain and upgrade our security systems could increase significantly as cybersecurity threats increase.

We from time to time experience and we expect to continue to experience attempts to breach our systems such as "phishing" attacks, social engineering, business email compromises, employee or insider error, brute force attacks, ransomware attacks, unauthorized parties gaining access to our information technology systems, and similar incidents. To date these incidents have not had a material impact on our business, but there can be no assurance that future incidents will not cause material impacts. Furthermore, we may acquire or inherit security systems from businesses that we acquire from time to time, which may result in heightened vulnerability. Vulnerabilities, inadequacies, or failures are in many cases more acute for systems associated with recently acquired businesses, and we may be unable to entirely address such vulnerabilities, inadequacies, or failures immediately after acquiring a business or ever. As a result, our newly acquired businesses are in some cases more vulnerable to failures, interruptions, breaches, intrusions, theft, exfiltration, or attacks.

We may be unable to protect sensitive data and the integrity of our systems or to prevent fraudulent purchases in the future, which could result in a loss of customer confidence in the security of our online services, damage to our brand, reduce the demand for our services, disrupt our normal business operations, diminish our existing cash reserves, cause us to lose assets and require us to spend material resources to investigate and/or remediate the breach. We could also be subject to liability for failure to comply with privacy and information security laws, for failing to protect personal information, for failing to respond appropriately, or for misusing personal information, such as use of such information for an unauthorized marketing purpose. See "—The failure, or perceived failure, to comply with applicable data privacy and security laws may materially harm our business and operations as well as damage our reputation and business partner and customer relationships." Loss, interference with our ability to access, unauthorized access to, or misuse of confidential or personal information could disrupt our operations, damage our reputation, and expose us to claims from customers, financial institutions, regulators, payment card associations, employees and other persons, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses and would not remedy damage to our reputation. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention.

Problems in our information systems and technologies may disrupt our operations.

We rely heavily on various information systems and technology to sell and deliver our products and services and operate our business, including systems to track inventory and otherwise manage our warehouse operations, to process and record transactions, to generate financial reports and to communicate with our employees, vendors and customers. Hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly disrupt our operations or compromise our information security. Although we continue to invest in our technology, if we are unable to continually add software and hardware, effectively manage or upgrade our systems and network infrastructure, and develop effective system availability, disaster recovery plans and protection solutions, our business could be disrupted thus subjecting us to liability and potentially harming our reputation. In particular, our e-commerce business subjects us to certain additional risks associated with the failure to successfully implement new systems and the failure of our technology infrastructure or the computer systems that operate our website, which could cause, among other things, website downtimes and an increase in credit card fraud. Our failure to successfully address

and respond to these risks and uncertainties could negatively impact sales, increase costs, diminish our growth prospects and damage the reputation of our brands, each of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism and usage errors by our employees. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. If our computer systems are damaged or cease to function properly, or if we do not replace or upgrade certain systems, we may incur substantial costs to repair or replace them and may experience an interruption of our normal business activities or loss of critical data. Such interruptions or disruptions could negatively impact our day-to day business operations or our ability to service our customers by preventing access to our online services and precluding transactions. System failures and disruptions could also impede the manufacturing and shipping of products, transactions processing and financial reporting.

In addition, we periodically make modifications and upgrades to our information systems and technology. Some of our information systems are outsourced to third parties. Modifications involve replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. Although we make a diligent effort to ensure that all providers of outsourced services observe proper internal control practices and procedures, we cannot assure that failures will not occur. We are aware of inherent risks associated with replacing our systems, including accurately capturing data, system disruptions and outsourcing to third parties. Information technology system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations.

We do business with government entities and various purchasing consortiums and loss of this business could negatively impact our results.

Some of our customer groups consist of various governmental entities, government agencies, state and local governments, universities and non-profit organizations, such as purchasing consortiums. Contracting with U.S. state and local governments is highly competitive, subject to federal and state procurement laws, requires more restrictive contract terms and can be expensive and time-consuming. Moreover, bidding on government contracts often requires that we incur significant upfront time and expense without any assurance that we will win a contract. Our ability to compete successfully for and retain business with federal, state and local governments is also highly dependent on cost-effective performance and effective compliance programs. Inadvertent non-compliance with complex contractual terms or disagreements regarding interpretations of those terms could result in liabilities, fines, criminal sanctions, the inability to participate in existing or future government contracting and other administrative sanctions. Any such penalties could result in damage to our reputation, increased costs of compliance and/or remediation and could adversely affect our financial condition and results of operations. Our business with governmental entities and agencies is also sensitive to changes in national and international priorities and their respective budgets, which in the current economy continue to decrease. We also service a substantial amount of business through agreements with purchasing consortiums. If we are unsuccessful in retaining these customers, or if there is a significant reduction in sales under any of these arrangements, it could adversely impact our business, financial condition, results of operations and prospects.

Our quarterly operating results are subject to significant fluctuation.

Our operating results, financial condition and cash flow have fluctuated from quarter to quarter in the past, and we expect that they will continue to do so in the future. Factors that could also cause these quarterly fluctuations include: the mix of products sold; pricing actions of competitors; the level of advertising and promotional expenses; the expense and outcome of legal proceedings; severe weather; consumer confidence; and the other risk factors described in this section. Most of our operating expenses do not vary directly with the amount of sales and are difficult to adjust in the short term. As a result, if

sales in a particular quarter are below expectations, we may not proportionately reduce operating expenses for that quarter, and therefore such a sales shortfall may have a disproportionate effect on our net income for the quarter.

Our effective tax rate may fluctuate.

We are a multi-national, multi-channel provider of products and services. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. Our effective tax rate may be lower or higher than our tax rates have been in the past due to numerous factors, including the sources of our income, any agreements we may have with taxing authorities in various jurisdictions, any transfer pricing arrangements we may have in place, changes in the laws and the tax filing positions we take in various jurisdictions. In addition, our effective tax rate may fluctuate quarterly, and the resulting tax rate may be negative or unusually high as a result of significant charges in a quarter that are not tax deductible, such as goodwill and long-lived asset impairment. We base our estimate of our effective tax rate at any given point in time upon a calculated mix of the tax rates applicable to our company and to estimates of the amount of business likely to be done in any given jurisdiction.

Governments in the jurisdictions in which we operate implement changes to tax laws and regulations from time to time. In December 2021, the Organisation of Economic Co-operation and Development ("OECD") published model rules that provided a template for countries to implement a new global minimum tax rate of 15%. Various foreign jurisdictions are beginning to implement aspects of the model rules published by the OECD. These new tax laws and regulations, and any changes in corporate income tax rates or regulations regarding transfer pricing or repatriation of dividends or capital, as well as changes in the interpretation of existing tax laws and regulations, could increase our effective tax rate and adversely affect our cash flow, which would negatively affect our profitability.

The loss of or modification to one or more agreements with taxing jurisdictions, a change in the mix of our business from year to year and from country to country, changes in rules related to accounting for income taxes, changes in tax laws in any of the multiple jurisdictions in which we operate, changes in valuation allowances, adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, or changes in domestic tax policy or tax laws could result in an unfavorable change in our effective tax rate which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our expanded offering of proprietary branded products and services may not improve our financial performance and may expose us to intellectual property liability, product liability, import/export liability, government investigations and claims, and other risks associated with global sourcing.

Our product offering includes Staples, Quill, HiTouch and other proprietary branded products and services, which typically generate higher margins than national brand products and services. Our proprietary branded products compete with other manufacturers' branded items that we offer and are subject to the risk that brand recognition may be low. An increase in our proprietary branded products and services also exposes us to added risks that could increase the cost of doing business, such as third-party intellectual property infringement, false advertising and product liability claims against us with respect to such products and services, increased tariffs on goods we import, particularly in light of uncertainty with respect to U.S. trade policy, and import and export compliance issues. Furthermore, although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to manufacturing, advertising and labeling, and importing and exporting merchandise, there can be no assurance that contractors, agents, vendors, manufacturers or other third parties with whom we do business will not violate such laws and regulations or our policies, which could subject us to liability and could adversely affect our operations or operating results. We also have greater exposure and responsibility to the consumer for replacements as a result of product defects. If any of our customers are harmed by our proprietary branded products or services, they may bring product liability and other claims against us or we may have to issue voluntary or mandatory recalls.

The more proprietary branded products and services we offer, the more these risks increase. A loss of consumer acceptance of these products could also adversely affect our sales and gross margin rates. Any of these circumstances could damage our reputation and have an adverse effect on our business, financial condition, results of operations and prospects. We anticipate launching over 250 new proprietary branded products in fiscal year 2024.

Product safety and quality concerns could have a material adverse impact on our revenue and profitability

If the products we sell fail to meet applicable safety standards or our customers' expectations regarding safety and quality, we could be exposed to increased legal risk and our reputation may be damaged. The liability protection we receive from contract manufacturers and other third-party vendors we engage to source our products may not meet our contractual requirements or expectations. Long lead times on merchandise ordering cycles increase the difficulty for us to plan and prepare for potential changes to product safety and consumer protection standards and laws. Failure to take appropriate actions in response to changes in applicable laws could lead to breaches in laws and regulations and leave us susceptible to government enforcement actions or private litigation. Litigation or regulatory enforcement actions and the associated costs and potential for monetary judgments and penalties could have an adverse effect on our results of operations and financial condition. Additionally, product liability claims or regulatory actions, regardless of merit, could result in negative publicity that could harm our reputation in the marketplace or the value of our brands. Recalls of products, particularly when combined with lack of available alternatives or our difficulty in sourcing sufficient volumes of replacement products, could also have a material adverse impact on our revenue and profitability.

Our business may be adversely affected by the actions of and risks associated with third-parties.

The products we sell are sourced from a wide variety of third-party vendors and, as we expand our assortment, we rely on third parties to fulfill our customer orders and deliver products directly to our customers. In general, we do not have long-term contracts with our vendors or third parties committing them to provide products to us on acceptable terms. For example, we derive benefits from vendor allowances and promotional incentives which may not be offered in the future. We cannot control the supply, design, function or cost of many of the products that we offer for sale. Additionally, we rely on our suppliers to ensure that our products meet our design and product content specifications, and all applicable laws, including product safety, security, labor, sustainability and environmental laws. We also expect our suppliers to conform to our and our customers' codes of conduct and expectations with respect to product safety, product quality, social responsibility and environmental sustainability, and be responsive to our audits. Failure to meet any of these requirements may result in our having to cease doing business with a supplier or cease production at a particular facility, stop selling or recall non-conforming products, or having imported products detained or subject to exclusion or seizure. Some of the products we offer are supplied to us on an exclusive basis and may be difficult to replace in a timely manner. Disruptions in the availability of these products, coupled with our inability to quickly pivot and find new products and services for our portfolio of offerings, or quality issues that cause us to initiate voluntary or mandatory recalls for products we sell on an exclusive basis, may result in customer dissatisfaction, damage our reputation and adversely affect our sales.

Global sourcing of many of the products we sell is an important factor in our financial performance. Our ability to find qualified vendors and access products in a timely and efficient manner is a significant challenge, especially with respect to goods sourced outside the United States. Political instability, the financial instability of suppliers, trade restrictions, tariffs, foreign currency exchange rates, transport capacity and costs, inflation and other factors relating to foreign trade are beyond our control but could have an adverse effect on our business, financial condition, results of operations and prospects.

Additionally, we purchase products for resale under credit arrangements with our suppliers and have been able to negotiate payment terms that are approximately equal in length to the time it takes to sell the supplier's products. If we experience declining operating performance and severe liquidity challenges, suppliers may demand that we accelerate our payment for their products or require cash on

delivery, which could have an adverse impact on our operating cash flow and result in severe stress on our liquidity. Borrowings under our existing credit facilities could reach maximum levels under such circumstances, causing us to seek alternative liquidity measures, but we may not be able to meet our obligations as they become due until we secure such alternative measures.

We also rely upon many independent service providers for services that are important to many aspects of our business, such as information technology, accounting and other professional services, customer service and product delivery. If our service providers fail or are unable to perform as expected and we are unable to replace them quickly, our business could be harmed at least temporarily until we are able to do so and potentially, in some cases, permanently. These and other issues could adversely affect our reputation, business and financial performance.

Failure to attract and retain qualified personnel could have an adverse impact on our business.

Our performance is highly dependent on attracting, retaining and engaging appropriately qualified employees. The market for qualified employees, with the right talent and competencies, is highly competitive. Factors that affect our ability to maintain sufficient numbers of qualified employees include employee morale, our reputation, fluctuations in economic and industry conditions, unemployment rates, competition from other employers, availability of qualified personnel and our ability to offer appropriate compensation and benefit packages. We operate in a competitive labor market and there is a risk that market increases in compensation and benefit costs could have a material adverse effect on our profitability. For our executives, we rely to a significant degree on performance-based cash bonuses that pay out only if specified performance goals have been met. To the extent these performance goals are not met, and our cash bonuses do not pay out, or pay out less than the targeted amount, it may motivate certain executive officers and senior management employees to seek other opportunities. Failure to recruit or retain qualified employees in the future may impair our efficiency and effectiveness, our ability to pursue growth opportunities and adversely affect our results of operations.

In addition, a significant amount of turnover of our executive team or other employees in key positions with specific knowledge relating to us, our operations and our industry, may negatively impact our operations. Our executive management team is not bound by employment agreements and the enforceability of non-compete restrictions is uncertain. If we are unable to retain our key personnel or if we cannot restrict the manner in which they may be employed by our competitors, we may be unable to successfully develop and implement our business plans, which may have an adverse effect on our business, financial condition, results of operations and prospects.

Various legal proceedings may adversely affect our business, financial condition and results of operations.

We are involved in various legal proceedings from time to time, including class action lawsuits, state and federal governmental inquiries, tax audits and investigations, environmental matters, employment, tort, state false claims act, data and privacy laws, consumer litigation and intellectual property litigation. We are also subject to potentially increasing challenges by private litigants regarding compliance with local, state and national labor regulations. In addition, companies have increasingly been subject to employment related class action litigation. We expect that these trends will continue to affect us. We are also subject to claims that the technology we use or the products we sell infringe intellectual property rights of third parties. Such claims, whether meritorious or not, involve significant managerial resources and can become costly. Generally, we have indemnification protections in our agreements which our vendors or licensors often have honored; however, there are no assurances that such vendors or licensors will continue to do so in the future. We estimate exposure and establish reserves for our estimated significant liabilities, but, litigation is inherently unpredictable and the outcome of legal proceedings and other contingencies cannot be predicted with certainty. Outcomes may require us to pay substantial amounts of money or take actions that adversely affect our operations. In addition, defending against these claims may involve significant time and expense. Given the large size of our operations and workforce, the visibility of our brand and our position as an industry leader, we may regularly be involved in legal proceedings that could adversely affect our business, financial condition and results of operations.

Failure to comply with laws, rules and regulations or any related court orders, agency rulings or decrees could negatively affect our business, financial condition and results of operations.

Our business is subject to federal, state, local and international laws, rules and regulations, such as state and local wage and hour laws, the U.S. Foreign Corrupt Practices Act, the False Claims Act, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), securities laws, consumer protection laws, trade regulations, advertising regulations, tax laws, privacy and data security laws and regulations, import and export laws (including customs regulations), product safety, warranty or recall regulations, unclaimed property laws, environmental regulations, and many others. The complexity of the regulatory environment in which we operate and the related cost of compliance are both increasing due to legal and regulatory requirements, increased enforcement and our ongoing expansion into new markets and new channels. In addition, as a result of operating in multiple countries, we must comply with multiple foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations. Certain jurisdictions have taken or may in the future take a particularly aggressive stance with respect to certain legal matters and have implemented or may implement new initiatives and reforms, including more stringent regulations and compliance requirements. We may also be subject to investigations or audits by governmental authorities and regulatory agencies, which can occur in the ordinary course of business or which can result from increased scrutiny from a particular agency towards an industry, country or practice. If we fail to comply with laws, rules and regulations or the manner in which they are interpreted or applied, we may be subject to government enforcement action, class action litigation or other litigation, damage to our reputation, civil and criminal liability, damages, fines and penalties, and increased cost of regulatory compliance, any of which could adversely affect our results of operations and financial performance. Additionally, our future results of operations could be adversely impacted by changes in these various laws, rules and regulations. For example, changes in income tax laws could change our effective tax rate while changes in U.S. trade policies could affect our cost of products sold and margins.

In connection with the Sponsor's acquisition of Essendant, we, the Sponsor and Essendant entered into a consent agreement issued by the Federal Trade Commission ("FTC"). Pursuant to the consent agreement, we have established a firewall separating our business-to-business sales operations from Essendant's wholesale business. This firewall restricts access to the commercially sensitive information of dealers who buy from Essendant, including those dealers' data about their customers, to only those of our employees who will be performing wholesale functions. If we violate the terms of this consent agreement, we may be subject to financial penalties or restrictions on how we operate our business, which may have a material adverse impact on our business, results operations or financial condition.

Affiliates of the Sponsor control us and their interests may conflict with our interests or those of the holders of the Exchange Notes in the future.

Investment funds managed by the Sponsor collectively own substantially all of our capital stock. In addition, the Sponsor has the right to designate all of the members of our board of directors. As a result, the Sponsor has control over our decisions to enter into any corporate transaction and has the ability to prevent any transaction that requires the approval of our board of directors or stockholders, regardless of whether management or the holders of notes believe that any such transactions are in our or their own best interests. For example, the Sponsor could cause us to make acquisitions that increase the amount of our indebtedness, including secured indebtedness, or to sell assets, which may impair our ability to make payments under the Exchange Notes. In addition, to the extent permitted by the (i) the credit agreement that will govern the New Term Loan Facility, (ii) the ABL Credit Agreement, (iii) the Old Notes Indenture, (iv) the indenture that will govern the New First Lien Notes and (v) the Exchange Notes Indenture ((i) to (v), collectively, the "Financing Documents"), the Sponsor may cause us to pay dividends rather than make capital expenditures or otherwise use our funds for the benefit of our business.

In addition, the Sponsor is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Immediately following the closing of the Sponsor's acquisition of Staples, ownership of Staples' U.S. retail

business (“U.S. Retail”) was transferred to USR Parent Inc., and ownership of its Canada retail and online business and remaining international businesses (“Canada Retail”) was transferred to Staples Canada ULC. USR Parent Inc. and Staples Canada ULC are both entities managed by the Sponsor, which could give rise to additional conflicts of interest. While we do not currently compete with the U.S. Retail and Canadian Retail businesses and the other investments held by the Sponsor, the Sponsor may exercise control over the Issuer’s corporate actions in a manner so as to restrict us from expanding our business or entering into additional lines of business which may be related to the current or future operations of these investments. Additionally, we allow the U.S. Retail and Canadian Retail businesses to use our trademarks. If either business fails to act responsibly in a number of areas, such as customer service, our reputation and the value of our brand may be adversely affected.

Furthermore, the Sponsor may also pursue acquisitions through its other investments that may be complementary with our business and, as a result, those acquisition opportunities may not be available to us. So long as the Sponsor continues to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Sponsor will continue to be able to strongly influence or effectively control our decisions.

The anticipated benefits of cost savings and margin enhancement initiatives may not be realized fully and may take longer to realize than expected and we may experience integration and transition difficulties.

We are in the process of implementing certain cost savings, margin enhancement and efficiency initiatives as part of our strategic Groundwork for Growth initiative, which has included (i) expanding our revenue management function to deploy optimized pricing across both Contract and Staples.com, (ii) redesigning salesforce compensation and (iii) improving our digital selling capabilities to facilitate holistic realignment of our salesforce toward vertical markets and away from geographic orientation. Although we expect to realize savings from this and future cost saving initiatives, our ability to do so is subject to substantial uncertainty. We may be unable to achieve the expected savings on the expected timeframe or at all, the expected saving may be outweighed by countervailing cost increases (either expected or unexpected), our cost-saving initiatives may require more investment or expenses than we currently contemplate and we may in the future elect to forego some or all of such cost saving initiatives. Our cost savings initiatives may impair our ability to execute on our strategy and deliver our product offering at levels satisfactory to our customers, which may lead to decreased sales, diminished retention rates or reduced margins.

We have incurred significant impairment charges and may continue to incur impairment charges.

We review goodwill and indefinite-lived intangible assets for impairment annually and whenever events or changes in circumstances indicate that the carrying value of a reporting unit or indefinite-lived intangible asset might exceed its current fair value. At the end of the first fiscal quarter of 2020, we concluded certain factors triggered a requirement to review our goodwill and long-lived assets for potential impairment. These factors primarily included a decline in equity markets and a significant decline in sales in certain of our business units as a result of the effects of COVID-19. Based on the results of this analysis, the Issuer recorded an impairment charge of $898 million in the first fiscal quarter of 2020 related to trade name assets and goodwill associated with its Staples Brands reporting unit. To the extent that forward-looking sales and operating assumptions are not achieved and are subsequently reduced, additional impairment charges may result. We have also recognized impairment charges on long-lived assets, including operating lease right-of-use (“ROU”) assets and fixed assets at closing facilities. In addition, asset impairments may be recognized based on future decisions and conditions as we continually evaluate the performance of our business units. If we were required to further impair our assets, our goodwill or intangible assets, it could have a material adverse effect on our business, financial condition and results of operations.

If we experience problems with our distribution network, our ability to meet customer expectations, manage inventory and complete sales may be harmed.

Our products are distributed through our 35 fulfillment centers and 82 delivery locations in the United States. We depend in large part on the orderly operation of our receiving and distribution process, which depends, in turn, on adherence to shipping schedules, proper functioning of our information technology and inventory control systems and overall effective management of our fulfillment centers and delivery locations. We are continuing to build automation and other capabilities to drive efficiencies in our distribution network. While we expect these new capabilities and technologies to improve productivity in many of our fulfillment centers and delivery locations, any flaws, bugs or failures of such technologies could cause interruptions in and delays to our operations, which may harm our business. We are increasing our investment in technology, software and systems to support these efforts, but such investments may not increase productivity, maintain or improve the experience for buyers and sellers or result in more efficient operations. In addition, the evolution of these technologies may create unforeseen competitive pressures or cause disruption to our business and operations.

Further, the success of our business depends on our ability to maintain our current network of fulfillment centers and delivery locations. Space in well-positioned geographic locations in the United States has been in the past, and may in the future be scarce, and where it is available, the lease terms offered by landlords are increasingly competitive, particularly in geographic locations with access to the large, qualified talent pools required for us to run our business infrastructure. Incentives currently offered by local, state and federal entities to offset operating expenses may be reduced or become unavailable. For various reasons, our competitors or other companies could be more attractive tenants and, as a result, may outbid us for the facilities we seek. Due to the competitive nature of the real estate market in the locations where we currently operate, we may be unable to renew our existing leases or renew them on satisfactory terms. Failure to identify and secure adequate new fulfillment centers and delivery locations in optimal geographic locations in the future or maintain our current fulfillment centers and delivery locations could have a material adverse effect on our business, financial condition and results of operations.

In addition, a damage to, or prolonged interruption of, operations at any of our fulfillment centers or distribution locations, or with respect to third-party technology or transportation providers, including due to a service level failure, work stoppage, labor disputes or shortages, union organizing activity, supply chain disruption, public health events (such as pandemics), severe weather or natural or man-made disasters, system failures or cyber incidents, slowdowns or strikes, acts of terror or other unforeseen events, could impair our ability to process returns of products to suppliers and ship products to our customers, thereby adversely affecting our sales and profitability. In addition, we could incur significantly higher costs and longer lead times associated with distributing our products to our customers during the time it takes for us to reopen or replace these fulfillment centers and delivery locations. If we encounter problems with our distribution network, our ability to meet customer expectations, manage inventory and fulfillment capacity, complete sales and fulfill orders in a timely manner could be harmed, which could harm our reputation and relationships with customers and have a material adverse effect on our business, financial condition and results of operations.

Although we maintain business interruption and property insurance for these facilities, there can be no assurance that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us, if our fulfillment centers are shut down or interrupted for any unplanned reason.

Failure to maintain our reputation and brand at a high level, may adversely impact our financial performance.

Effective marketing efforts play a crucial role in maintaining our reputation to attract new customers and retain existing customers. Failure to execute effective marketing efforts or misjudgment of consumer responses to our existing or future promotional activities, may adversely impact our financial performance.

Failure to detect, prevent, or mitigate issues that might give rise to reputational risk or failure to adequately address negative publicity or perceptions could adversely impact our reputation, business, results of operations, financial condition and prospects. Reputational value is based in large part on perceptions of subjective qualities, and even isolated incidents may erode trust and confidence. Issues that might pose a reputational risk include an inability to provide a customer experience that meets the expectations of consumers; failure of our cybersecurity measures to protect against data breaches; product liability and product recalls; litigation or various forms of adverse publicity (including adverse publicity generated as a result of a vendor's or a supplier's failure to comply with general social accountability practices); social media activity; workplace violence; perception of engaging in politicized or controversial issues; failure to comply with applicable laws and regulations; and any of the other risks enumerated in these risk factors. In addition, information concerning us, whether or not true, may be instantly and easily posted on social media platforms at any time, which information may be adverse to our reputation or brand. The harm may be immediate without affording us an opportunity for redress or correction. If our reputation or brand is damaged, including as a result of shared branding with other businesses, our customers may refuse to continue shopping with us, potential employees may be unwilling to work for us, business partners may be discouraged from seeking future business dealings with us and, as a result, our business, financial condition, results of operations and prospects may suffer.

Increased focus by governments, regulators, customers, investors and other stakeholders on sustainability issues, including those related to climate change and socially responsible activities, may adversely affect our reputation, business, financial condition, results of operations and prospects.

There is an increased focus by federal, state, local and foreign regulatory and legislative bodies, investor advocacy groups, certain institutional investors, investment funds, other market participants, consumer groups, the media and other stakeholders regarding environmental policies relating to climate change, regulating greenhouse gas emissions, carbon taxes, emissions trading schemes, sustainability, human rights and diversity, inclusion and equity matters. As a result, we may be subject to increased attention and scrutiny in connection with the sustainability goals and commitments which we publicly announce from time to time. Stakeholder expectations with regard to environmental, social and governance and related sustainability practices of companies is continually evolving and stakeholders may choose to emphasize different priorities than the ones we choose to focus on or disagree with our sustainability goals, targets or initiatives. Moreover, implementation of our sustainability goals, targets and initiatives involves risks and uncertainties, requires investments, and depends in part on third-party performance or data that is outside of our control. If we do not meet, are perceived not to meet, or if stakeholders disagree with, our sustainability goals, targets or initiatives, we risk negative media publicity and stakeholder reaction, as well as damage to our brand and reputation, reduced demand for our products and services or other negative impacts on our business, financial condition and results of operations.

Circumstances outside our control, including telecommunication failures, labor strikes, power and/or water shortages, acts of God, public health emergencies, including the occurrence of a pandemic, severe weather conditions, natural disasters, war, terrorism, and other geopolitical incidents have, and in the future could, materially and adversely impact our business, sales, results of operations and financial condition.

A disruption at one of our third party vendors' manufacturing facilities, one of our offices, major distribution locations, or elsewhere in our global supply chain due to circumstances outside our control, have, and in the future could, adversely impact our business operations. Such a disruption could occur as a result of any number of events, including but not limited to:

- natural disasters or extreme weather events such as climate change, hurricanes, tornadoes, floods and earthquakes;

- diseases, epidemics or pandemics (such as the COVID-19 pandemic) that may affect our employees, customers or partners;
- floods, fire or other catastrophes affecting our properties;
- global conflicts such as the Russia-Ukraine conflict or the conflict in the Middle East, terrorism or cyberterrorism, geopolitical tensions such as with China, trade restrictions, civil unrest or other conflicts;
- major equipment failures or software or hardware malfunctions;
- extended power outages, telecommunications failures or disruptions in utility and other services;
- labor stoppages; or
- transportation failures affecting the supply and shipment of materials and finished goods, unavailability of raw materials.

Such catastrophic events could result in physical damage to, or complete loss of, one or more of our properties, the lack of an adequate work force in the market, changes in the purchasing patterns of consumers and in consumers' disposable income, the temporary or long-term disruption in the supply of products from some suppliers, the disruption in the transport of goods from overseas, the disruption or delay in the delivery of goods to our fulfillment centers and delivery locations in the countries in which we operate, the reduction in the availability of products and can disrupt or disable portions of our supply chain and distribution network. They can also affect our information systems, resulting in disruption to various aspects of our operations, including our ability to transact with customers and fulfill orders.

Furthermore, the long-term impacts of climate change could affect, for example, the availability and cost of certain consumer products, commodities and energy (including utilities), which in turn may impact our ability to manufacture or procure certain goods required for the operation of our business at the quantities and levels we require. Additionally, any initiatives to mitigate the effect of climate change may be cost prohibitive. As a consequence of these or other catastrophic events, we may endure interruption to our operations or losses of property, equipment or inventory, which would adversely affect our revenue and profitability. Moreover, current or future insurance arrangements may be subject to deductibles and/or not provide protection for costs that may arise from such events, particularly if such events are catastrophic in nature or occur in combination.

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

We are not subject to the Sarbanes-Oxley Act of 2002, as amended ("SOX"), which requires public companies to have and maintain effective disclosure controls and procedures to ensure timely disclosure of material information, and have management review the effectiveness of those controls on a quarterly basis. SOX also requires public companies to have and maintain effective internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management review the effectiveness of those controls on an annual basis (and have the independent auditor attest to the effectiveness of such internal controls). We are not required to comply with these internal control requirements, and therefore, we may not have comparable controls or procedures in place as compared to public companies. Failure to maintain an effective system of internal controls over financial reporting could have a material adverse effect on our business, financial condition and our results of operations. We have identified a significant deficiency relating to internal controls over IT access controls, and may identify significant deficiencies or material weaknesses as to similar or different issues in the future. While the significant deficiency has been remediated, we cannot assure you that we will be able to maintain an effective system of internal control or that we will not suffer any deficiencies or material weaknesses in our internal controls in the future. While the Exchange Notes Indenture will require us to provide annual, quarterly and certain material

current reports to the holders of the Exchange Notes and the Exchange Notes Trustee, the financial information we provide in such reports may not be comparable to reports filed by public companies.

We may not complete the Divestment in a timely manner or at all.

On April 19, 2024, we entered into a definitive agreement to sell the Divested Business to the Purchaser. The Divestment is expected to close in the Issuer's second fiscal quarter of 2024, subject to the satisfaction or waiver of customary closing conditions. The Divested Business represented approximately 7% of our total assets, approximately 4% of our sales and approximately 7% of our Adjusted EBITDA, in each case, for fiscal year 2023. Our anticipated use of proceeds from the Divestment will depend on the date on which the Divestment will be consummated. See "Offering Memorandum Summary—Sale of DEX Business." The Issuer will not be required to offer to repurchase the Exchange Notes as a result of the Divestment.

No assurances can be given that the Divestment will be consummated in the time periods we anticipate or at all. The consummation of the Exchange Offer is not contingent on the consummation of the Divestment and the consummation of the Divestment is not contingent on the consummation of the Exchange Offer. If the Divestment is not consummated, or if it is not consummated on terms favorable for us, the risks associated with our substantial level of indebtedness could be exacerbated. Furthermore, activities related to the Divestment could divert the attention of management and disrupt our relationships with our customers, employees or suppliers.

Risks Related to Our Indebtedness and the Exchange Notes

Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments.

We will have a substantial amount of debt, which requires significant interest and principal payments. As of February 3, 2024, after giving effect to the Transactions, the Issuer and the Exchange Notes Guarantors would have had total indebtedness (including finance leases and other financing obligations) of $5,457 million, all of which would have been secured indebtedness. In addition, as of February 3, 2024, after giving effect to the Transactions, we would have had approximately $548 million of availability to incur additional secured indebtedness under the ABL Credit Facility. See "Capitalization." See also "Offering Memorandum Summary—Sale of DEX Business" for a discussion of the ABL Drawdown in the event the Divestment is consummated prior to the Existing First Lien Paydown. Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. Subject to the limits contained or that will be contained in the Financing Documents, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisition, or for other purposes. If we do so, the risks related to our high level of debt could increase. Specifically, our high level of debt could have important consequences to the holders of the Exchange Notes, including the following:

- it may be difficult for us to satisfy our obligations, including debt service requirements under our outstanding debt, including the Exchange Notes;
- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions or other general corporate purposes may be impaired;
- it may require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, including the Exchange Notes, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures, future business opportunities and other purposes;

- we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited;

- our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our high level of debt and the restrictive covenants in the Financing Documents;

- we may be at a competitive disadvantage compared to our competitors that have less debt;

- it may be difficult for us to obtain favorable payment terms from our suppliers; and

- our ability to borrow additional funds or to refinance debt may be limited.

Moreover, if the Exchange Offer and Consent Solicitation are not consummated, approximately $950 million in aggregate principal amount of the Old Notes will become due on April 15, 2027 (the “Old Notes maturity date”). If we are unable to pay such amount on the Old Notes maturity date, it could result in an event of default under the Old Notes Indenture. Moreover, the occurrence of an event of default under the Old Notes Indenture could result in an event of default under our other indebtedness, including the credit agreements relating to the Senior Secured Credit Facilities, the indenture that will govern the New First Lien Notes and the Exchange Notes Indenture.

Despite our indebtedness levels on the Settlement Date after giving effect to the Transactions, the Issuer and its subsidiaries may still be able to incur substantially more debt, which could further exacerbate the risks associated with our substantial leverage.

The Issuer and its subsidiaries may be able to incur substantial additional indebtedness in the future (including additional secured debt). Although the Financing Documents contain or will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness that may be incurred in compliance with these restrictions could be substantial. If we incur additional debt above the levels that will be in effect on the Settlement Date after giving effect to the Transactions, the risks associated with our leverage, including those described above, would increase. We expect that the Senior Secured Credit Facilities will consist of the New Term Loan Facility to be entered into on or prior to the Settlement Date and the ABL Credit Facility, which will remain in place following the Settlement Date. In addition, as of February 3, 2024, after giving effect to the Transactions, we would have had approximately $548 million of availability to incur additional secured indebtedness under the ABL Credit Facility, which may be drawn after the Settlement Date. See “—Sale of DEX Business” for a discussion of the ABL Drawdown in the event the Divestment is consummated prior to the Existing First Lien Paydown. Further, the restrictions in the Financing Documents will not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined in such debt instruments.

Interest rate fluctuations may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

The Issuer’s indebtedness under the ABL Credit Facility currently bear and its indebtedness under the New Term Loan Facility will bear interest at variable rates based on the Secured Overnight Financing Rate (“SOFR”). Interest rates may increase or decrease in the future. As a result, interest rates on the Senior Secured Credit Facilities or other variable rate debt offerings could be higher or lower than current levels. As of February 3, 2024, after giving effect to the Transactions, we would have had approximately $4,341 million of outstanding debt at variable interest rates (assuming all amounts incurred in the New First Lien Financing Transactions are incurred under the New Term Loan Facility). If interest rates fluctuate, our debt service obligations on our variable rate indebtedness would increase or decrease even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease or increase. Thus, a

change in the short-term interest rate environment (particularly a material change) may affect our business, financial condition, results of operations and cash flows.

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

Our ability to make scheduled payments on and to refinance our indebtedness, including the Exchange Notes, and to fund working capital needs will depend on our ability to generate cash in the future. Our ability to generate cash depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business, legislative, regulatory and other factors, all of which are beyond our control, including the availability of financing in the international banking and capital markets. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, including the Exchange Notes, to refinance our debt or to fund our other liquidity needs. After giving effect to the Transactions, substantially all of our debt, including the Senior Secured Credit Facilities, will mature before the maturity date of the Exchange Notes.

If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness, including the Exchange Notes, or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the Exchange Notes, on or before the maturity thereof, sell assets or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. 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 indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. The terms of existing or future debt instruments may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest or principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the Exchange Notes.

Moreover, in the event of a default, the holders of our indebtedness, including the Exchange Notes, could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest, if any. The lenders under the ABL Credit Facility could also elect to terminate their commitments thereunder, cease making further loans, and institute foreclosure proceedings against their collateral, and we could be forced into bankruptcy or liquidation. The failure to comply with the covenants contained in the ABL Credit Agreement could result in an event of default under the ABL Credit Facility and by reason of cross-acceleration or cross-default provisions, other indebtedness, including the Exchange Notes, may then become immediately due and payable. The lenders and noteholders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

The Financing Documents impose or will impose, as applicable, significant operating and financial restrictions on the Issuer and its restricted subsidiaries, which may prevent us from capitalizing on business opportunities.

The Financing Documents impose or will impose, as applicable, significant operating and financial restrictions on the Issuer and its restricted subsidiaries. These restrictions limit the Issuer's ability and the ability of each of its restricted subsidiaries to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;

- make certain investments;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- enter into agreements that restrict the ability of restricted subsidiaries to make dividends or other payments to the Issuer or the Exchange Notes Guarantors;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- transfer or sell assets.

The Issuer and its restricted subsidiaries are currently also subject to a financial covenant under the ABL Credit Agreement. See "Description of Certain Other Indebtedness."

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above as well as other terms of our indebtedness and/or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected.

A decline in our operating results or available cash could cause us to experience difficulties in complying with covenants contained in more than one agreement, which could result in our bankruptcy or liquidation.

If we were to sustain a decline in our operating results or available cash, we could experience difficulties in complying with the financial covenant contained in the ABL Credit Agreement. The failure to comply with such covenant could result in an event of default under the ABL Credit Facility and by reason of cross-acceleration or cross-default provisions, other indebtedness, including the Exchange Notes, may then become immediately due and payable. In addition, should an event of default occur, the lenders under the ABL Credit Facility could elect to terminate their commitments thereunder, cease making loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under the Senior Secured Credit Facilities to avoid being in default. If we breach our covenants under the Senior Secured Credit Facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under the Senior Secured Credit Facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Repayment of the Issuer's debt, including required principal and interest payments on the Exchange Notes, is dependent on cash flow generated by its subsidiaries, which may be subject to limitations beyond its control.

The Issuer's subsidiaries own a substantial portion of its assets and conduct all of its operations. Accordingly, repayment of the Issuer's indebtedness, including the Exchange Notes, depends on the

generation of cash flow by its subsidiaries and, if they are not Exchange Notes Guarantors, their ability to make such cash available to the Issuer, by dividend, debt repayment or otherwise.

Unless they are Exchange Notes Guarantors, the Issuer's subsidiaries do not have any obligation to pay amounts due on the Exchange Notes or to make funds available to the Issuer or the Exchange Notes Guarantors for that purpose. The Issuer's non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to enable the Issuer to make payments in respect of its indebtedness, including the Exchange Notes. Each non-guarantor subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Issuer's ability to obtain cash from its non-guarantor subsidiaries.

In the event that the Issuer is unable to receive distributions from its subsidiaries, it may be unable to make required principal and interest payments on its indebtedness, including the Exchange Notes.

The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown.

On or prior to the Settlement Date, we expect to incur new first lien secured indebtedness in an aggregate principal amount up to $4,150 million by entering into the New Term Loan Credit Agreement and issuing the New First Lien Notes in a private offering in reliance on Rule 144A under the Securities Act, and outside the United States, only to non-U.S. investors in reliance on Regulation S. The consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing term loan facility and the Old Secured Notes and pay related fees, costs and expenses. See "Description of Certain Other Indebtedness" for a summary of the anticipated terms of the New Term Loan Credit Agreement and the New First Lien Notes. As of the date of this Offering Memorandum, we have yet to agree to the final terms of or enter into definitive documentation for the New Term Loan Facility and the New First Lien Notes and the terms thereof remain subject to change. No assurances can be given that entry into the New Term Loan Facility or issuance of the New First Lien Notes will be consummated in the amount assumed above, on the terms described herein, or at all. Additionally, our ability to successfully syndicate the New Term Loan Facility and complete the sale of the New First Lien Notes is subject to market conditions, and we cannot assure you that the New Term Loan Facility and the New First Lien Notes will be successfully syndicated on the terms described herein, or at all. Future changes in market conditions may result in changes to the terms for the New Term Loan Facility and the New First Lien Notes, including pricing, that are less favorable to us and may increase our interest expense and adversely affect our business. The terms of the New Term Loan Facility and the New First Lien Notes could also change in a way that increases our indebtedness or makes it easier to incur debt in the future. If consummated, the Issuer may enter into the New Term Loan Facility and issue the New First Lien Notes prior to the Settlement Date, resulting in incremental borrowing and other costs.

Prior to or when the Senior Secured Credit Facilities mature, we may not be able to refinance or replace them.

The Senior Secured Credit Facilities and the New First Lien Notes will have an earlier maturity date than the Exchange Notes. Prior to or when the Senior Secured Credit Facilities and the New First Lien Notes mature, we may need to refinance them and may not be able to do so on favorable terms or at all. If we are able to refinance maturing indebtedness, the terms of any refinancing or alternate credit arrangements may contain terms and covenants that restrict our financial and operating flexibility. If we are unable to refinance the Senior Secured Credit Facilities or the New First Lien Notes prior to or when

they mature, it could result in an event of default under the credit agreements relating to the Senior Secured Credit Facilities and the New First Lien Notes. Moreover, the occurrence of an event of default under the credit agreements relating to the Senior Secured Credit Facilities or the indenture governing the New First Lien Notes (the "New First Lien Notes Indenture") could result in an event of default under our other indebtedness, including the applicable Financing Documents.

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

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flows would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, including the Senior Secured Credit Facilities and the New First Lien Notes, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments, including the Exchange Notes.

Claims of holders of the Exchange Notes will be structurally subordinated to claims of creditors of certain of the Issuer's subsidiaries that will not guarantee the Exchange Notes.

The Exchange Notes will not be guaranteed by certain of the Issuer's existing and future subsidiaries. Only Holdings and the Issuer's existing wholly-owned domestic restricted subsidiaries that will guarantee indebtedness under the New Term Loan Facility and the New First Lien Notes will initially guarantee the Exchange Notes. As of the Settlement Date, none of the Issuer's foreign subsidiaries or the Issuer's non-wholly-owned domestic restricted subsidiaries will guarantee the Exchange Notes, and no such subsidiaries are expected to guarantee the Exchange Notes in the future. Claims of holders of the Exchange Notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors, and will not be satisfied from the assets of these non-guarantor subsidiaries until their creditors are paid in full. As of February 3, 2024 and for fiscal year 2023, the Issuer's non-guarantor subsidiaries represented approximately 0.8% of our sales, 1.2% of our Adjusted EBITDA, 4.5% of our total assets and 2.5% of our total liabilities.

In addition, the guarantee of certain Exchange Notes Guarantors will be released in connection with a transfer of such Exchange Notes Guarantor in a transaction not prohibited by the Exchange Notes Indenture or upon certain other events described in "Description of Exchange Notes—Guarantees."

The Exchange Notes Indenture will permit these non-guarantor subsidiaries to incur certain additional debt and will not limit their ability to incur other liabilities that are not considered indebtedness thereunder.

If the Exchange Notes are rated investment grade by any two of Moody's, S&P or Fitch, many of the covenants in the Exchange Notes Indenture will be suspended and any guarantees of the Exchange Notes will be automatically released, and you will lose the protection of these covenants and any such guarantees unless or until the Exchange Notes subsequently fall back below investment grade.

Many of the covenants in the Exchange Notes Indenture will cease to apply to the Exchange Notes during such time, if any, as the Exchange Notes are rated investment grade by any two of Moody's, S&P or Fitch, provided that at such time no default has occurred and is continuing. Although there can be no assurance that the Exchange Notes will ever be rated investment grade, or if they are rated investment grade, that the Exchange Notes will maintain these ratings, any suspension of the covenants under the Exchange Notes Indenture would allow us to incur additional indebtedness and engage in certain transactions that would not be permitted while these covenants were in effect and this may impair

our ability to satisfy our obligations with respect to the Exchange Notes. In addition, the Issuer will not have to make certain offers to repurchase the Exchange Notes and any guarantees of the Exchange Notes will be automatically released. These covenants will only be restored if the credit ratings assigned to the Exchange Notes later fall below investment grade. To the extent any suspended covenants are subsequently reinstated, any actions taken by us while the covenants were suspended would not result in an event of default under the Exchange Notes Indenture on the basis that such actions would have been prohibited by the covenants. See "Description of Exchange Notes—Certain Covenants—Changes in Covenants when Exchange Notes Rated Investment Grade."

Federal and state fraudulent transfer laws permit a court, under certain circumstances, to void the Exchange Notes and the related guarantees, and, if that occurs, you may not receive any payments on the Exchange Notes.

The issuance of the Exchange Notes and the related guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by the Issuer, by the Exchange Notes Guarantors or on behalf of our unpaid creditors or the unpaid creditors of an Exchange Notes Guarantor. While the relevant laws may vary from jurisdiction to jurisdiction, the incurrence of the obligations in respect of the Exchange Notes and the related guarantees, will generally be a fraudulent conveyance if (i) the transactions relating to the issuance of the Exchange Notes or guarantees were undertaken with the intent of hindering, delaying or defrauding creditors or (ii) the Issuer or any of the Exchange Notes Guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing either the Exchange Notes or a guarantee and, in the case of (ii) only, any one of the following is also true:

- the Issuer or any of the Exchange Notes Guarantors was insolvent or rendered insolvent by reason of issuing the Exchange Notes or the guarantees;
- the issuance of the Exchange Notes or guarantees left the Issuer or any of the Exchange Notes Guarantors with an unreasonably small amount of capital to carry on the business in which the Issuer or such Exchange Notes Guarantor was engaged or about to engage; or
- the Issuer or any of the Exchange Notes Guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they become due.

If a court were to find that the issuance of the Exchange Notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the Exchange Notes or such guarantee or further subordinate the Exchange Notes or such guarantee to presently existing and future indebtedness of the Issuer or such Exchange Notes Guarantor, or require the holders of the Exchange Notes to repay any amounts received with respect to the Exchange Notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Exchange Notes. Further, the voidance of the Exchange Notes could result in an event of default with respect to our other debt and that of the Exchange Notes Guarantors that could result in acceleration of such debt.

The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied, such that we cannot be certain as to: the standards a court would use to determine whether or not the Issuer or the Exchange Notes Guarantors were solvent at the relevant time, or, regardless of the standard that a court uses, that it would not determine that the Issuer or an Exchange Notes Guarantor was indeed insolvent on that date; that any payments to the holders of the Exchange Notes (including under the guarantees) did not constitute preferences, fraudulent transfers or conveyances on other grounds; or that the issuance of the Exchange Notes and the related guarantees would not be subordinated to the Issuer's or any Exchange Notes Guarantor's other debt.

Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

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

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that the Issuer or an Exchange Notes Guarantor did not receive reasonably equivalent value or fair consideration for the Exchange Notes or such guarantee if the Issuer or such Exchange Notes Guarantor did not substantially benefit directly or indirectly from the issuance of the Exchange Notes or the applicable guarantee. Thus, if the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for the Issuer's benefit, and only indirectly for the benefit of the Exchange Notes Guarantor, the obligations of the applicable Exchange Notes Guarantor were incurred for less than reasonably equivalent value or fair consideration. Therefore, a court could void the obligations under the guarantees, subordinate them to the applicable Exchange Notes Guarantor's other debt or take other action detrimental to the holders of the Exchange Notes.

To the extent a court avoids any of the guarantees as fraudulent transfers or holds any of the guarantees unenforceable for any other reason, the holders of notes would cease to have any direct claim against the applicable Exchange Notes Guarantor. If a court were to take this action, the applicable Exchange Notes Guarantor's assets would be applied first to satisfy the applicable Exchange Notes Guarantor's other liabilities, if any, and might not be applied to the payment of the guarantee. Sufficient funds to repay the Exchange Notes may not be available from other sources, including the remaining Exchange Notes Guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the Issuer or the applicable Exchange Notes Guarantor.

Although each guarantee entered into in connection with the Exchange Notes will contain a provision intended to limit that Exchange Notes Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective as a legal matter to protect those guarantees from being avoided under fraudulent transfer law or otherwise, or may reduce that Exchange Notes Guarantor's obligation to an amount that effectively makes its guarantee worthless.

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

Finally, as a court of equity, the bankruptcy court may otherwise subordinate the claims in respect of the Exchange Notes or the guarantees to other claims against the Issuer or the Exchange Notes Guarantors under the principle of equitable subordination, if the court determines that: (i) the holder of the Exchange Notes engaged in some type of inequitable conduct; (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the Exchange Notes; and (iii) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code.

Any future guarantee may be avoidable in bankruptcy.

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

Because each Exchange Notes Guarantor's liability under its guarantees may be reduced to zero, voided or released under certain circumstances, holders of Exchange Notes may not receive any payments from some or all of the Exchange Notes Guarantors.

Holders of Exchange Notes have the benefit of the guarantees of the Exchange Notes Guarantors. However, the guarantees by the Exchange Notes Guarantors are limited to the maximum amount that the Exchange Notes Guarantors are permitted to guarantee under applicable law.

As a result, an Exchange Notes Guarantor's liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such Exchange Notes Guarantor. Further, under the circumstances discussed more fully above, a court under federal or state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the Exchange Notes Guarantor. See "—Federal and state fraudulent transfer laws permit a court, under certain circumstances, to void the Exchange Notes and the related guarantees, and, if that occurs, you may not receive any payments on the Exchange Notes." In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under "Description of Exchange Notes—Guarantees."

The Issuer may not be able to finance a change of control offer required by the Exchange Notes Indenture.

Upon a change of control, as defined under the Exchange Notes Indenture, you will have the right to require the Issuer to offer to purchase all of the Exchange Notes then outstanding at a price equal to 101% of the principal amount of the Exchange Notes, plus accrued interest, if any, to, but excluding, the date of purchase. In order to obtain sufficient funds to pay the purchase price of the outstanding Exchange Notes, we expect that we would have to refinance the Exchange Notes. We cannot assure you that we would be able to refinance the Exchange Notes on reasonable terms, if at all. The Issuer's failure to offer to purchase all outstanding Exchange Notes or to purchase all validly tendered Exchange Notes would be an event of default under the Exchange Notes Indenture. Such an event of default may cause the acceleration of our other debt, including debt under the New First Lien Notes and the Senior Secured Credit Facilities. Our future debt, including the New First Lien Notes and the Senior Secured Credit Facilities, also may contain restrictions on repayment requirements with respect to specified events or transactions that constitute a change of control under the Exchange Notes.

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

Certain important corporate events, such as leveraged recapitalizations, may not, under the Exchange Notes Indenture, constitute a "change of control" that would require the Issuer to purchase the Exchange Notes, notwithstanding the fact that such corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Exchange Notes. Therefore, we could, in the future, enter into certain transactions, including acquisitions, reorganizations, refinancings or other recapitalizations, which would not constitute a change of control under the Exchange Notes Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

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

The definition of change of control in the Exchange Notes Indenture includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. As a result, there may be a degree of uncertainty in ascertaining whether a sale or disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries has occurred. Accordingly, the ability of a holder of Exchange Notes to require the Issuer to purchase its Exchange Notes as a result of a sale of less than all our assets to another person may be uncertain. See "Description of Exchange Notes—Repurchase at the Option of Holders—Change of Control."

An active trading market may not develop for the Exchange Notes.

We cannot assure you that an active trading market will develop for the Exchange Notes. We do not intend to apply for listing of the Exchange Notes on any securities exchange or on any automated dealer quotation system. The liquidity of, and trading market for, the Exchange Notes may also be adversely affected by, among other things:

- changes in the overall market for securities similar to the Exchange Notes;
- changes in our financial performance or prospects;
- the prospects for companies in our industry generally;
- the number of holders of the Exchange Notes;
- the interest of securities dealers in making a market for the Exchange Notes;
- the conditions of the financial markets; and
- prevailing interest rates.

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

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities that are similar to the Exchange Notes. We cannot assure you that the market, if any, for any of the Exchange Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Exchange Notes.

In addition, the trading price for the Exchange Notes could fluctuate after the Settlement Date depending on prevailing interest rates, the market for similar notes, our performance and various other factors.

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

In general, as prevailing market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you exchange the Old Notes for Exchange Notes and interest rates increase, the market value of the Exchange Notes may decline. We cannot predict the future level of interest rates.

There are restrictions on your ability to transfer or resell the Exchange Notes. Holders of the Exchange Notes will not be entitled to registration rights, and the Issuer does not intend to register the resale of the Exchange Notes and the related guarantees under applicable securities laws.

The Exchange Notes are being offered pursuant to an exemption from registration under the Securities Act and applicable state securities laws, and the Issuer does not intend to register the resale of the Exchange Notes and the related guarantees. Therefore, you may transfer or resell the Exchange Notes in the United States only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. The Issuer is not obligated to register the Exchange Notes under the Securities Act or to offer to exchange the Exchange Notes in an exchange offer registered under the Securities Act. As a result, for so long as the Exchange Notes remain outstanding, they may be transferred or resold only in transactions exempt from the registration requirements of federal and applicable state securities laws.

The Exchange Notes Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act.

The Exchange Notes Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act. Therefore, holders of the Exchange Notes will not be entitled to the benefit of the provisions and protection of the Trust Indenture Act except to the extent there are similar provisions in the Exchange Notes Indenture.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may adversely affect the market price or liquidity of the Exchange Notes.

Credit rating agencies continually revise their ratings for the companies that they follow, including us. Credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. The Exchange Notes will have a non-investment grade rating when issued. There can be no assurances that such rating will remain for any given period of time or that such rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. It is also possible that such ratings may be lowered in connection with future events. You will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Credit ratings are not recommendations to purchase, hold or sell the Exchange Notes, and may be revised or withdrawn at any time. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the Exchange Notes. If the credit rating of the Exchange Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your Exchange Notes without a substantial discount or at all.

The lenders under the New Term Loan Facility will have the discretion to release any Exchange Notes Guarantor under the New Term Loan Facility in a variety of circumstances, which will cause such Exchange Notes Guarantor to be released from its guarantee of the Exchange Notes.

While any obligations under the New Term Loan Facility remain outstanding, an Exchange Notes Guarantor's guarantee of the Exchange Notes may be released without action by, or consent of, any holder of the Exchange Notes or the Exchange Notes Trustee, at the discretion of lenders under the New Term Loan Facility, if the Exchange Notes Guarantor no longer guarantees obligations under the New Term Loan Facility or any other indebtedness. See "Description of Exchange Notes." The lenders under the New Term Loan Facility will have the discretion to release the guarantees under the New Term Loan Facility in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer an Exchange Notes Guarantor, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those non-guarantor subsidiaries will be structurally senior to claims of noteholders.

We may redeem the Exchange Notes at our option, which may adversely affect your return.

As described under "Description of Exchange Notes—Optional redemption," the Issuer may redeem the Exchange Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a make-whole premium, together with accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the Exchange Notes may be redeemed, in whole or in part, on or after June 15, 2027 at the redemption prices specified under "Description of Exchange Notes—Optional Redemption," together with accrued and unpaid interest, if any, to, but excluding, the redemption date. Furthermore, the Issuer may redeem up to 40% of the Exchange Notes before June 15, 2027 with an amount not to exceed the net cash proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Exchange Notes—Optional Redemption." The Issuer may choose to exercise these redemption rights when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Exchange Notes.

Investment funds managed by the Sponsor will hold a portion of the Exchange Notes.

As a result of the Sponsor Exchange, the Sponsor Noteholders will acquire approximately $95 million of Exchange Notes. The Sponsor Exchange is expected to be consummated substantially concurrently with, and subject to, the settlement of the Exchange Offer. The Sponsor Exchange Notes will be issued under the Exchange Notes Indenture and will be fungible with the Exchange Notes issued on the Settlement Date.

Affiliates of the Sponsor control substantially all of our equity interests and as such may have interests that differ from yours as holders of the Exchange Notes. See "—Affiliates of the Sponsor control us and their interests may conflict with our interests or those of the holders of the Exchange Notes in the future." Although the Sponsor Noteholders and any affiliates of the Sponsor that may hold the Sponsor Exchange Notes will not be entitled to vote the Sponsor Exchange Notes on amendments, waivers or other items under the Exchange Notes Indenture requiring a vote of noteholders, as their holdings will be disregarded for voting purposes, this could result in other unaffiliated holders having an outsized influence on voting, compared to their percentage ownership of the entire series. Any sales of the Sponsor Exchange Notes made by the Sponsor Noteholders and any affiliates of the Sponsor that may hold the Sponsor Exchange Notes could also have an adverse effect on the market price of the Exchange Notes.

Risks Related to the Collateral

The Priority Obligations of the Issuer and the Exchange Notes Guarantors, which are secured or will be secured by the same assets that will secure the Exchange Notes, together with any additional secured indebtedness permitted to be secured under the Senior Secured Credit

Facilities and the New First Lien Notes on a first-priority basis on the Collateral and/or a second-priority basis on the ABL Priority Collateral, will be senior to the Exchange Notes to the extent of the value of the Collateral securing such indebtedness on a first- and second-priority basis.

The Priority Obligations of the Issuer and the Exchange Notes Guarantors are secured or will be secured, subject to certain limitations and exceptions and permitted liens, by a first-priority security interest in the Collateral and/or a second-priority security interest in the ABL Priority Collateral. The Exchange Notes and the related guarantees will be secured, subject to certain limitations and exceptions and permitted liens, by a second-priority security interest in the Term Priority Collateral and a third-priority security interest in the ABL Priority Collateral. Subject to the terms of the Intercreditor Agreements, the liens on the Collateral held by the holders of the Exchange Notes will, therefore, be fully subordinated to the liens on the Collateral that will secure the Priority Obligations, together with any additional secured indebtedness permitted to be secured by a first-priority security interest in the Collateral and/or a second-priority security interest in the ABL Priority Collateral, to the extent of the value of the Collateral securing such indebtedness on a first-priority basis or a second-priority basis, as the case may be. Only when our Priority Obligations, and all other secured indebtedness permitted to be secured by a first-priority security interest in the Collateral and/or a second-priority security interest in the ABL Priority Collateral, are satisfied in full will the proceeds of such Collateral be available, subject to other permitted liens, to satisfy obligations under the Exchange Notes and the related guarantees and other indebtedness secured on a junior priority basis to the Exchange Notes.

As of February 3, 2024, after giving effect to the Transactions, the Issuer and the Exchange Notes Guarantors would have had $4,150 million of indebtedness incurred under the New Term Loan Facility and the New First Lien Notes which is secured by liens on the Collateral ranking senior to the liens securing the Exchange Notes and $548 million available for borrowing under the ABL Credit Facility secured by liens on the ABL Priority Collateral ranking senior to the liens securing the Exchange Notes. As set out in more detail under “Description of Exchange Notes,” subject to the terms of the applicable Intercreditor Agreements, the holders of the Exchange Notes will be entitled to receive all proceeds available after satisfaction of the Priority Obligations from the realization of the Collateral under certain circumstances, including upon default in payment on, or the acceleration of, any obligations under the Exchange Notes, or in the event of the Issuer’s or an Exchange Notes Guarantor’s winding up, administration, receivership, bankruptcy, insolvency, liquidation, dissolution, reorganization or similar insolvency or bankruptcy proceeding.

In addition, the Exchange Notes Indenture and the related security documents will permit the Issuer and the Exchange Notes Guarantors to create additional liens under specified circumstances, which liens, subject to the provisions of the applicable Intercreditor Agreement, may rank *pari passu* with the liens on the Collateral securing the Priority Obligations (subject to the provisions of the applicable Intercreditor Agreements) and senior to the liens on the Collateral securing the Exchange Notes and the guarantees or *pari passu* with the liens on the Collateral securing the Exchange Notes and the guarantees in certain cases. Any obligations secured by such liens may further limit the recovery from the realization of the Collateral available to satisfy holders of the Exchange Notes.

Accordingly, there may not be sufficient Collateral to pay all or any of the amounts due on the Exchange Notes. Any claim for the difference between the amount, if any, realized by holders of the Exchange Notes from the sale of the Collateral securing the Exchange Notes and the obligations under the Exchange Notes may rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables. See “Description of Exchange Notes—Collateral and Intercreditor Arrangements.”

We will in most cases have control over the Collateral, and the sale of particular assets by us could reduce the pool of assets securing the Exchange Notes and the related guarantees.

Absent the occurrence and continuance of an event of default under the Exchange Notes Indenture, the Exchange Notes Indenture and the collateral documents allow us to remain in possession of, retain exclusive control over, freely operate and collect, invest and dispose of any income from, the

Collateral securing the Exchange Notes and the related guarantees. Subject to the limitations in the Exchange Notes Indenture, we may sell or dispose of certain of our assets, which could decrease the value of the Collateral securing the Exchange Notes.

In addition, the Exchange Notes Indenture will not be qualified under, subject to, or incorporate, restate or make reference to, any provisions of the Trust Indenture Act. As a result, the Issuer will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act. Section 314(d) would otherwise have required certain appraisal and valuation actions in connection with certain releases of Collateral under the security arrangements. See "Description of Exchange Notes—Collateral and Intercreditor Arrangements."

There may not be sufficient Collateral to pay all or any of the Exchange Notes.

No appraisal of the value of the Collateral has been made in connection with the offering of the Exchange Notes and the value of the Collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. The fair value of the Collateral securing the Exchange Notes is subject to fluctuations based on factors that include, among other things, the condition of our industry, the ability to sell the Collateral in an orderly sale, general economic conditions, the availability of buyers and other factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time and the timing and the manner of the sale. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or in an orderly manner. In the event of a foreclosure, liquidation, reorganization, bankruptcy or other insolvency proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay our obligations under the Exchange Notes. In addition, in the event of any such proceeding, the ability of the holders of the Exchange Notes to realize upon any of the Collateral may be subject to bankruptcy and insolvency law limitations.

The Exchange Notes will be secured by a second-priority security interest in the Term Priority Collateral and a third-priority security interest in the ABL Priority Collateral. As a result, upon any distribution to our creditors, foreclosure, liquidation, reorganization, bankruptcy or other insolvency proceedings, or following acceleration of our indebtedness or an event of default under our indebtedness, the holders of the Exchange Notes will be entitled to be repaid from the proceeds of the Collateral only when our Priority Obligations, and all other indebtedness that is secured by the Collateral on a first-priority basis and/or secured by the ABL Priority Collateral on a second-priority basis, are satisfied in full. See "—The Priority Obligations of the Issuer and the Exchange Notes Guarantors, which are secured or will be secured by the same assets that will secure the Exchange Notes, together with any additional secured indebtedness permitted to be secured under the Senior Secured Credit Facilities and the New First Lien Notes on a first-priority basis on the Collateral and/or a second-priority basis on the ABL Priority Collateral, will be senior to the Exchange Notes to the extent of the value of the Collateral securing such indebtedness on a first- and second-priority basis."

In addition, the security interest of the Exchange Notes Collateral Agent for the Exchange Notes, will be subject to practical problems generally associated with the realization of security interests in Collateral. For example, the Exchange Notes Collateral Agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the Exchange Notes Collateral Agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Also, certain items included in the Collateral securing of the Exchange Notes, such as licenses and other permits, may not be transferable (by their terms or pursuant to applicable law) and therefore the Exchange Notes Collateral Agent, may not have the ability to foreclose upon those assets and the value of the Collateral securing the Exchange Notes may significantly decrease.

Not all of the Issuer's and the Exchange Notes Guarantors' assets secure the Exchange Notes.

The Exchange Notes will be effectively subordinated to any obligations secured by certain permitted liens and any assets that are not part of the Collateral, in each case to the extent of the value of such assets. In particular, certain categories of assets are excluded from the Collateral, as described under "Description of Exchange Notes—Collateral and Intercreditor Arrangements," including all real property and other assets specifically excluded as "Excluded Assets." Accordingly, the value of the Collateral (or the Collateral in which the holders have a perfected security interest) may be significantly less than the value of the secured obligations. The value of the excluded assets is significant. In certain circumstances, the excluded assets may also be pledged to other lenders.

The Issuer and the Exchange Notes Guarantors will also not be required to take steps to perfect liens on certain assets, including any future acquired real property, certain investment property below a monetary threshold, proceeds of certain escrow accounts and other exceptions. In addition, the Exchange Notes Indenture will permit liens in favor of third parties to secure additional debt under certain circumstances, including purchase money debt. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay the Issuer's and the Exchange Notes Guarantors' obligations under the Exchange Notes.

There are circumstances other than repayment or discharge of the Exchange Notes under which the Collateral securing the Exchange Notes and the related guarantees will be released automatically, without the consent of the holders of the Exchange Notes or the Exchange Notes Trustee.

Under various circumstances, Collateral securing the Exchange Notes will be released automatically, including:

- a sale, transfer or other disposal of such Collateral in a transaction not prohibited under the Exchange Notes Indenture;
- with respect to Collateral held by an Exchange Notes Guarantor, upon the release of such Guarantor from its guarantee; and
- with respect to Collateral that is capital stock upon the dissolution of the Issuer of such capital stock in accordance with the Exchange Notes Indenture.

In addition, the guarantee of an Exchange Notes Guarantor will be automatically released in connection with a sale of such Exchange Notes Guarantor in a transaction not prohibited by the Exchange Notes Indenture. The Exchange Notes Indenture will also permit the Issuer to designate one or more of the Issuer's restricted subsidiaries that is an Exchange Notes Guarantor as an unrestricted subsidiary. If the Issuer designates an Exchange Notes Guarantor as an unrestricted subsidiary for purposes of the Exchange Notes Indenture, all of the liens on any Collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Exchange Notes by any such subsidiary or any of its subsidiaries will be released under the Exchange Notes Indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the Collateral securing the Exchange Notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

Additionally, the Collateral securing the Exchange Notes will be automatically released with respect to all of the Collateral from the first date when the Exchange Notes are rated investment grade, subject to no default or event of default having occurred and continuing under Exchange Notes Indenture.

See “Description of Exchange Notes—Collateral and Intercreditor Arrangements—Release of Liens.”

The rights of holders of Exchange Notes to the Collateral will be governed, and materially limited, by the intercreditor and security agreements.

The Pari Passu Intercreditor Agreement will set forth the relative rights of, and relationship among, the collateral agent for the New First Lien Notes (the “New First Lien Secured Notes Collateral Agent”), the trustee under the indenture for the New First Lien Notes (the “New First Lien Notes Trustee”), the holders of the New First Lien Notes, the administrative agent for the New Term Loan Facility (the “Term Loan Administrative Agent”), the collateral agent for the New Term Loan Facility (the “Term Loan Collateral Agent” and, together with the Term Loan Administrative Agent, the “Term Loan Agents”), and the lenders under the New Term Loan Facility and the applicable representatives of the holders under any other future parity lien indebtedness in respect of the exercise of rights and remedies against the Issuer and the Exchange Notes Guarantors. The ABL Intercreditor Agreement will set forth the relative priorities of the liens on the collateral securing the New First Lien Notes, the New Term Loan Facility, the Exchange Notes and other future indebtedness permitted to be secured by a first-priority security interest or a second-priority security interest in the Term Priority Collateral (collectively, the “Term Priority Obligations”), on the one hand, and the ABL Credit Facility, on the other hand, and the relative rights of, and relationship among, the New First Lien Secured Notes Collateral Agent, the New First Lien Notes Trustee, the holders of the New First Lien Notes, the Term Loan Agents, the lenders under the New Term Loan Facility, the Exchange Notes Collateral Agent, the Exchange Notes Trustee, the holders of the Exchange Notes and the applicable representative of the holders and the holders under any other future indebtedness permitted to be secured by a first-priority security interest or a second-priority security interest in the Term Priority Collateral, on the one hand, and the ABL Agent, on the other hand, to enforce such liens. The Junior Lien Intercreditor Agreement will set forth the relative rights of, and relationship among, the New First Lien Secured Notes Collateral Agent, the Exchange Notes Collateral Agent, the New First Lien Notes Trustee, the Exchange Notes Trustee, the holders of the New First Lien Notes, the holders of the Exchange Notes, the Term Loan Agents, the lenders under the New Term Loan Facility and the applicable representatives of the holders under any other future indebtedness permitted to be secured by a first-priority security interest or a second-priority security interest in the Term Priority Collateral in respect of the exercise of rights and remedies against the Issuer and the Exchange Notes Guarantors. Under the terms of the ABL Intercreditor Agreement, (i) the liens on the ABL Priority Collateral securing the obligations under the ABL Credit Facility, together with any other obligations permitted to be secured by the ABL Priority Collateral on a first-priority basis, will rank senior to the liens on such ABL Priority Collateral securing the Issuer’s and the Exchange Notes Guarantors’ obligations under the New Term Loan Facility and the related guarantees, the New First Lien Notes and the related guarantees, and the Exchange Notes and the related guarantees and (ii) the liens on the Term Priority Collateral securing the obligations under the New Term Loan Facility and the related guarantees, the New First lien Notes and the related guarantees, and the Exchange Notes and the related guarantees, together with any other obligations permitted to be secured by the Term Priority Collateral on a senior basis, will rank senior to the liens on such Term Priority Collateral securing the Issuer’s and the Exchange Notes Guarantors’ obligations under the ABL Credit Facility.

Under the terms of the ABL Intercreditor Agreement, any actions that may be taken in the exercise of rights and remedies in respect of the ABL Priority Collateral (including the commencement and continuation of enforcement proceedings with respect to the ABL Priority Collateral, controlling the conduct of such proceedings and, in connection therewith, approving releases of the ABL Priority Collateral) will be taken by the ABL Agent at the direction of the lenders under the ABL Credit Facility. The ABL Intercreditor Agreement will also provide that the obligations under the ABL Credit Facility (or any replacement facilities), together with any other obligations permitted to be secured by the ABL Priority Collateral on a first-priority basis (including post-petition interest, fees and expenses, whether or not allowed or allowable in any bankruptcy case), will be paid with the proceeds of the ABL Priority Collateral prior to the obligations under the New Term Loan Facility and the related guarantees, the New First Lien Notes and the related guarantees, and the Exchange Notes and related guarantees in certain circumstances, including in the event of any foreclosure by the lenders under the ABL Credit Facility or a

bankruptcy event. The ABL Intercreditor Agreement will further provide that, under certain circumstances, the holders of the Exchange Notes would be required to turn over to the holders of obligations under the ABL Credit Facility certain amounts they receive from the Issuer with respect to the ABL Priority Collateral. In connection with the exercise of the rights and remedies against the ABL Priority Collateral, any release by the lenders under the ABL Credit Facility of the ABL Priority Collateral (other than a termination of the ABL Credit Facility or a release of all the ABL Priority Collateral) will also release the third-priority lien securing the Exchange Notes on the same collateral without any further action by the Exchange Notes Trustee, the Exchange Notes Collateral Agent or the holders of the Exchange Notes. The ABL Intercreditor Agreement will provide that the holders of the Exchange Notes will agree to waive certain of their rights and not to take various actions or raise certain objections relating to such ABL Priority Collateral in connection with a bankruptcy or insolvency proceeding involving the Issuer or any Exchange Notes Guarantor.

Pursuant to the ABL Intercreditor Agreement, the New First Lien Secured Notes Collateral Agent, the New First Lien Notes Trustee, the holders of the New First Lien Notes, the Term Loan Agents, the lenders under the New Term Loan Facility, the Exchange Notes Collateral Agent, the Exchange Notes Trustee and the holders of the Exchange Notes will agree not to contest, protest or object to any foreclosure proceedings or action brought by the lenders or the ABL Agent under the ABL Credit Facility or the exercise of rights and remedies relating to any ABL Priority Collateral.

Pursuant to the Junior Lien Intercreditor Agreement, to the extent Collateral is released from the liens securing the New Term Loan Facility, the New First Lien Notes and the other Term Priority Obligations that rank senior to the Exchange Notes in connection with any sale or other disposition thereof permitted by the applicable Financing Documents, or in connection with the exercise of remedies by the applicable collateral agent, the liens on the Collateral securing the Exchange Notes will also be released. In addition, the security documents related to the Exchange Notes and the Junior Lien Intercreditor Agreement will generally provide that, so long as the New Term Loan Facility, the New First Lien Notes and the other Term Priority Obligations that rank senior to the Exchange Notes are in effect, the holders of the New Term Loan Facility, the New First Lien Notes and the other Term Priority Obligations that rank senior to the Exchange Notes may change, waive, modify or vary the security documents governing such first-priority liens without the consent of the holders of the Exchange Notes (except under certain limited circumstances) and that the security documents governing the debt secured by junior priority liens will be automatically changed, waived and modified in the same manner (subject to certain limitations and exceptions). Further, the security documents that will govern the Exchange Notes may not be amended in certain circumstances without the consent of the collateral agents for the New Term Loan Facility, the New First Lien Notes and the other Term Priority Obligations that rank senior to the Exchange Notes until the New Term Loan Facility, the New First Lien Notes and the other Term Priority Obligations that rank senior to the Exchange Notes are paid in full. The Junior Lien Intercreditor Agreement will prohibit the Exchange Notes Collateral Agent, the Exchange Notes Trustee and the holders of the Exchange Notes, from foreclosing on the Collateral until payment in full of the Term Priority Obligations that rank senior to the Exchange Notes except in certain circumstances. The Junior Lien Intercreditor Agreement will also contain a variety of provisions prohibiting the Exchange Notes Collateral Agent, the Exchange Notes Trustee and the holders of the Exchange Notes from objecting following the filing of a bankruptcy petition to a number of important matters regarding the Collateral or otherwise limiting their ability to move for certain relief or to take various other actions in any such bankruptcy or insolvency proceeding with respect to the Collateral.

Under these circumstances, the Exchange Notes Collateral Agent on behalf of the holders of the Exchange Notes, with limited exceptions, will not have the ability to control or direct these actions, even if the rights of the holders of the Exchange Notes are adversely affected, and may not be able to act quickly, or at all, to have the Exchange Notes Collateral Agent realize on the Collateral. See “Description of Exchange Notes—Collateral and Intercreditor Arrangements.”

The imposition of certain permitted liens could materially and adversely affect the value of the Collateral securing the Exchange Notes.

The Collateral securing the Exchange Notes will be subject to liens permitted under the terms of Exchange Notes Indenture, New First Lien Notes Indenture and the New Term Loan Credit Agreement, whether arising on or after the date the Exchange Notes are issued. The existence of any permitted liens could materially adversely affect the value of the Collateral that could be realized by the holders of the Exchange Notes as well as the ability of the Exchange Notes Collateral Agent to realize or foreclose on such Collateral. The Collateral securing the Exchange Notes may also secure future indebtedness and other obligations of ours on a basis senior to the security interests in respect of the Exchange Notes, to the extent permitted by the Financing Documents and the collateral documents, and, as a result, your rights to the Collateral would be diluted by an increase in the indebtedness secured on a basis senior to the security interests in respect of the Exchange Notes, by the Collateral securing the Exchange Notes.

The value of the Collateral securing the Exchange Notes may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceedings against us, holders of the Exchange Notes will only be entitled to post-petition interest under the Bankruptcy Code to the extent that the value of their security interest in the Collateral is greater than their pre-bankruptcy claim. Holders of the Exchange Notes that have a security interest in Collateral with a value equal or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the Bankruptcy Code. No appraisal of the fair market value of the Collateral has been prepared in connection with the Exchange Offer and we therefore cannot assure you that the value of the Noteholders' interest in the Collateral equals or exceeds the principal amount of the Exchange Notes. See "—There may not be sufficient Collateral to pay all or any of the Exchange Notes."

The rights of holders of the Exchange Notes in the Collateral may be adversely affected by the failure to perfect security interests in certain Collateral in the future.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral securing the Exchange Notes may not be perfected with respect to the claims of the Exchange Notes if the Exchange Notes Collateral Agent or its designee or predecessor is not able to take the actions necessary to perfect any of these liens on or prior to the date of the Exchange Notes Indenture. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certification and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The Issuer and the Exchange Notes Guarantors have limited obligations to perfect Noteholders' security interest in specified Collateral. There can be no assurance that the Exchange Notes Trustee or the Exchange Notes Collateral Agent will monitor, or that we will inform the Exchange Notes Trustee or the Exchange Notes Collateral Agent of, the future acquisition of property and rights that constitute Collateral. Neither the Exchange Notes Trustee nor the Exchange Notes Collateral Agent has any obligation to monitor the acquisition of additional property or rights that constitute Collateral or monitor the perfection of, or make any filings to perfect or maintain the perfection of any security interest. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Exchange Notes against third parties.

If the Issuer or any Exchange Notes Guarantor were to become subject to a bankruptcy proceeding, any liens recorded or perfected or any mortgages delivered after the Settlement Date would face greater risk of being invalidated than if they had been recorded, perfected or delivered on the Settlement Date. Liens recorded or perfected or any mortgages delivered after the Settlement Date may be treated under bankruptcy law as if they were delivered to secure previously existing indebtedness. In bankruptcy proceedings commenced within 90 days of lien perfection or mortgage delivery, a lien or mortgage given to secure a previously existing debt is significantly more likely to be avoided as a preference by the bankruptcy court than if delivered and promptly recorded on the Settlement Date.

Accordingly, if the Issuer or an Exchange Notes Guarantor were to file for bankruptcy protection after the Settlement Date and the liens had been perfected or the mortgages had been delivered less than 90 days before commencement of such bankruptcy proceedings, or not yet perfected or delivered at all, the liens or mortgages securing the Exchange Notes may be especially subject to challenge as a result of having not been perfected or delivered before the Settlement Date. To the extent that such challenge succeeded, you would lose the benefit of the security that the Collateral was intended to provide.

In addition, the security interest of the Exchange Notes Collateral Agent will be subject to practical challenges generally associated with the realization of security interests in Collateral. For example, the Exchange Notes Collateral Agent may need to obtain the consent of third parties and make additional filings. If we are unable to obtain these consents or make these filings, the security interests may be invalid and the holders will not be entitled to the Collateral or any recovery with respect thereto. We cannot assure you that the Exchange Notes Collateral Agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Exchange Notes Collateral Agent may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

Furthermore, we cannot guarantee that lien searches on the Collateral that will secure the Exchange Notes will reveal any or all existing liens on such Collateral. Any such existing lien, including undiscovered liens, could be significant, could be prior in ranking to the liens securing the Exchange Notes and could have an adverse effect on the ability of the Exchange Notes Collateral Agent for the Exchange Notes to realize or foreclose upon the Collateral securing the Exchange Notes.

The Collateral is subject to casualty risks.

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the pledged Collateral the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the Exchange Notes and the related guarantees.

In the event of our bankruptcy, the ability of the holders of the Exchange Notes to realize upon the Collateral will be subject to certain bankruptcy law and other limitations.

The ability of holders of the Exchange Notes to realize upon the Collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such a debtor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.”

The meaning of the term “adequate protection” may vary according to the circumstances, but is intended generally to protect the value of the secured creditor’s interest in the collateral with the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the court, in its discretion, determines that a diminution in the value of the collateral occurs as a result of the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term “adequate protection” and the broad discretionary, power of a bankruptcy court, it is impossible to predict:

- how long payments under the Exchange Notes could be delayed following commencement of a bankruptcy case;

- whether or when the Exchange Notes Collateral Agent could repossess or dispose of the Collateral;
- the value of the Collateral at the time of the bankruptcy petition; or
- whether or to what extent holders of the Exchange Notes would be compensated for any delay in payment or loss of value of the Collateral through the requirement of "adequate protection."

Any disposition of the Collateral during a bankruptcy case would also require permission from the bankruptcy court. Furthermore, in the event a bankruptcy court determines the value of the Collateral is not sufficient to repay all amounts due on debt which is to be repaid first out of the proceeds of Collateral, the holders of the Exchange Notes would hold a secured claim to the extent of the value of such Collateral to which the holders of the Exchange Notes are entitled and unsecured claims with respect to such shortfall. The bankruptcy code only permits the payment and accrual of post-petition interest, costs and attorney's fees to a secured creditor during a debtor's bankruptcy case to the extent the value of its Collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the Collateral. Finally, under the Intercreditor Agreements, the holders of the Exchange Notes will waive a significant number of rights ordinarily accruing to secured creditors in bankruptcy. See "Description of Exchange Notes—Collateral and Intercreditor Arrangements."

Risks Related to Participating in the Exchange Offer and Consent Solicitation

To the extent that a holder of Old Notes exchanges Old Notes for Exchange Notes with a later maturity, such holder may increase its risk that the Issuer will be unable to repay or refinance the Exchange Notes when they mature.

Holders of Old Notes are being offered Exchange Notes with a later maturity than the Old Notes they presently hold. Eligible Holders that tender their Old Notes and whose tender is accepted for exchange will be exposed to the risk of nonpayment on the Exchange Notes they will hold for a longer period of time than non-tendering Eligible Holders or those Eligible Holders whose Old Notes were not accepted for exchange. For instance, following the maturity date of the Old Notes, but prior to the maturity date of Exchange Notes, the Issuer may become subject to incremental liquidity constraints. If the Issuer is unable to repay or refinance the Exchange Notes when they mature, there is a risk that the Eligible Holders of Old Notes that did opt to participate in the Exchange Offer and whose Old Notes were accepted for exchange would not be paid in full, whereas Eligible Holders of Old Notes that opted not to participate in the Exchange Offer (or whose Old Notes were not accepted for exchange) may have been paid in full.

The Exchange Offer and Consent Solicitation may be cancelled, delayed or changed.

The Exchange Offer and Consent Solicitation is subject to the satisfaction or, if permitted, waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation." The Issuer reserves the right, in its sole discretion, to amend the terms of the Exchange Offer and Consent Solicitation, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law. The Issuer may also amend the Exchange Offer and Consent Solicitation, including the conditions thereto, for any reason, subject to applicable law. Depending on the materiality of the change, the Issuer may not be required to extend the Early Exchange Time, the Expiration Time or the Withdrawal Deadline with respect to the Exchange Offer following the announcement of such change. In addition, the Issuer may terminate the Exchange Offer and Consent Solicitation if any of the conditions to the Exchange Offer and Consent Solicitation are not satisfied or, if permitted, waived by the date the Exchange Offer and Consent Solicitation expire. While Eligible Holders who have expressed their intention to participate in the Exchange Offer collectively hold a majority of the aggregate outstanding principal amount of the Old Notes (excluding Old Notes held by the Sponsor Noteholders) as of the date of this Offering Memorandum), there can be no assurance that the Exchange

Offer and Consent Solicitation will be consummated. If the Exchange Offer is not completed or is delayed, the market price of the Old Notes may decline to the extent that the current market price reflects an assumption that the Exchange Offer has been or will be completed. Moreover, if the Exchange Offer and Consent Solicitation are not consummated, approximately $950 million in aggregate principal amount of the Old Notes will become due on April 15, 2027 (the “Old Notes maturity date”). If we are unable to pay such amount on the Old Notes maturity date, it could result in an event of default under the Old Notes Indenture. Moreover, the occurrence of an event of default under the Old Notes Indenture could result in an event of default under our other indebtedness, including the credit agreements relating to the Senior Secured Credit Facilities and the indenture that will govern the New First Lien Notes and the Exchange Notes Indenture. See “—Risks Related to Our Indebtedness and the Exchange Notes—Repayment of the Issuer’s debt, including required principal and interest payments on the Exchange Notes, is dependent on cash flow generated by its subsidiaries, which may be subject to limitations beyond its control.”

You should not tender any Old Notes that you do not wish to have accepted for exchange.

Old Notes tendered in the Exchange Offer may be validly withdrawn at any time prior to the Withdrawal Deadline with respect to the Exchange Offer (5:00 P.M., New York City time, on May 22, 2024, unless extended in our sole discretion), but not thereafter. If an Eligible Holder validly withdraws its tendered Old Notes prior to the Withdrawal Deadline, such Eligible Holder will be deemed to have revoked its Consent and may not deliver a subsequent Consent without re-tendering its Old Notes. After the applicable Withdrawal Deadline, Old Notes tendered at or prior to the Expiration Time (whether tendered prior to, at, or after the Withdrawal Deadline) will be irrevocable, except where additional withdrawal rights are required by law.

You may not receive Exchange Notes in the Exchange Offer if the procedures for the Exchange Offer and Consent Solicitation are not followed.

Subject to the terms and conditions of the Exchange Offer, the Issuer will issue Exchange Notes in exchange for your Old Notes only if you validly tender and do not validly withdraw the Old Notes in compliance with the procedures described under “Procedures for Tendering Old Notes and Delivering Consents.” Eligible Holders of Old Notes are responsible for complying with all the procedures of the Exchange Offer and Consent Solicitation. Tenders made in compliance with procedures or instructions that are inconsistent with those stated in this Offering Memorandum (or a supplement or amendment thereto provided by the Issuer), regardless of who provides such procedures or instructions, will not be deemed valid tenders (unless we waive such compliance in our sole discretion). Eligible Holders of Old Notes that wish to exchange them for Exchange Notes should allow sufficient time for timely completion of the exchange procedures. The Issuer is not obligated to extend the Exchange Offer. None of the Exchange Agent, the Information Agent, the Dealer Managers or the Issuer is under any duty to give notification of defects or irregularities with respect to the tenders of Old Notes for exchange or to extend any of the applicable deadlines. If you are a beneficial owner of Old Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the Exchange Offers, you should promptly contact the party in whose name your Old Notes are registered and instruct that party to tender your Old Notes on your behalf. In addition, delivery of Exchange Notes in exchange for Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of the Agent’s Message (as defined below). See “Procedures for Tendering Old Notes and Delivering Consents.”

If you are the beneficial owner of Old Notes that are held through DTC, in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the Exchange Offer, you should promptly contact the person in whose name your Old Notes are held and instruct that person to tender your Old Notes on your behalf. Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee or custodian may establish their own earlier deadlines for participation in the Exchange Offer and Consent Solicitation. Accordingly, beneficial owners wishing to participate in the Exchange Offer and Consent Solicitation should contact their broker, dealer, commercial bank, trust company or other nominee or custodian as soon as possible in order to

determine the times by which such owner must take action in order to participate in the Exchange Offer and Consent Solicitation.

The Exchange Notes will initially be held in book-entry form and, therefore, holders must rely on the procedures of the relevant clearing systems to exercise their rights and remedies.

Unless and until certificated notes are issued in exchange for book-entry interests in the Exchange Notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, DTC, or its nominee, will be the sole holder of the Exchange Notes. Payments of principal, interest and other amounts owing on or in respect of the Exchange Notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to the accounts of DTC participants that hold book-entry interests in the Exchange Notes in global form and credited by such participants to indirect participants. Unlike holders of the Exchange Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Exchange Notes. Instead, if a holder owns a book-entry interest, such holder will be permitted to act only to the extent such holder has received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure holders that the procedures implemented for the granting of such proxies will be sufficient to enable holders to vote on any requested actions on a timely basis.

We may repurchase any Old Notes that are not tendered or accepted for exchange in the Exchange Offer in future transactions on terms that are more favorable to the holders of the Old Notes than the terms of the Exchange Offer and may incur additional secured indebtedness to finance such repurchases.

While the Exchange Notes Indenture is expected to restrict the Issuer's ability to redeem Old Notes that remain outstanding following the consummation of the Exchange Offer and the Sponsor Exchange prior to January 15, 2027, we and our affiliates may, to the extent permitted by applicable law and certain restrictive covenants in the agreements governing our indebtedness, from time to time after the Expiration Time of the Exchange Offer, purchase additional Old Notes in the open market, in privately negotiated transactions, through subsequent tender or exchange offers or otherwise. Any such purchases, tenders, exchanges or redemptions may be made on the same terms or on terms that are more or less favorable to holders of the Old Notes than the terms of the Exchange Offer. Any future purchases, exchanges or redemptions by us and our affiliates will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we and our affiliates may choose to pursue in the future. In addition, we may issue additional Exchange Notes or incur secured indebtedness in connection with the financing of such transactions.

The exchange ratios for the Exchange Notes in the Exchange Offer do not reflect any independent valuation of the Old Notes or the Exchange Notes.

We have not obtained or requested a fairness opinion from any banking or other firm as to the fairness of the exchange ratios or the relative values of the Old Notes. If you tender your Old Notes after the Early Exchange Time, you may receive less value than if you keep such Old Notes. We cannot assure you that you will receive more or as much value if you tender your Old Notes than if you choose to keep them. Additionally, if you tender your Old Notes after the Early Exchange Time, there will be a reduction in the aggregate principal amount of debt owed to you.

None of the Issuer, the Dealer Managers, the Exchange Agent, the Information Agent, the Old Notes Trustee, the Exchange Notes Trustee, the Exchange Notes Collateral Agent or any affiliate of any of the foregoing makes any recommendation as to whether any holder of Old Notes should tender or refrain from tendering all or any portion of the principal amount of such holder's Old Notes for Exchange Notes in the Exchange Offer. No party has been authorized by any of the Issuer, the Dealer Managers, the Exchange Agent, the Information Agent, the Old Notes Trustee, the Exchange Notes Trustee, the Exchange Notes Collateral Agent or any affiliate of any of the foregoing to make such a recommendation.

You must make your own decision whether to tender Old Notes in the Exchange Offer and, if so, the amount of Old Notes as to which such action is to be taken.

Holders of Old Notes that participate in the Exchange Offer will release and waive any and all claims such holders might otherwise have against us in connection with the Old Notes or related Old Notes Indenture (regardless of whether or not such Old Note is accepted in the Exchange Offer). Upon consummation of the Exchange Offer, such holders will lose their rights under such Old Notes or related Old Notes Indenture.

Tendering of an Old Note in the Exchange Offer will constitute a release and waiver by the holder (regardless of whether or not such Old Note is accepted in such the Exchange Offer) of any claims such holder might have against us in connection with the Old Note or related Old Notes Indenture. Once the Withdrawal Deadline has passed, holders that have tendered and not validly withdrawn their Old Notes will not be able to revoke their waiver.

If you tender Old Notes and your Old Notes are accepted for exchange pursuant to the Exchange Offer, you will lose all of your rights as a holder of the exchanged Old Notes, including, without limitation, your right to future interest and principal payments with respect to the exchanged Old Notes.

We may recognize cancellation of indebtedness ("COD") income as a result of the consummation of the Exchange Offer.

If the Exchange is not treated as a recapitalization for U.S. federal income tax purposes, we may recognize COD income upon or as a result of the consummation of the Exchange Offer. As discussed below under "Certain U.S. Federal Income Tax Considerations," the issue price for U.S. federal income tax purposes of the Exchange Notes is uncertain and will depend in part on whether the Exchange Notes are treated as "publicly traded" for U.S. federal income tax purposes and if not, whether the Old Notes are treated as "publicly traded" for U.S. federal income tax purposes. Because the amount of COD income for U.S. federal income tax purposes to be recognized by us will depend in part on the fair market value and/or the issue price of the Exchange Notes to be issued on the Settlement Date and/or on the amount of cash paid pursuant to the First Option Consideration, the precise amount of such COD income, if any, resulting from the exchange of the Old Notes for the Exchange Notes and/or cash cannot be determined prior to the Settlement Date. Similarly, if there is any COD income with respect to any Old Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange as a result of the Proposed Amendments, the amount of such COD income would be determined by reference to the trading prices of such notes.

We generally anticipate that any taxable COD income for U.S. federal income tax purposes that we recognize in the Exchange Offer will be offset, at least in part, by our existing net operating losses ("NOL") carryforwards and certain other tax attributes. However, to the extent that our existing and available NOL carryforwards and other tax attributes are not sufficient to offset fully any COD income, we may incur a cash tax liability from such COD income.

The Exchange Notes may be treated as issued with original issue discount for U.S. federal income tax purposes.

The Exchange Notes may be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes if the stated redemption price at maturity exceeds the "issue price" by an amount greater than a statutorily defined de minimis amount. In such case, a holder of Exchange Notes that is subject to U.S. federal income taxation will be required to include the OID on the Exchange Notes in gross income as it accrues on a constant yield basis for U.S. federal income tax purposes, in advance of the receipt of cash payments to which such OID is attributable and regardless of such holder's regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations—Ownership of the Exchange Notes by U.S. Holders—OID."

The tax consequences with respect to the Exchange Offer and the ownership of the Exchange Notes are complex.

The tax consequences with respect to the Exchange Offer and the ownership of the Exchange Notes are complex. Certain aspects are discussed in more detail in "Certain U.S. Federal Income Tax Considerations." Holders are encouraged to consult their own tax advisors regarding the tax consequences of the Exchange Offer and the ownership of the Exchange Notes.

The Exchange Offer and Consent Solicitation may divert the attention of our management team from its other responsibilities.

The Exchange Offer and Consent Solicitation may cause our management team to focus its time and energies on matters related to the consummation of the Exchange Offer, which would otherwise be directed to the business and operations of the Issuer. Any such diversion on the part of management, if significant, could affect our ability to operate our business or execute our strategy and adversely affect the business and results of operations of the Issuer.

Risks Related to Holders of Old Notes Not Tendered in the Exchange Offer

If we receive the Requisite Consents, the Old Notes Indenture, as supplemented by the Old Notes Supplemental Indenture, will afford reduced protection to remaining holders of Old Notes.

If the Proposed Amendments with respect to the Old Notes become effective and operative, any Old Notes that are not validly tendered (and, if applicable, not validly withdrawn) and accepted pursuant to the Exchange Offer or exchanged in the Sponsor Exchange and that remain outstanding immediately following the consummation of the Exchange Offer and Consent Solicitation will be subject to the terms of the Old Notes Indenture as supplemented by the Old Notes Supplemental Indenture. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes.

If the Proposed Amendments are adopted, each non-exchanging holder of the Old Notes will be bound by the Proposed Amendments even if that holder did not consent to the Proposed Amendments. The elimination or modification of the covenants and other provisions in the Old Notes Indenture contemplated by the Proposed Amendments will permit the Issuer and its subsidiaries to take certain actions previously prohibited that could increase the credit risks with respect to the Issuer, as well as adversely affect the liquidity, market price and price volatility of the Old Notes or otherwise be adverse to the interests of the holders of the Old Notes. See "Proposed Amendments."

If we receive the Requisite Consents and the Proposed Amendments become effective and operative, claims regarding the Old Notes remaining outstanding following the consummation of the Exchange Offer will be effectively subordinated to claims with respect to our secured indebtedness, including the Exchange Notes.

The unsecured nature of the claims of the Old Notes could materially and adversely affect the value of Old Notes remaining outstanding following the consummation of the Exchange Offer, in the event of a bankruptcy, liquidation or insolvency of the Issuer, to the extent of such holder's recovery. The Exchange Notes will be secured by liens on the Collateral (as described under "Description of Exchange Notes —Security"), but the Old Notes will remain unsecured. As a result, the Old Notes will be effectively subordinated to our secured indebtedness, including the Exchange Notes as well as the New First Lien Notes and the Senior Secured Facilities. In the event of our bankruptcy, liquidation or insolvency, it is possible that our unpledged assets will be insufficient to satisfy the claims of the Old Notes and our other unsecured indebtedness remaining outstanding following the consummation of the Exchange Offer.

During the pendency of the Exchange Offer, it is likely that the market prices of the Old Notes will be volatile.

Holders of Old Notes may terminate all or a portion of any hedging arrangements they have entered into in respect of their Old Notes, which may lead to increased purchase activity by or on behalf of such holders during the Exchange Offer. In addition, holders wishing to exchange their Old Notes in the Exchange Offer may seek to establish hedging positions with respect to the Exchange Notes, which may lead to increased selling activity by or on behalf of such holders during the Exchange Offer. Such purchase or selling activity may lead to unusually high trading volumes during the period of the Exchange Offer.

The liquidity of the Old Notes that are not exchanged will be reduced.

The current trading market for the Old Notes is limited. Upon consummation of the Exchange Offer, the trading market for unexchanged Old Notes will become even more limited and could cease to exist due to the reduction in the amount of such Old Notes outstanding. A more limited trading market might adversely affect the liquidity, market price and price volatility of these securities. If a market for unexchanged Old Notes exists or develops following the consummation of the Exchange Offer, these securities may trade at a discount to the price at which the securities would trade if the amount outstanding were not reduced, depending on prevailing interest rates, the market for similar securities and other factors. In addition, if the Proposed Amendments with respect to the Old Notes become effective and operative, any Old Notes remaining outstanding following the consummation of the Exchange Offer will be effectively subordinated to claims with respect to the Exchange Notes to the extent of the value of the Collateral, which may also cause the trading market for unexchanged Old Notes to become more limited. There can be no assurance that an active market in the unexchanged Old Notes will exist, develop or be maintained, or as to the prices at which the unexchanged Old Notes may be traded.

If we consummate the Exchange Offer and Consent Solicitation, existing ratings for our Old Notes remaining outstanding following consummation of the Exchange Offer and Consent Solicitation may not be maintained.

We cannot assure you that, as a result of the Exchange Offer and Consent Solicitation, the rating agencies will not downgrade or negatively comment upon the ratings for our Old Notes that will remain outstanding following consummation of the Exchange Offer, the Consent Solicitation and the Sponsor Exchange. Any downgrade or negative comment would likely adversely affect the market price of the Old Notes and may adversely impact our ability to access the debt capital markets or obtain loans.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the Exchange Notes in connection with the Exchange Offer. Any Old Notes acquired in the Exchange Offer will be retired and cancelled.

We will not receive any cash proceeds from the issuance of the Sponsor Exchange Notes.

For a description of the use of proceeds from the Transactions, see “Offering Memorandum Summary—Recent Developments and Concurrent Transactions” and “Capitalization.”

Unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds from the Divestment.

Capitalization

The Transactions are expected to result in a substantial recapitalization of the Issuer. The following table sets forth the Issuer's consolidated cash and cash equivalents and capitalization as of February 3, 2024 on:

- an actual basis; and
- an as adjusted basis, after giving effect to the Transactions, assuming that: (i) the Exchange Offer is consummated on the Settlement Date and all outstanding Old Notes (other than Old Notes held by the Sponsor Noteholders) are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration; (ii) the Sponsor Exchange is consummated on the Settlement Date; (iii) the Issuer enters into the ABL Credit Facility Amendment on or prior to the Settlement Date; (iv) the Issuer incurs $4,150 million in aggregate principal amount of new first lien secured indebtedness upon consummation of the New First Lien Financing Transactions (all of which is outstanding on the Settlement Date); (v) the Issuer effectuates the ABL Drawdown on or prior to the Settlement Date; (vi) the Divestment is consummated after the Settlement Date; and (vii) the Issuer uses the net proceeds from the First Lien Financing Transactions, together with the ABL Drawdown and cash on hand, to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation.

The consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing term loan facility and the Old Secured Notes and pay related fees, costs and expenses. As of the date of this Offering Memorandum, we have yet to agree to the final terms of or enter into definitive documentation for the New Term Loan Facility or the New First Lien Notes. All terms of the New First Lien Notes and the New Term Loan Facility are subject to continuing negotiation and could change.

No assurances can be given that entry into the New Term Loan Facility or issuance of the New First Lien Notes will be consummated in the amount assumed above, on the terms described herein, or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes— The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." If consummated, the Issuer may complete the ABL Drawdown, enter into the New Term Loan Facility and issue the New First Lien Notes prior to the Settlement Date, which is assumed above, resulting in incremental borrowing and other costs. See "Risk Factors—Risks Related to our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments." In addition, there can be no assurance as to the final aggregate principal amount of outstanding Old Notes that will be validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange pursuant to the Exchange Offer or whether Eligible Holders will select the First Option Consideration or the Second Option Consideration if they validly tender (and do not validly withdraw) Old Notes at or prior to the Early Exchange Time. See "Risk Factors— Risks Related to Participating in the Exchange Offer and Consent Solicitation—The Exchange Offer and Consent Solicitation may be cancelled, delayed or changed."

Indebtedness and total stockholders' deficit balances set forth below are stated without giving effect to deferred financing costs. The information in this table should be read in conjunction with "Summary Historical Financial Information" and "Description of Certain Other Indebtedness" and our historical consolidated financial statements and the related notes included in this Offering Memorandum. Actual amounts may vary from as adjusted amounts set forth below depending on several factors, including the participation levels in the Exchange Offer. The as adjusted information set forth below may not reflect our cash, debt and capitalization in the future. See "Special Note Regarding Forward-Looking Statements."

If the Divestment is consummated on or prior to the date the Issuer effectuates the Existing First Lien Paydown, the Issuer may determine not to effectuate the ABL Drawdown (or use cash on hand) and instead may allocate all or a portion of the net proceeds from the Divestment for the uses described in clause (vii) above. The consummation of the Exchange Offer is not contingent on the consummation of the Divestment and the consummation of the Divestment is not contingent on the consummation of the Exchange Offer. Unless otherwise stated or the context otherwise requires, the information set forth herein does not give effect to the use of proceeds from the Divestment. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—Sale of DEX Business."

	As of February 3, 2024	
	Actual	**As Adjusted[1]**
	($ in millions)	
Cash and cash equivalents	$ 133	$ 93
Total debt:		
ABL Credit Facility[2]	250	441
Existing Term Loan Facility[3]:		
Existing term loan facility tranche maturing in September 2024	286	—
Existing term loan facility tranche maturing in April 2026	1,905	—
Old Secured Notes[3]	2,000	—
Old Notes[4]	950	—
New First Lien Notes and New Term Loan Facility[3]	—	4,150
Exchange Notes[4]	—	850
Finance leases and other financing obligations	16	16
Total debt	5,407	5,457
Total stockholders' deficit	(620)	(620)
Total capitalization	$ 4,787	$ 4,837

(1) As adjusted amounts include approximately $90 million of fees, costs, expenses and original issue discount expected to be incurred in connection with the Transactions (excluding fees and expenses related to the Divestment), excluding any potential impact on total stockholders' deficit.

(2) Excluding $92 million of letters of credit outstanding, which reduced the Issuer's borrowing availability under the ABL Credit Facility by the same amount. The ABL Credit Facility may be drawn in an aggregate principal amount of up to $1,200 million, subject to a borrowing base limitation. The ABL Credit Facility has an accordion feature pursuant to which the maximum borrowing capacity can be increased to $1,500 million, or higher, if certain conditions are met. As of February 3, 2024, we had $739 million of availability to incur additional secured indebtedness under the ABL Credit Facility. We intend to borrow up to $191 million under the ABL Credit Facility in connection with the Existing First Lien Paydown and the payment of fees, costs and expenses related to the Exchange Offer and Consent Solicitation. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—ABL Credit Facility Amendment and ABL Drawdown" and "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments." If the Divestment is consummated on or prior to the Existing First Lien Paydown, we may determine not to effectuate the ABL Drawdown (or use cash on hand) and instead may allocate all or a portion of the net proceeds from the Divestment to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent

Solicitation. If the Divestment is consummated after the Existing First Lien Paydown, we intend to use up to $225 million of the net proceeds therefrom to repay borrowings outstanding under the ABL Credit Facility.

(3) On or prior to the Settlement Date, we expect to enter into the New First Lien Financing Transactions. The Issuer currently anticipates that the aggregate amount of new first lien secured indebtedness incurred upon consummation of the New First Lien Financing Transactions will be up to $4,150 million. We intend to use the net proceeds from the New First Lien Financing Transactions, together with the ABL Drawdown and cash on hand, to (x) effectuate the Existing First Lien Paydown, (y) fund the Exchange Cash Payout and (z) pay fees, costs and expenses related to the Exchange Offer and Consent Solicitation. However, the terms of the New First Lien Financing Transactions have not been finalized and therefore, the consummation of the New First Lien Financing Transactions is not guaranteed to occur on the terms described herein or at all. See “Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer’s reasonable judgment and subject to the Issuer’s ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown.” If the Divestment is consummated after the Existing First Lien Paydown, we intend to use up to $225 million of the net proceeds therefrom to repay indebtedness incurred in the New First Lien Financing Transactions.

(4) Reflects (a) the issuance of the Sponsor Exchange Notes in exchange for Old Notes pursuant to the Sponsor Exchange and (b) the issuance of the Exchange Notes in exchange for Old Notes pursuant to the Exchange Offer assuming that all outstanding Old Notes (other than Old Notes held by the Sponsor Noteholders) are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. There can be no assurance as to the final aggregate principal amount of outstanding Old Notes that will be validly tendered (and, if applicable, not validly withdrawn) and accepted for exchange pursuant to the Exchange Offer or whether Eligible Holders will select the First Option Consideration or the Second Option Consideration if they validly tender (and do not validly withdraw) Old Notes at or prior to the Early Exchange Time. See “Risk Factors—Risks Related to Participating in the Exchange Offer and Consent Solicitation—The Exchange Offer and Consent Solicitation may be cancelled, delayed or changed.”

Management's Discussion and Analysis of Financial Condition and Results of Operations

Company Overview

We help businesses of all sizes be more productive, connected and inspired — however and wherever they work today. We are dedicated to making our customers' work easier, smarter and more efficient. Through a powerful combination of cutting-edge technology paired with our people's intuition, expertise and experience, we create ideas that data alone can't provide, helping customers solve problems that move businesses forward. We operate primarily in the United States through e-commerce and direct sales, and are headquartered near Boston, Massachusetts.

Our business units include SBA, Staples.com, Quill, HiTouch Business Services, DEX and SPP. SBA serves businesses and organizations of all sizes using a direct sales approach. Staples.com sells to small businesses and consumers via its e-commerce platform. Quill uses a targeted high-touch approach to serve the needs of SMBs. HiTouch Business Services is an independent dealer of office-related supplies and services, selling to a mix of customers through direct sales and marketplace partners. DEX is a leading provider of imaging solutions. SPP is a leading provider of customized products for businesses.

Our fiscal year consists of the 52 or 53 weeks ending on the Saturday closest to January 31. Fiscal year 2023 consisted of the 53 weeks ended February 3, 2024, fiscal year 2022 consisted of the 52 weeks ended January 28, 2023, and fiscal year 2021 consisted of the 52 weeks ended January 29, 2022.

Key Line Items of Statement of Loss

Sales

Our sales are derived from the sale of products and services to customers of all sizes. We sell a wide variety of office supplies, business technology products, janitorial and sanitation supplies, food and breakroom supplies, computers and mobility products, print and marketing services, promotional products and office furniture. Sales are serviced by 35 fulfillment centers and 82 delivery locations, which allow us to provide next-day delivery to 98% of the U.S. population. Revenue is recognized for product sales at the time of delivery. Our net sales consist of gross sales, which vary as a function of changes in volumes and list prices, and various items we deduct from gross sales to arrive at net sales. The items deducted from gross sales include discounts, customer rebates, returns and allowances, refunds, and other credits or payments issued to customers related to sales transactions.

Gross Profit

Our gross profit reflects net sales less costs of merchandise sold, inbound and outbound freight, receiving and distribution expenses, shipping and handling costs, rent and occupancy costs (including real estate taxes and common area maintenance), occupancy costs associated with fulfillment centers, delivery locations and other logistics-related facilities. Our gross profit can be impacted by changes in sales volumes, our list prices and incentives offered to customers, customer mix, merchandise mix and vendor pricing, as well as the amount and timing of vendor rebates earned. Our gross profit can also be impacted by various other factors, including average order size, fuel costs, mix of own fleet versus third-party carrier, and changes in rent and other costs associated with occupying fulfillment centers, delivery locations and other logistics-related facilities.

Selling, General and Administrative Expense

Our selling, general and administrative expense include, payroll, advertising and marketing expenses, credit card interchange fees, and other operating expenses not included in cost of goods sold and occupancy costs.

Adjusted EBITDA

Adjusted EBITDA reflects the core operating profitability of our business. We define EBITDA as loss from continuing operations before interest expense and income, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that are either non-cash or that we do not consider indicative of our ongoing performance. Examples of excluded non-recurring items and non-cash items include depreciation, amortization of intangibles, stock-based compensation and replacement awards, acquisition-related costs, restructuring and severance charges, impairment of goodwill and long-lived assets, gain on early extinguishment of debt, gain (loss) on disposal of assets, interest expense, net, COVID-19 related costs and derecognition of income tax indemnification receivable. Key items that may result in changes in Adjusted EBITDA include changes in net sales and gross profit, headcount, incentive compensation, and investments to drive growth. See "—Non-GAAP Measures."

Results of Operations

All references below to sales and gross profit relate to transactions with third-parties and exclude related party sales, which are discussed in Note N of the historical consolidated financial statements included in this Offering Memorandum.

Overview

Our results for fiscal year 2023 (including the impact of the 53rd week), as compared to fiscal year 2022, are summarized as follows:

- We generated $10,234 million in sales, an increase of 0.6%;
- Gross profit was $2,201 million, an increase of $172 million, or 8.5%. Gross profit rate increased from 19.9% to 21.5%. Excluding depreciation, gross profit was $2,263 million, an increase of $180 million, or 8.6%. Gross profit rate, excluding depreciation, increased from 20.5% to 22.1%;
- Selling, general and administrative expense was $1,553 million, an increase of $64 million, or 4.3%. Excluding depreciation, selling, general and administrative expense was $1,467 million, an increase of $64 million, or 4.6%;
- Adjusted EBITDA was $920 million for fiscal year 2023 compared with $825 million for fiscal year 2022, an increase of $95 million, or 11.5%; and
- Capital expenditures in fiscal years 2023 and 2022 were $167 million and $142 million, respectively.

Non-GAAP Measures

We use certain supplemental financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA and related ratios. We define EBITDA as loss from continuing operations before interest expense and income, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that are either non-cash or that we do not consider indicative of our ongoing performance. These non-GAAP measures are

not recognized under, and do not have standardized meanings prescribed by, GAAP, and are therefore unlikely to be comparable to similarly titled measures of other companies. These non-GAAP measures have important limitations as analytical tools due to the exclusion of some, but not all, items that affect the most directly comparable GAAP financial measures. For example, Adjusted EBITDA excludes interest expense; however, as we have borrowed money to finance transactions and operations, interest expense is an important element of our cost structure and can affect our ability to generate revenue and returns. Further, Adjusted EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Adjusted EBITDA also excludes income tax expense; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions, these non-GAAP financial measures have material limitations as compared to comparable GAAP measures.

The presentation of these non-GAAP measures should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. The non-GAAP measures contained in this Offering Memorandum are used by management to evaluate our core operating results because they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of our business. We believe that the use of these non-GAAP financial measures, along with GAAP financial measures, is helpful for management and investors when analyzing our performance by providing meaningful information that facilitates the comparability of underlying business results from period to period.

Reconciliation of Loss from Continuing Operations before Income Taxes to Adjusted EBITDA

We define EBITDA as loss from continuing operations before interest expense and income, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that are either non-cash or that we do not consider indicative of our ongoing performance.

The following tables provide a reconciliation of loss from continuing operations before income taxes to Adjusted EBITDA for fiscal years 2023, 2022 and 2021 (in millions):

	2023	2022	Change	%
		($ in millions)		
(Loss) from continuing operations before income taxes	$ (15)	$ (15)	$ —	
Depreciation	148	140	8	
Amortization of intangibles	108	109	(1)	
Stock-based compensation and replacement awards	19	24	(5)	
Acquisition-related costs	1	2	(1)	
Restructuring and severance charges	28	12	16	
Impairment of goodwill and long-lived assets	8	3	5	
Gain on early extinguishment of debt	—	(13)	13	
Gain on disposal of assets, net	—	(4)	4	
Interest expense, net	549	461	88	
COVID-19 related costs[(a)]	3	19	(16)	
Derecognition of income tax indemnification receivable	—	3	(3)	
Other adjustments[(b)]	71	84	(13)	
Adjusted EBITDA	$ 920	$ 825	$ 95	11.5%

(a) Primarily include write-downs related to personal protective equipment inventory.
(b) Includes costs associated with business transformation initiatives, cyber security incident and other items that are either non-recurring in nature or not indicative of the performance of our ongoing

operations.

	2022	2021	Change	%
(Loss) from continuing operations before income taxes	$ (15)	$ (171)	$ 156	
Depreciation	140	156	(16)	
Amortization of intangibles	109	109	—	
Stock-based compensation and replacement awards	24	22	2	
Acquisition-related costs	2	2	—	
Restructuring and severance charges	12	40	(28)	
Impairment of long-lived assets	3	13	(10)	
Gain on early extinguishment of debt	(13)	—	(13)	
(Gain) loss on disposal of assets, net	(4)	2	(6)	
Interest expense, net	461	409	52	
Dex deferred purchase price accruals	—	15	(15)	
COVID-19 related costs[(a)]	19	54	(35)	
Derecognition of income tax indemnification receivable	3	6	(3)	
Unrealized gain on financial instruments, net	—	(8)	8	
Other adjustments[(b)]	84	41	43	
Adjusted EBITDA	$ 825	$ 690	$ 135	19.6%

(a) Primarily include write-downs related to personal protective equipment inventory.
(b) Includes costs associated with business transformation initiatives and other items that are either non-recurring in nature or not indicative of the performance of our ongoing operations.

Results of Operations for Fiscal Year 2023 Compared with Fiscal Year 2022

	2023	2022	Change	%
Sales[(1)]	$10,234	$10,172	$ 62	0.6%
Cost of goods sold[(1)]	8,033	8,143	(110)	(1.4)%
Gross profit[(1)]	2,201	2,029	172	8.5%
Selling, general and administrative expenses	$ 1,553	$1,489	$ 64	4.3%

(1) Excludes sales to related parties

Sales: Sales increased by $62 million, or 0.6%, to $10,234 million in fiscal year 2023, compared to $10,172 million in fiscal year 2022. The increase was primarily due to increased sales from SBA, HiTouch and DEX, partly offset by decreased sales from Staples.com, Quill and SPP. The increase was driven by increased sales in facilities supplies, food and breakroom supplies, and office supplies, partly offset by decreases in technology products, furniture, and ink and toner. Sales in fiscal year 2023 also reflect a favorable impact from the 53rd week.

Gross Profit: Gross profit increased by $172 million, or 8.5% in fiscal year 2023 compared to fiscal year 2022. Gross profit as a percentage of sales increased to 21.5% in fiscal year 2023 from 19.9% in fiscal year 2022. The improvement in gross profit rate was primarily driven by margin optimization and lower logistics costs. Depreciation expense included in cost of goods sold was $62 million in fiscal year 2023 and $54 million in fiscal year 2022. Excluding depreciation expense, gross profit as a percentage of sales increased to 22.1% in fiscal year 2023 from 20.5% in fiscal year 2022.

Selling, General and Administrative Expense: Selling, general and administrative expense increased by $64 million, or 4.3% in fiscal year 2023 compared to fiscal year 2022. The increase was primarily driven by increased employee-related and marketing expenses and the impact of the 53rd week in fiscal year 2023, partly offset by reduced transformation-related expenses. As a percentage of sales, selling, general and administrative expense was 15.2% in fiscal year 2023 compared to 14.6% in fiscal

year 2022. Depreciation expense included in selling, general, and administrative expense was $86 million in both fiscal year 2023 and fiscal year 2022. Excluding depreciation expense, selling, general and administrative expense as a percentage of sales was 14.3% in fiscal year 2023 compared to 13.8% in fiscal year 2022.

Adjusted EBITDA: Adjusted EBITDA in fiscal year 2023 was $920 million compared with $825 million in fiscal year 2022, an increase of $95 million, or 11.5%. The increase was primarily driven by increased sales and improved gross profit margins, partly offset by increased selling, general and administrative expenses. The increase also reflects a benefit from the 53rd week in fiscal year 2023.

Results of Operations for Fiscal Year 2022 Compared with Fiscal Year 2021

	2022	2021	Change	%
Sales[1]	$ 10,172	$ 9,739	$ 433	4.4%
Cost of goods sold[1]	8,143	7,862	281	3.6%
Gross profit[1]	$ 2,029	$ 1,877	$ 152	8.1%
Selling, general and administrative expense	$ 1,489	$ 1,483	$ 6	0.4%

(1) Excludes sales to related parties

Sales: Sales increased by $433 million, or 4.4%, to $10,172 million in fiscal year 2022, compared to $9,739 million in fiscal year 2021. The increase was driven by increased sales in SBA, with increases in office supplies and food and breakroom supplies partly offset by a decline in furniture. SPP, HiTouch, DEX and Quill also had organic sales growth. These increases were partly offset by the impact of the divestiture of Staples Professional in December 2021 and a decline in sales in Staples.com.

Gross Profit: Gross profit increased by $152 million, or 8.1%, in fiscal year 2022 compared to 2021. Gross profit as a percentage of sales increased to 19.9% in fiscal year 2022 from 19.3% in fiscal year 2021. The increase in gross profit rate was primarily driven by lower logistics costs in connection with the operation of fulfilment centers and delivery locations and lower COVID-19 related costs. Depreciation expense included in cost of goods sold was $54 million in both 2022 and 2021. Excluding depreciation expense, gross profit as a percentage of sales increased to 20.5% in fiscal year 2022 from 19.8% in fiscal year 2021.

Selling, General, and Administrative Expense: Selling, general, and administrative expense increased by $6 million, or 0.4%, in fiscal year 2022 compared to 2021. The increase was primarily driven by increased transformation-related costs, partly offset by the impact of the divestiture of Staples Professional and lower depreciation expense. As a percentage of sales, selling, general, and administrative expense was 14.6% in fiscal year 2022 compared to 15.2% in fiscal year 2021. Depreciation expense included in selling, general, and administrative expense was $86 million in fiscal year 2022 and $102 million in fiscal year 2021. Excluding depreciation expense, selling, general, and administrative expense as a percentage of sales was 13.8% in fiscal year 2022 compared to 14.2% in fiscal year 2021.

Adjusted EBITDA: Adjusted EBITDA in fiscal year 2022 was $825 million compared with $690 million in fiscal year 2021, an increase of $135 million, or 19.6%. The increase was primarily driven by increased sales and leveraging fixed costs.

Significant Accounting Policies

For information on significant accounting policies, see Note B to the financial statements included in this Offering Memorandum.

Liquidity and Capital Resources

Cash Flows

Fiscal Year 2023 Compared to Fiscal Year 2022

Net cash provided by operating activities was $248 million for fiscal year 2023 compared to $151 million for fiscal year 2022, an increase of $97 million. The increase was primarily due to improvements in working capital and a deferred purchase price payment made in fiscal year 2022 related to DEX, partly offset by increased interest paid in fiscal year 2023 due to higher interest rates and an extra interest payment on our term loans as a result of the 53rd week.

Net cash used in investing activities was $182 million for fiscal year 2023 compared to $184 million for fiscal year 2022, a decrease of $2 million. Capital expenditures increased from $142 million in fiscal year 2022 to $167 million in fiscal year 2023. Net cash spent on acquisitions in fiscal year 2023 was $16 million compared with $61 million in fiscal year 2022. In fiscal year 2022, we received $23 million of proceeds related to the sale of property and equipment compared with $1 million in fiscal year 2023.

Net cash used in financing activities was $196 million for fiscal year 2023 compared to $78 million for fiscal year 2022. During fiscal year 2023, we borrowed $2,352 million and repaid $2,502 million under the ABL Credit Facility made principal payments of $46 million related to our existing term loan and finance lease obligations. During fiscal year 2022, we borrowed and repaid $745 million under the ABL Credit Facility and made principal payments of $39 million related to our existing term loan and finance lease obligations. Also during fiscal year 2022, we paid $37 million to repurchase $50 million principal amount of our $1.0 billion of Old Notes.

Fiscal Year 2022 Compared to Fiscal Year 2021

Net cash provided by operating activities was $151 million for fiscal year 2022 compared to $130 million for fiscal year 2021, an increase of $21 million. The increase was primarily due to favorable operating results, partly offset by unfavorable impacts from a nonrecurring tax refund received in fiscal year 2021, a deferred purchase price payment made in fiscal year 2022 related to DEX, and increased interest paid in fiscal year 2022.

Net cash used in investing activities was $184 million for fiscal year 2022 compared to $110 million for fiscal year 2021, an increase of $74 million. The increase primarily reflects that in fiscal year 2021 we received net cash of $97 million related to the sale of the Staples Professional business unit. Capital expenditures increased from $138 million in fiscal year 2021 to $142 million in fiscal year 2022. Net cash spent on acquisitions in fiscal year 2022 was $61 million compared with $48 million in fiscal year 2021. In fiscal year 2021, we spent $21 million on an investment in an independent dealer. In fiscal year 2022, we received $23 million of proceeds related to the sale property and equipment, primarily related to the sale of an office building in Lincolnshire, Illinois.

Net cash used in financing activities was $78 million for fiscal year 2022 compared to $126 million for fiscal year 2021. During fiscal year 2022, we borrowed and repaid $745 million under the ABL Credit Facility and made principal payments of $39 million related to borrowings under our existing term loan and finance lease obligations. Also, during fiscal year 2022, we paid $37 million to repurchase $50 million principal amount of our $1.0 billion of Old Notes. During fiscal year 2021, we borrowed $455 million and repaid $539 million under the ABL Credit Facility and made principal payments of $37 million related to our term loan and finance lease obligations.

Liquidity and Capital Resources

To cover seasonal fluctuations in cash flows and to support our various initiatives, we use cash generated from operations and borrowings available under our asset-based credit agreement with Wells

Fargo Bank, N.A., as administrative agent and collateral agent, which provides for the ABL Credit Facility in an aggregate principal amount of $1,200 million, subject to a borrowing base limitation. The ABL Credit Facility has an accordion feature pursuant to which the maximum borrowing capacity can be increased to $1,500 million, or higher, if certain conditions are met.

As of February 3, 2024, we had $872 million in available liquidity, which consisted of $739 million of available credit under the ABL Credit Facility and $133 million of cash and cash equivalents. At February 3, 2024, we had $92 million of letters of credit outstanding, which reduced the Issuer's borrowing availability under the ABL Credit Facility by the same amount.

A summary, as of February 3, 2024, of balances available under the Issuer's existing credit agreements and debt outstanding is presented below (in millions):

	February 3, 2024	
	Available Credit	Debt Outstanding
ABL Credit Facility ($1,200 million facility)	$ 739	$ 250
Existing term loan facility tranche maturing in September 2024	—	286
Existing term loan facility tranche maturing in April 2026	—	1,905
Existing secured notes	—	2,000
Existing unsecured notes	—	950
Finance leases and other financing obligations	—	16
Total debt	$ 739	$ 5,407
Deferred financing costs	—	(42)
Total debt, net of deferred financing costs	$ 739	$ 5,365

We believe that cash on hand as of the date of this Offering Memorandum, cash flows from operations, and funds available under the ABL Credit Facility will be sufficient to provide for working capital needs, costs related to key strategic initiatives, capital expenditures and other cash requirements for the next 12 months. However, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us, including under the ABL Credit Facility, in an amount sufficient to enable us to service our debt, including the Exchange Notes, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt service obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the Exchange Notes, which could cause us to default on our debt obligations and impair our liquidity. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes."

For a description of the New First Lien Financing Transactions, see "Offering Memorandum Summary—Recent Developments and Concurrent Transactions," "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—Our substantial indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under the Exchange Notes, pay our other debts and could divert our cash flow from operations for debt payments" and "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing

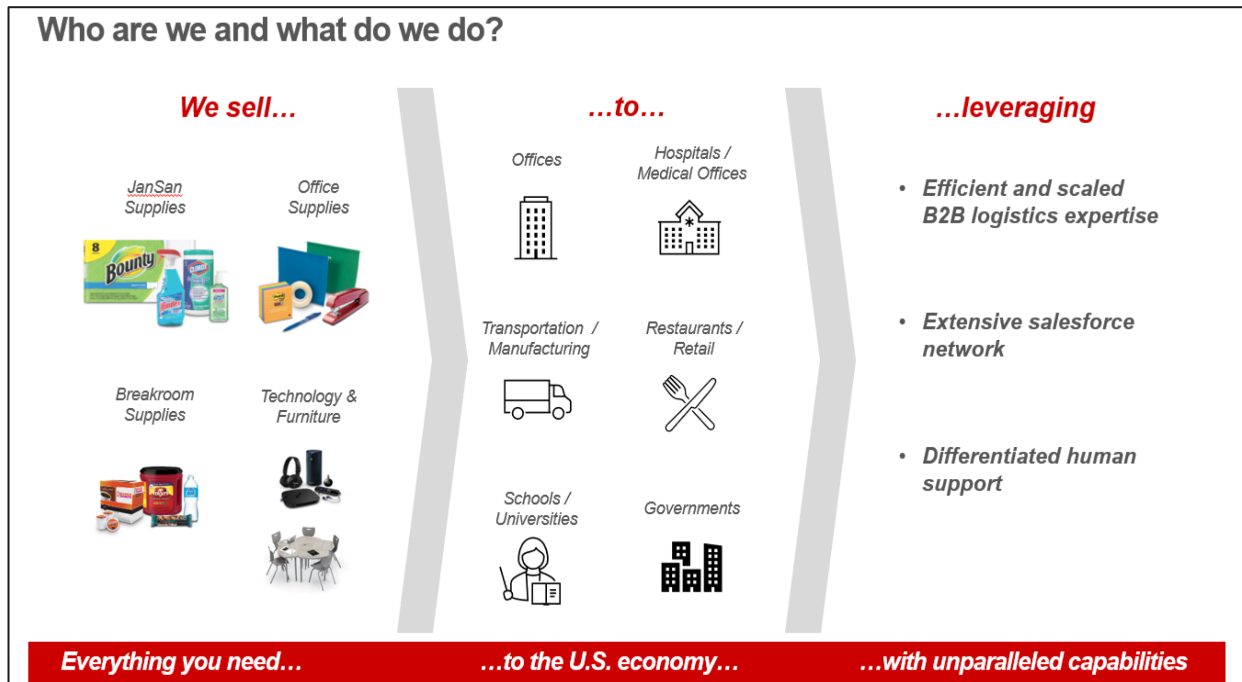
agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown."

For a description of the Sponsor Exchange, see "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—Sponsor Exchange."

Business

Company Overview

Staples NAD is a market-leading commercial supply distributor serving business customers across the United States. Within our core Contract business line, SBA serves a highly diversified mix of approximately 200,000 customers as of February 3, 2024 across a broad spectrum of sizes, geographies (national and regional) and industries pursuant to multi-year agreements with 95% or greater annual customer retention in each of the last five fiscal years. We provide our customers with a diverse offering of products in the "Pro Categories," which represent a majority of our business, as well as traditional office supplies. Our business is built on a differentiated supply chain foundation, with 82 delivery locations as of February 3, 2024, enabling efficient next-day delivery to over 98% of the U.S. population, at a low cost-to-serve.



Our business is led by an experienced, world-class management team with diverse tenure and experience. Our business is organized into three main lines of business:

- Contract: Our primary contract-based commercial distribution business, representing approximately 75% of our sales in fiscal year 2023. Contract serves both enterprise and SMB customers through SBA, our account-based Quill website, HiTouch Business Services (an independent dealer of office-related supplies and services), and our Project Tech and Project Furniture services.

- Online: Our online channel targeting SMBs through our transactional Staples.com website, representing approximately 15% of our sales in fiscal year 2023.

- Services: Includes SPP and DEX, representing approximately 10% of our sales in fiscal year 2023. SPP is a leader in the promotional products industry, with a particular strength serving the programmatic needs of larger corporate clients. We believe DEX is the market leader in SMB managed print services.

	Business Segments		
	Contract	Online	Services
Description	Commercial supplies distributor for contracted and on-demand clients	Commercial supplies distributor via Staples.com primarily for SMBs	Managed Print (DEX) Promo Products (SPP)
% of NAD Sales	~75%	~15%	~10%
Market Position[1]	#1	#2	#1
Retention Rate[2]	95%+	n/a	n/a
Market leaders with 95%+ customer retention			

(3) Based on management estimates.
(4) Contract retention for SBA only.

Contract

Contract is our core business line and represented approximately 75% of our sales in fiscal year 2023. We believe our value-add commercial capabilities and compelling value proposition help drive strong customer loyalty, with our SBA business having 95% or greater annual customer retention in each of the last five fiscal years. We believe customers value several aspects of our offering, including:

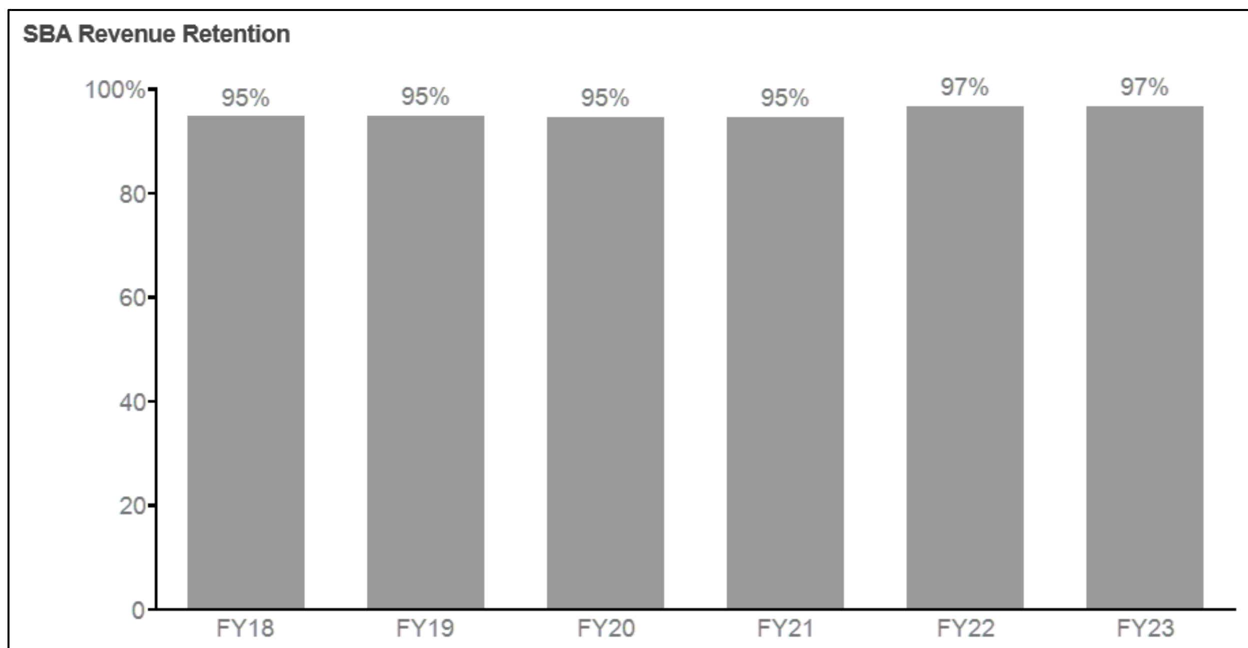
- High touch service: Our Contract business has a team of over 2,000 sales representatives dedicated to managing Contract accounts with white glove service for each customer's unique business needs.

- Customized contracts with competitive pricing: Staples NAD can customize each customer contract down to individual SKUs to ensure it is optimized for the characteristics the customer values most.

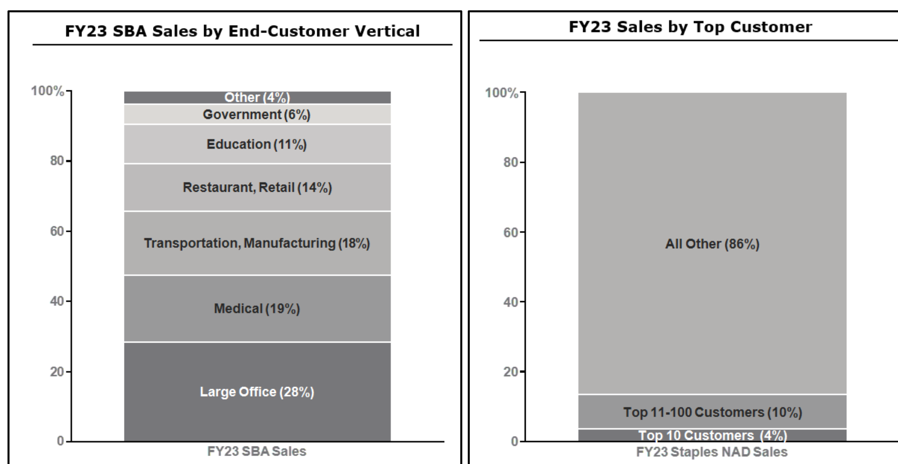
- Curated product offering: We strive to identify the highest quality products at the best prices to offer a tailored set of choices for our customers. For example, Staples NAD sells nine options of four-foot charging cords, compared to some of our competitors, who offer hundreds of options. Our team has done extensive work to identify and offer high-quality products.

- Procurement integration: For large accounts, Staples NAD integrates into customers' procurement and accounting systems to allow for easy account management and invoicing.

- Sophisticated digital user experience: We have heavily invested in a digital commerce engine with sophisticated capabilities, including auto-restock, customized site tools, real-time inventory awareness, among others.



As of February 3, 2024, within our core Contract business line, SBA serves approximately 200,000 customers, including over half of the Fortune 500 and over 175,000 mid-market business accounts. Our customers are diversified across several criteria, including industry vertical, geographic presence (national and regional) and size. Our diversified customer base includes customers across all major industries, including healthcare, professional services, financial services, consumer goods, manufacturing, agricultural, industrial, education and the government. Further, within SBA, our large office customers represented less than 30% of our sales in fiscal year 2023, with the remainder coming from largely in-person industries, such as healthcare, manufacturing, retail, education and government. Additionally, we have no significant customer concentration and the top 10 Staples NAD customers accounted for approximately 4% of sales in fiscal year 2023, which allows us to generate revenue without undue reliance on any single large account.



In fiscal year 2023, approximately 54% of our sales were in Pro Category products and the remaining 46% were in office supplies. Pro Category products include sanitation, janitorial, technology, breakroom, furniture, services and print products. Office supplies includes core office supplies (pens, folders, etc.), paper products and printing consumables. Since 2019, we have focused on diversifying our product mix and growing Pro Categories by leveraging our customer relationships, embedded salesforce

and strong supply chain. These efforts have resulted in Pro Category products growing from approximately 48% of our sales in fiscal year 2019 to approximately 54% of our sales in fiscal year 2023. In fiscal year 2023, sales growth for our various product subcategories was as follows:

	SBA Revenue CAGR	
	FY19-FY23	FY22-FY23
Pro Categories:		
JanSan	5%	12%
Breakroom	6%	22%
Technology	4%	(11%)
Furniture	(13%)	(16%)
Print Services	1%	8%
Office Supplies:		
Office Products	(3%)	2%
Paper	0%	7%
Ink & Toner	(6%)	0%

We serve our customers through our owned distribution network. As of February 3, 2024, Staples NAD operates 35 fulfillment centers, 82 delivery locations, a 2,000 vehicle fleet of delivery trucks, and can reach 98% of the U.S. population with next-day delivery. During fiscal year 2023, we delivered more than two million units daily, with a high percentage delivered by our drivers, reducing our reliance on third-parties to operate the last mile of delivery. Staples NAD can not only bring products to the doorstep but can also deliver food to the breakroom and paper to the copier. In an industry where our core customers often cannot lift the products we are delivering, the ability to physically meet the customer where they need the product is a point of differentiation when compared to our online competitors.

Competitive Strengths

#1 Player in a Large, Fragmented Market

We operate in the broad, over $100 billion and growing North American business-to-business distribution market, based on management estimates, which includes office products and business supplies. We believe we are the leading player (based on sales) in this highly fragmented market, where a very limited number of resellers operate on a national scale. We compete against distributors and resellers including Office Depot, Amazon Business, Imperial Dade and approximately 900 smaller regional distributors.

Our scale provides several benefits relative to our competitors (and in particular relative to the significant portion of the market that remains with regional distributors), including greater scale in purchasing, distribution and salesforce. We can deliver higher margins because we receive preferred pricing from vendors, as well as volume rebates, which results in gross margins that are approximately 500 basis points higher than independent regional distributors. As of February 3, 2024, our distribution network allows us to reach 98% of the U.S. population with next-day delivery, and the route density from delivering over two million items a day drives operating leverage. Further, we have leading e-commerce offerings and our approximately 3,000-person salesforce enables us to provide tailored solutions for each customer.

Efficient and Scaled Distribution Network

We operate a modern, robust and well-invested national supply chain equipped with advanced technological capabilities and tailored to the needs of our business customers. As of February 3, 2024,

our supply chain consists of 35 fulfillment centers augmented by 82 delivery locations, representing over 13 million square feet. This national infrastructure enables cost efficient, free, next-day delivery to over 98% of the U.S. population. Our supply chain is optimized for the way business customers place orders (with an average order size of approximately $186 in fiscal year 2023), the way customers want orders delivered (for instance, single desktop or breakroom delivery) and the categories we deliver (for instance, paper, bulky facilities and breakroom products).

In terms of the ordering process, orders are often consolidated at our fulfillment centers, so a single, consolidated delivery arrives at each delivery site. During fiscal year 2023, over 50% of our Contract orders were delivered by Staples uniformed drivers. This provides us with end-to-end control of the delivery process and creates consistency in performance and experience as well as building personal relationships with customers. Orders can be scheduled so that deliveries arrive at convenient times.

While we believe our differentiated supply chain network provides a competitive advantage, we are constantly exploring ways to enhance our execution to maintain our leadership position. We are currently executing on several strategic initiatives to drive lower costs and improved performance. See "—Strategic Priorities."

Differentiated Capabilities and Value Proposition Versus Competitors

We believe we offer a compelling and defensible value proposition. We can provide a differentiated level of service to our customers through our broad product and service offerings, which include:

- Customized Programs: We offer customized contracts and terms based on account size, industry end-market and other customer-specific needs, with the ability to tailor every aspect of the contract, including SKU-level pricing and product ordering controls. Additionally, we work with procurement officers or office managers to customize the invoice and order entry process to interconnect with existing internal systems. This customized approach is a differentiated offering compared to the "one size fits all" model employed by some of our competitors.

- Competitive Pricing: Staples NAD's scale and curated product portfolio enables us to offer prices at significant discounts to our competitors.

- Sales Relationships and Product Expertise: Our sales representatives provide personalized orders and logistical support across a variety of product categories that require a high level of expertise. For instance, sales representatives advise healthcare customers on designing sanitation programs for hospital networks. Our customer relationships are supported by our extensive and experienced salesforce of over 3,000 representatives and experts as of February 3, 2024, with individual domain expertise.

- "High Touch" Service: We operate with a dedicated sales team and delivery fleet. We offer customized delivery times and placement, such as delivery, stocking and installation of merchandise at specific times to specific locations within a building in a consolidated single delivery. We believe this is a highly differentiated and value-added service compared to the traditional "click and drop" model of e-commerce competitors, who rely on third party delivery service without the ability to tailor to customers' specific business needs. This customized delivery capability is supported by our dedicated supply chain network.

- "Next-Day" Delivery: Through our national network of 82 delivery locations as of February 3, 2024 and our owned fleet and dedicated third party delivery partners, we offer next-day delivery to over 98% of the U.S. population.

Highly Diversified Sales Base

We have a highly diversified sales base across end-customer industry and merchandise categories. Our top ten customers accounted for approximately 4% of our sales in fiscal year 2023 and the top 11 to 100 customers accounted for only 10% of our total sales in fiscal year 2023. We serve customers across all major industries, including healthcare, professional services, financial services, consumer, manufacturing, agricultural and industrial, education and the government. The largest share of our sales represented by any one end-customer vertical (large offices), was approximately 28% of our SBA sales in fiscal year 2023.

Over the last several years, we have successfully grown our merchandise mix beyond core office products. Approximately 54% of our sales in fiscal year 2023 were from Pro Category products, which includes sanitation, janitorial, technology, breakroom, furniture, services and print products. Pro Categories have grown to be a larger portion of overall sales over the past five years as we have focused on further diversifying our product mix by leveraging our customer relationships, embedded sales force and strong supply chain.

As a result of our diversified product mix, our core business has experienced a steady sales compounded annual growth rate of approximately 1% to 2% per year between fiscal year 2008 and fiscal year 2023.

Loyal and Recurring Customer Base

We serve a broad universe of loyal business customers across a number of criteria, including industry vertical, geographic presence (national and regional) and size. Our scale allows us the flexibility to meet the needs of business customers and accommodate virtually any preference in terms of volume and order frequency, key products required and supply-chain service levels. We have deep relationships with most of our customers, which resulted in over 20 million human interactions with our customers during fiscal year 2023. These capabilities have resulted in 95% or greater annual customer retention in our SBA business in each of the last five fiscal years.

We provide delivery services tailored to the typical needs of our customers from SMBs to large enterprise customers. Customers of all types and sizes can take advantage of our strong supply chain capabilities and wide range of products. Our customers can be categorized as:

- Enterprise: Includes firms with over 250 employees. Customers in this category typically have a centralized procurement function with product category managers. These customers often demand national or multi-regional fulfillment, customized desktop delivery to specific locations in large facilities (such as, a specific maintenance closet or specific office), customized pricing and invoicing and an integrated procurement system.

- Mid-Market: Includes firms with up to 250 employees. We typically interact with these customers through procurement or office managers. These customers typically value high-touch service and next-day fulfillment.

Blue-Chip Management Team

Since 2017, Sycamore has recruited an experienced leadership team led by John Lederer and Jeff Hall. John Lederer, our Executive Chairman and CEO, previously served as CEO of US Foods, an approximately $25 billion revenue food service distributor, from 2010 to 2015. While at US Foods, he executed numerous initiatives, including tuck-in acquisitions and a branding re-launch. Prior to US Foods, he was the CEO of Duane Reade from 2008 until its sale to Walgreens in 2010. Jeff Hall, our CFO, previously served as the CFO of Express Scripts from 2008 to 2013, and he has actively led the profit improvement and cost initiatives accomplished to date.

Strategic Priorities

In 2022, Staples NAD launched a strategic initiative titled “Groundwork for Growth.” The strategy was a holistic reset of our strategic priorities toward long term value creation and profit maximization. Key focus areas of Groundwork for Growth included improving our organizational focus on contribution margin, digitally enabling our salesforce and delivering significant cost savings. Key strategic evolutions resulting from our Groundwork for Growth included (i) expanding our revenue management function to deploy optimized pricing across both Contract and Staples.com, (ii) redesigning salesforce compensation and (iii) improving our digital selling capabilities to facilitate holistic realignment of our salesforce toward vertical markets and away from geographic orientation. Together, the holistic initiatives resulting from our Groundwork for Growth initiatives have supported a gross margin expansion of over 100 basis points from fiscal year 2021 to fiscal year 2023 and contributed to significant cost savings over the same period.

We expect incremental cost saving benefits from Groundwork for Growth to be realized and recognized in fiscal year 2024. In November 2023, we executed $70 million in cost savings. While a portion of these savings were recognized in our fiscal year 2023 results, the majority will be recognized in fiscal year 2024. We believe there are incremental potential cost savings of approximately $30 million that could be partially realized and recognized in fiscal year 2024 and contribute to our financial performance. Our Adjusted EBITDA metrics do not give effect to the cost actions to be recognized in fiscal year 2024.

Looking ahead, we believe we have substantial incremental margin optimization and sales growth opportunities. More specifically on our margin optimization efforts, management remains focused on four key levers to continue driving growth:

- Pricing and Analytics: We continue to improve and scale our pricing and analytics capabilities. We have invested in new technologies and upgraded talent to deliver improved customer insights and competitive positioning. These capabilities are delivering better customer pricing, user experience and improved margins.

- Logistics Efficiencies: We have made significant improvements to our distribution network over the last five fiscal years, investing approximately $300 million in the network since fiscal year 2019. We intend to continue to make investments that we believe will have a high rate of return that will drive cost savings while further leveraging our scale to maximize density and fleet efficiency. We also hired a new Chief Information Officer to drive cost efficiency within our IT division.

- Owned Brand Penetration: Increasing owned brand penetration is a key focus of our organization. As of the date of this Offering Memorandum, our owned brand penetration is approximately 29% of Contract and Staples online businesses. To further drive penetration, we hired a new team focused on innovating our owned brand product offering. We have also restructured our salesforce compensation to drive penetration of owned brands. Owned brands generate approximately 1,000 basis points higher gross margins than comparable national brands in fiscal year 2023, while providing our customers with access to similar quality products offered at lower prices than national brands.

- Scale Benefits in Pro Categories: Historically, our Pro Category products had lower margins than office supplies. As we have improved execution and scale in our Pro Category products, margins have expanded and were comparable to the rest of our business in fiscal year 2023. As examples, janitorial product gross margins have increased approximately 250 basis points from fiscal year 2021 to fiscal year 2023, and furniture gross margins (excluding Project Furniture) have increased approximately 475 basis points from fiscal year 2021 to fiscal year 2023. As we continue to gain market share in these categories, we intend to continue leveraging our scale and expertise to continue increasing margin rate in these higher growth categories.

In addition to our margin opportunities, we remain focused on driving top-line growth, leveraging the strong foundation we have built. We believe our chief growth opportunities include increasing our existing market share (estimated at less than 5% as of the date of this Offering Memorandum) of the approximately $50 billion Pro Category market, where we believe we remain underpenetrated relative to our market share in office supplies. As an example of this opportunity, 97% of our Pro Category customers purchased office supplies from us in fiscal year 2023, while only 33% of our office supplies customers purchased both breakroom and janitorial products from us. We believe we can continue to gain market share in under-penetrated categories as a natural extension of our current relationships with office supplies customers because the purchasing manager for office supplies and Pro Categories is often the same person, and because we can simplify customers' procurement procedures and offer lower costs. As an example of the potential size of this opportunity, we believe the market for janitorial products in the United States is approximately $20 billion. While we believe our market share is rapidly growing as we estimate our growth to be at a rate that is approximately 2.5 times faster than the overall market, our share is still estimated at approximately 6% of the overall market as of February 3, 2024. We believe we have a similar opportunity across the other Pro Categories, where we estimate our share of each is less than 5% as of the date of this Offering Memorandum. Pro Categories are attractive for us to pursue, as we expect that the market for Pro Category products will grow at a rate that is approximately 5% higher than the market for office supplies in the coming years.

Supply Chain

We operate a network of 35 fulfillment centers and 82 delivery locations to support our operations, which allow us to provide next-day delivery to 98% of the U.S. population as of February 3, 2024. Our supply chain is optimized for the way business customers place orders (with an average order size of approximately $186 in fiscal year 2023), the way customers want orders delivered (for instance, single desktop or break room delivery) and the categories we deliver (for instance, paper, bulky facilities and breakroom products).

Competition

We are a leading player in a highly fragmented market where a very limited number of resellers operate on a national scale. We compete with distributors and resellers, including Office Depot, Amazon Business, Imperial Dade and approximately 900 smaller regional distributors.

We believe we have an approximately 10% share of the overall over $100 billion North American business-to-business distribution market, which includes office products and business supplies.

We believe we are able to compete favorably against our competitors because of our efficient and scaled distribution network, our differentiated capabilities and value proposition, our highly diversified sales base, our loyal and recurring customer base and our blue-chip management team. See "—Competitive Strengths."

Intellectual Property

We own or have applied to register numerous trademarks and service marks in the United States and throughout the world in connection with our businesses. Some of our principal marks include Staples, the Staples logo, Quill, HiTouch, Staples Promotional Products, the Easy Button logo, "that was easy" and many other marks incorporating "Staples" or another primary mark, which in the aggregate we consider to be of material importance to our business.

We own and maintain a number of products, systems, business processes and designs, many of which have been patented. We also own copyrights for works such as packaging, training materials, promotional materials, computer software, graphics, website and multi-media content. In addition, we have registered and maintain numerous internet domain names, including many that incorporate "Staples."

Employees

We employ approximately 15,000 employees to service our customers.

Legal Proceedings

From time to time, we are involved in litigation arising from the operation of our business that is routine and incidental to our business.

Properties

As of February 3, 2024, we operated 35 fulfillment centers and 82 delivery locations, representing over 13 million square feet, our headquarters in Framingham, Massachusetts, representing approximately 650,000 square feet, and regional sales offices and supply chain annexes across the United States and Canada.

Management

Set forth below is a list of the names, ages and positions of all officers of the Issuer as of the date of this Offering Memorandum.

Name	Age	Position
John A. Lederer	68	Executive Chairman and Chief Executive Officer
Jeffrey Hall	57	Chief Financial Officer
Cristina Gonzalez	56	Chief Legal Officer
Peter Scala	58	Chief Merchandising Officer
Amy Vanden-Eykel	47	Chief Marketing Officer
Michele Parzianello	53	Chief Sales Officer
Janice Deskus	57	Chief Human Resources Officer
Matthew Johnson	54	Chief Technology Officer
Mark Roszkowski	53	President, Quill

John A. Lederer has served as the Executive Chairman of Staples, Inc. since September 2017 and was appointed as Chief Executive Officer of Staples, Inc. in June 2021. Mr. Lederer has been a Senior Advisor at Sycamore Partners since September 2017. Prior to joining Staples, Inc., Mr. Lederer served as the Chief Executive Officer and President of US Foods, Inc. from 2010 to 2015 and the Chairman and Chief Executive Officer of Duane Reade Holdings, Inc. from 2008 until its sale to Walgreens in 2010. Prior to Duane Reade, Mr. Lederer spent 30 years at Loblaw Companies Limited, Canada's largest food retailer, and held several senior leadership positions, including President, from 2000 to 2006. Mr. Lederer serves on the board of Walgreens Boots Alliance.

Jeffrey Hall has served as the Chief Financial Officer of Staples, Inc. since January 2018. Mr. Hall joined Staples, Inc. as Vice Chairman and Chief Administrative Officer in 2017. Prior to joining Staples, Inc., Mr. Hall served as Executive Vice President and Chief Financial Officer of SunEdison Semiconductor Limited, a global leader in the manufacture and sale of silicon wafers to the semiconductor industry, from 2013 to 2017 and the Executive Vice President and Chief Financial Officer for Express Scripts Holding Company from 2008 to 2013. Mr. Hall previously held the Chief Financial Officer role and other senior leadership roles for KLA, a semi-conductor company, as well as finance roles with Walt Disney World and AT&T.

Cristina Gonzalez has served as the Chief Legal Officer of Staples, Inc. since November 2017. Ms. Gonzalez joined Staples, Inc. in 2008 and held several leadership positions with Staples, Inc. including Senior Company Counsel, Vice President, Associate General Counsel and Deputy General Counsel. Prior to Staples, Inc., Ms. Gonzalez was Senior Corporate Counsel at Teradyne, a semiconductor testing equipment company, and Counsel at Bingham McCutchen.

Peter Scala has served as Chief Merchandising Officer of Staples, Inc. since 2017. Mr. Scala joined Staples, Inc. in 1996 and held various key positions in the merchandising and technology departments, including serving as Head Merchant, SVP of Online Marketplace, and SVP of Technology Transformations. Prior to joining Staples, Inc., Mr. Scala worked as a Senior Buyer at Lechmere, a regional consumer electronics chain located in New England.

Amy Vanden-Eykel has served as the Chief Marketing Officer of Staples, Inc. since November 2021. Ms. Vanden-Eykel joined Staples, Inc. in 2008 and held several leadership positions with Staples, including Senior Vice President, Merchandising and Marketing. Prior to joining Staples, Inc., Ms. Vanden-Eykel was Vice President at Kaiser Associates, a strategy consulting firm, from 2003 to 2006. Ms. Vanden-Eykel also serves on the board of Snap One Holdings Corp.

Michele Parzianello has served as the Chief Sales Officer of Staples, Inc. since November 2022. Ms. Parzianello joined Staples, Inc as Chief Transformation Officer in 2019 and transitioned to Chief

Marketing Officer in 2021. Prior to Staples, Inc., Ms. Parzianello served as Senior Vice President Ecommerce at J. Jill and held several senior Marketing and Ecommerce roles at L.L. Bean Signature from 2014 to 2019.

Janice Deskus has served as Chief Human Resources Officer of Staples, Inc. since 2018. Before joining Staples, Inc., Ms. Deskus was Vice President, Global Human Resources for a division of Medtronic from 2015 to 2018 and at Covidien from 2012 to 2015. Ms. Deskus previously held leadership positions at Aetna, Cigna Healthcare, and Danaher Corporation.

Matthew Johnson has served as Chief Information Officer of Staples, Inc. since February 2024. Prior to joining Staples, Inc., Mr. Johnson served as Executive Vice-President and Chief Information Officer at Ashley Furniture Industries from 2020 to 2024. Previously, Mr. Johnson served as the Chief Information Officer of Pier 1 from 2019 to 2020 and Cottonwood Financial from 2017 to 2019. Mr. Johnson also serves on the TCU Computer Science Industry Advisory Board.

Mark Roszkowski has served as President of Quill since 2022. Prior to joining Quill, Mr. Roszkowski served as Chief Strategy Officer and General Manager of Vroom Financial Services from 2021 to 2022 and Chief Revenue Officer of Vroom, Inc. from 2019 to 2022. Previously, Mr. Roszkowski served as EVP, Global Head of Corporate Development, Strategy and Strategic Partnerships at Verizon Media from 2017 to 2019, as SVP, Head of Corporate Development, Strategy, Strategic Partnerships and Integration at AOL from 2014 to 2017, as SVP, Corporate and Business Development at Linkable Networks from 2012 to 2014 and as Co-Head of Digital Media Investment Banking at Portico Capital from 2005 to 2012.

Description of Certain Other Indebtedness

The following description is a summary of certain material provisions of the Issuer's Senior Secured Credit Facilities, the New First Lien Notes and the Old Notes. It does not include all terms of the Senior Secured Credit Facilities, the New First Lien Notes and the Old Notes, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Senior Secured Credit Facilities, the New First Lien Notes and the Old Notes, including the definitions of certain terms therein that are not otherwise defined herein.

As of the date of this Offering Memorandum, we have yet to agree to the final terms of or enter into definitive documentation for the New First Lien Notes or the New Term Loan Facility. All terms of the New First Lien Notes and the New Term Loan Facility are subject to continuing negotiation and could change. The below summary of the anticipated terms of the New First Lien Notes and the New Term Loan Facility has been prepared in good faith based upon assumptions that management considers reasonable as of the date hereof but remains subject to uncertainties and contingencies which may be beyond our control. No assurances can be given that entry into the New Term Loan Facility or issuance of the New First Lien Notes will be consummated in the amount assumed above, on the terms described herein, or at all. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown." If consummated, the Issuer may enter into the New Term Loan Facility, issue the New First Lien Notes and effectuate the ABL Drawdown prior to the Settlement Date, which is assumed above, resulting in incremental borrowing and other costs.

Senior Secured Credit Facilities

On or prior to the Settlement Date, the Issuer expects to enter into the New Term Loan Credit Agreement, which will provide for the New Term Loan Facility. The ABL credit agreement, dated September 12, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "ABL Credit Agreement"), which governs the Issuer's asset-based credit facility with Wells Fargo Bank, National Association as administrative agent and provides an aggregate principal amount of up to $1,200 million that may be drawn under the ABL Credit Facility, subject to a borrowing base limitation ("ABL Credit Facility" and together with the New Term Loan Facility, the "Senior Secured Credit Facilities"), will continue to remain outstanding. The ABL Credit Facility has an accordion feature pursuant to which the maximum borrowing capacity can be increased to $1,500 million, or higher, if certain conditions are met. On or prior to the Settlement Date, the Issuer expects to amend the ABL Credit Agreement to, among other things, (a) extend the maturity of the ABL Credit Facility, (b) permit the Issuer and the Exchange Notes Guarantors to (i) consummate the Sponsor Exchange and issue the Sponsor Exchange Notes and (ii) consummate the Exchange Offer and issue the Exchange Notes and (c) permit the use of funds drawn under the ABL Credit Facility to complete the Existing First Lien Paydown.

The Issuer (which is referred to throughout this section as the "Borrower") is the borrower under the Senior Secured Credit Facilities. The New Term Loan Credit Agreement is expected to provide that the Borrower will have the right at any time, subject to customary conditions, to request incremental term loans and certain other permitted debt in an aggregate principal amount of up to the sum of (a) the greater of $250 million and 25.00% of Adjusted EBITDA (as defined in the New Term Loan Credit Agreement or ABL Credit Agreement, as applicable) plus (b) an amount equal to all voluntary prepayments, repurchases and redemptions of the term loans under the New Term Loan Credit Agreement (including incremental term loans) and certain other permitted debt, in each case prior to or simultaneous with the date of any such incurrence (to the extent not funded with the proceeds of long-term debt other than the ABL Credit Facility) plus (c) an additional unlimited amount so long as (I) in the

case of indebtedness that is secured by the Collateral on a *pari passu* basis with the Senior Secured Credit Facilities, the Borrower's pro forma first lien net leverage ratio does not exceed a specified pro forma first lien net leverage ratio, (II) in the case of indebtedness that is secured by the Collateral on a junior basis with respect to the Senior Secured Credit Facilities, the Borrower's pro forma secured net leverage ratio does not exceed the greater of (x) a specified pro forma secured net leverage ratio or (y) in the case of a Permitted Acquisition, or similar investment, the pro forma secured net leverage ratio in effect immediately prior to the consummation of such Permitted Acquisition or similar investment and (III) in the case of unsecured indebtedness, indebtedness that is secured by liens on the Collateral that rank junior to the liens thereon securing the Exchange Notes and indebtedness secured by liens on assets not constituting Collateral, at the Borrower's option, either (A) the Borrower's pro forma total net leverage ratio does not exceed the greater of (i) a specified pro forma total net leverage ratio or (ii) in the case of a Permitted Acquisition or similar investment, the pro forma total net leverage ratio in effect immediately prior to the consummation of such Permitted Acquisition or similar investment or (B) the Borrower's pro forma interest coverage ratio does not fall below the lesser of (i) a specified pro forma interest coverage ratio or (iii) the pro forma interest coverage ratio in effect immediately prior to the consummation of such Permitted Acquisition or similar investment.

Borrowing availability under the ABL Credit Facility is subject to a borrowing base derived from the ABL Priority Collateral and is reduced by outstanding letters of credit. In addition, the ABL Credit Agreement provides that the Borrower will have the right at any time, subject to customary conditions, to request incremental revolving credit commitments in an aggregate principal amount of up to $300 million plus an amount equal to all voluntary prepayments and permanent revolving credit commitment reductions of revolving credit loans under the ABL Credit Agreement and certain other incremental equivalent debt under the ABL Credit Agreement, in each case prior to or simultaneous with the date of any such incurrence.

The lenders under the Senior Secured Credit Facilities will not be under any obligation to provide any such incremental loans or commitments, and any such addition of or increase in loans will be subject to certain customary conditions precedent and other provisions.

Interest Rate and Fees

Borrowings under the New Term Loan Facility are expected to bear interest, at the Borrower's option, at a rate per annum equal to an applicable margin over either (a) a base rate determined by reference to the highest of (1) the "prime rate" last quoted in The Wall Street Journal, (2) the federal funds effective rate plus 0.50% and (3) term SOFR for a one month interest period plus 1.00% or (b) term SOFR determined by reference to the term SOFR reference rate for the interest period relevant to such borrowing, in each case, subject to interest rate floors .

Borrowings under the ABL Credit Facility bear interest, at the Borrower's option, at a rate per annum equal to an applicable margin over either (a) a base rate determined by reference to the highest of (1) the administrative agent's prime lending rate, (2) the federal funds effective rate plus 0.50% and (3) term SOFR for a one month interest period plus 1.00% or (b) term SOFR determined by reference to the term SOFR reference rate for the interest period relevant to such borrowing, in each case, subject to interest rate floors.

Prepayments

It is expected that the New Term Loan Facility will contain customary mandatory prepayments, including with respect to excess cash flow, asset sale proceeds and proceeds from certain incurrences of indebtedness. It is expected that the Borrower may voluntarily repay outstanding loans under the New Term Loan Facility at any time without premium or penalty (other than customary term SOFR breakage costs), although the Borrower expects that any voluntary prepayment, refinancing or repricing of the term loans under the New Term Loan Facility in connection with certain repricing transactions that occur prior to the six-month anniversary of the closing of the New Term Loan Facility shall be subject to a

prepayment payment of 1.00% of the principal amount of the term loans so prepaid, refinanced or repriced.

It is also expected that the New Term Loan Credit Agreement will provide that, if (x) Holdings, the Borrower or any significant subsidiary of the Borrower (including, in each case, the board of directors or other governing body thereof) takes any corporate, company or other entity action to effect or cause to be effected a filing under any debtor relief law, voluntarily consents to the institution of bankruptcy or insolvency proceedings against it or voluntarily authorizes or consents to the filing by it of a petition or answer or consent seeking reorganization or relief under applicable debtor relief laws prior to the first call date on which the New First Lien Notes can be redeemed at par (any such action, consent or authorization described in this clause (x), an "Approval Trigger Event") or (y) unless an Approval Trigger Event has already occurred and triggered the Liquidated Damages Charge (as defined below) with respect to such term loans under the New Term Loan Facility, any then-outstanding term loans become due and payable as a result of an acceleration thereof as a result of a bankruptcy related event of default that occurs prior to the first call date on which the New First Lien Notes can be redeemed at par (any acceleration event described in this clause (y), an "Acceleration Trigger Event" and, together with any Approval Trigger Event, an "LDC Trigger Event"), in each case of clauses (x) and (y), the Borrower shall pay a liquidated damages charge (which shall be due and payable in full at the time the applicable LDC Trigger Event occurs) equal to (i) if such LDC Trigger Event occurs at any time after the closing date of the New Term Loan Facility and prior to the first call date on which the New First Lien Notes can be redeemed without paying a make-whole amount (the "Call Date"), a customary make-whole amount, (ii) if such LDC Trigger Event occurs on or after the Call Date and prior to the date that is the first anniversary thereof, a percentage of the principal amount of the outstanding term loans under the New Term Loan Facility equal to 50% of the coupon on the New First Lien Notes, and (iii) if such LDC Trigger Event occurs on or after the first anniversary of the Call Date and prior to the date that is the second anniversary of the Call Date, a percentage of the principal amount of the outstanding term loans under the New Term Loan Facility equal to 25% of the coupon on the New First Lien Notes (the "Liquidated Damages Charge"). The Call Date and coupon on the New First Lien Notes has not been determined as of the date of this Offering Memorandum. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—The terms of the New Term Loan Facility and the New First Lien Notes have not been finalized and the consummation of the Exchange Offer is contingent on the consummation of New First Lien Financing Transactions in an amount that, in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to effectuate the Existing First Lien Paydown."

Amortization and Maturity

The term loans under the New Term Loan Facility are expected to amortize in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of such term loans, with the balance being payable on the date that is five years and three months after the closing of the New Term Loan Facility. The ABL Credit Facility matures at the earlier of July 30, 2026 or 90 days prior to the maturity date of the Borrower's other material indebtedness.

Guarantee and Security

All of our obligations under the Senior Secured Credit Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the Senior Secured Credit Facilities or any of its affiliates and certain other persons are or will be, as applicable, unconditionally guaranteed by Arch Parent Inc., the Borrower (with respect to hedge agreements and cash management arrangements not entered into by the Borrower) and each of our existing and subsequently acquired or organized direct or indirect material wholly-owned restricted subsidiaries, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences.

All obligations under the Senior Secured Credit Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the Senior Secured Credit Facilities or any of its affiliates and certain other persons, and the guarantees of such obligations, are or will be, as applicable, secured, subject to the applicable Intercreditor Agreements, permitted liens and other exceptions, on (i) a first-lien basis by the Term Priority Collateral, which assets will also secure the Issuer's and each Exchange Notes Guarantor's obligations under the New First Lien Notes on a *pari passu* basis, the Exchange Notes on a second-lien basis, and the ABL Credit Facility on a third-lien basis and (ii) a second-lien basis by the ABL Priority Collateral, which assets will also secure the Issuer's and each Exchange Notes Guarantor's obligations under the New First Lien Notes on a *pari passu* basis, the ABL Credit Facility on a first-lien basis, and the Exchange Notes on a third-lien basis.

Certain Covenants and Events of Default

The New Term Loan Facility is expected to contain, and the ABL Credit Facility contains, a number of covenants that, among other things, restrict or will restrict, subject to certain exceptions, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- engage in mergers or consolidations;
- sell, transfer or otherwise dispose of assets;
- pay dividends and distributions or repurchase capital stock;
- prepay, redeem or repurchase certain indebtedness;
- make investments, loans and advances; and
- enter into certain transactions with affiliates.

The ABL Credit Facility contains a financial covenant requiring compliance with a fixed-charge coverage ratio of at least 1.0:1.0 if the available borrowing capacity is less than 10% of the maximum amount that can be borrowed under the ABL Credit Facility, based on the borrowing base at such time.

The ABL Credit Facility limits, and the New Term Loan Facility is expected to also limit, our activities to being a passive holding company and will also contain certain customary affirmative covenants and events of default for facilities of this type, including relating to a change of control. If an event of default occurs, the lenders under the Senior Secured Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Senior Secured Credit Facilities and all actions permitted to be taken by secured creditors.

New First Lien Notes

On or prior to the Settlement Date, the Issuer expects to complete its offer and sale of the New First Lien Notes.

Obligations under the New First Lien Notes will be guaranteed, jointly and severally, by Holdings and each of the Issuer's existing and future wholly-owned domestic restricted subsidiaries that will guarantee the New Term Loan Facility. The New First Lien Notes and related guarantees will be secured on (i) a first-lien basis by the Term Priority Collateral, which assets will also secure the Issuer's and each Exchange Notes Guarantor's obligations under the New Term Loan Facility on a *pari passu* basis, the Exchange Notes on a second-lien basis, and the ABL Credit Facility on a third-lien basis and (ii) a

second-lien basis by the ABL Priority Collateral, which assets will also secure the Issuer's and each Exchange Notes Guarantor's obligations under the New Term Loan Facility on a *pari passu* basis, the ABL Credit Facility on a first-lien basis, and the Exchange Notes on a third-lien basis.

The New First Lien Notes Indenture will contain covenants that, among other things, limit the Issuer's ability and the ability of its restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock; (ii) pay dividends and make other distributions or repurchase stock; (iii) make certain investments; (iv) create or incur liens; (v) sell assets; (vi) enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to the Issuer or the Exchange Notes Guarantors; (vii) enter into certain transactions with the Issuer's affiliates; (viii) designate restricted subsidiaries as unrestricted subsidiaries; and (ix) merge, consolidate or transfer or sell all or substantially all of the Issuer's or the guarantors' assets.

It is expected that the New First Lien Notes Indenture will provide for a Liquidated Damages Charge similar to the New Term Loan Facility. See "—Senior Secured Credit Facilities."

Old Notes

On April 16, 2019, the Issuer issued $1,000 million aggregate principal amount of Old Notes. The Old Notes will mature on April 15, 2027. The Issuer pays interest on the Old Notes at 10.75% per annum, semi-annually in arrears on April 15 and October 15 of each year.

Obligations under the Old Notes are guaranteed, jointly and severally, by each of the Issuer's existing and future wholly-owned domestic restricted subsidiaries that guarantee our existing term loan borrowings.

The Old Notes may be redeemed, in whole or in part, on or after April 15, 2022 at the redemption prices specified in the Old Notes Indenture, together with accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to April 15, 2022, the Issuer may redeem the Old Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a make-whole premium, together with accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, prior to April 15, 2022, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Old Notes with an amount not to exceed the net cash proceeds from certain equity offerings at the redemption price of 110.750% of the principal amount of the Old Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The Old Notes Indenture contains covenants that, among other things, limit the Issuer's ability and the ability of its restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock; (ii) pay dividends and make other distributions or repurchase stock; (iii) make certain investments; (iv) create or incur liens; (v) sell assets; (vi) enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to the issuer or the guarantors; (vii) enter into certain transactions with the issuer's affiliates; (viii) designate restricted subsidiaries as unrestricted subsidiaries; and (ix) merge, consolidate or transfer or sell all or substantially all of the Issuer's or the guarantors' assets.

As of the date of this Offering Memorandum, the Issuer had approximately $950 million aggregate principal amount of the Old Notes outstanding.

In addition, on May 9, 2024, the Issuer entered into the Exchange Agreement with the Sponsor Noteholders which hold approximately $95 million in aggregate principal amount of Old Notes as of the date of this Offering Memorandum. Pursuant to and subject to the terms of the Exchange Agreement, the Sponsor Noteholders agreed to exchange all of their Old Notes for an equivalent aggregate principal amount of Exchange Notes on the same terms as the Exchange Notes issued as the Second Option Consideration in the Exchange Offer. The Sponsor Noteholders will not receive any cash consideration in

respect of the principal amount of Old Notes exchanged in the Sponsor Exchange. The Sponsor Exchange Notes will be issued to the Sponsor Noteholders pursuant to the exemption provided under Section 4(a)(2) of the Securities Act. The Sponsor Exchange is expected to be consummated substantially concurrently with, and subject to, the settlement of the Exchange Offer. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—Sponsor Exchange."

General Terms of the Exchange Offer and Consent Solicitation

General

Subject to the satisfaction or, if permitted, waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation," of the Exchange Offer and Consent Solicitation, the Issuer is offering to Eligible Holders to exchange any and all outstanding Old Notes for newly issued Exchange Notes.

Subject to the conditions included in this Offering Memorandum, including the Minimum Participation Condition, the ABL Amendment Condition, the First Lien Financing Condition and the Sponsor Exchange Condition, and the tender acceptance procedures described herein:

(1) for each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange,

  a. Eligible Holders of Old Notes that elect to receive the First Option Consideration will be eligible to receive an amount equal to $1,000 consisting of (i) an amount of cash equal to $100.0 million divided by the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration multiplied by $1,000 plus (ii) an amount of Exchange Notes equal to $1,000 less the cash consideration amount determined under clause (i); or

  b. Eligible Holders of Old Notes that elect to receive the Second Option Consideration will be eligible to receive $1,000 principal amount of Exchange Notes; and

(2) for each $1,000 principal amount of Old Notes validly tendered after the Early Exchange Time, but at or prior to the Expiration Time, and accepted for exchange, Eligible Holders of Old Notes will be eligible to receive $950 principal amount of Exchange Notes.

For the avoidance of doubt, the amount of cash payable as First Option Consideration will not exceed $1,000 for each $1,000 principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time and accepted for exchange. Eligible Holders that fail to validly tender (or who validly withdraw) their Old Notes prior to the Early Exchange Time will not receive the First Option Consideration or the Second Option Consideration and, for the avoidance of doubt, will not receive any cash consideration in respect of their Old Notes.

The cash consideration payable as part of the First Option Consideration will be determined at the Early Exchange Time based on the aggregate principal amount of Old Notes validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration.

The cash consideration payable as part of the First Option Consideration is inversely related to the amount of Old Notes validly tendered (and not validly withdrawn) prior to the Early Exchange Time by Eligible Holders that elect to receive the First Option Consideration. Accordingly, the greater the amount of Old Notes validly tendered (and not validly withdrawn) by Eligible Holders that elect to receive the First Option Consideration, the lower the pro rata portion of the cash consideration. For example, assuming that all tendering Eligible Holders elect to receive the First Option Consideration: (i) if 100% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly withdrawn), an amount equal to $1,000 consisting of $883 in principal amount of Exchange Notes and $117 in cash, (ii) if 80% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly

withdrawn), an amount equal to $1,000 consisting of $854 in principal amount of Exchange Notes and $146 in cash and (iii) if 60% of the Old Notes outstanding are validly tendered (and not validly withdrawn) at or prior to the Early Exchange Time, each Eligible Holder will be eligible to receive, for each $1,000 aggregate principal amount of Old Notes validly tendered (and not validly withdrawn), an amount equal to $1,000 consisting of $805 in principal amount of Exchange Notes and $195 in cash.

The hypothetical participation amounts discussed above exclude Old Notes held by the Sponsor Noteholders. The Sponsor Noteholders will not be eligible to receive cash consideration in connection with the Sponsor Exchange. In addition to the consideration described above, the Issuer will pay in cash accrued and unpaid interest on the Old Notes accepted in the Exchange Offer from the latest interest payment date to, but excluding, the Settlement Date. Interest on the Exchange Notes will accrue from the date of first issuance of the Exchange Notes.

In conjunction with the Exchange Offer, the Issuer is also soliciting consents from holders of Old Notes to adopt the Proposed Amendments. In order to be adopted, the Proposed Amendments must be consented to by the Eligible Holders of at least a majority in aggregate principal amount of the Old Notes outstanding. Any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates will be disregarded and deemed to be not outstanding in determining whether the Requisite Consents have been obtained. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations, and modify or eliminate certain other provisions, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes.

The Issuer's obligation to accept Old Notes that are validly tendered (and not validly withdrawn) is subject to the satisfaction or, if permitted, waiver of the conditions described under "Conditions of the Exchange Offer and Consent Solicitation."

The Exchange Offer and Consent Solicitation will expire at 5:00 P.M., New York City time, on June 7, 2024, unless extended by the Issuer.

Eligible Holders may withdraw tendered Old Notes at any time prior to 5:00 P.M., New York City time, on May 22, 2024, unless extended by the Issuer. Old Notes may not be withdrawn from the Exchange Offer and the related Consents may not be revoked from the Consent Solicitation after the Withdrawal Deadline, subject to applicable law. Old Notes tendered in the Exchange Offer after such Withdrawal Deadline may not be withdrawn except in the limited circumstances where additional withdrawal rights are required by law.

Minimum Denominations; Rounding

The Old Notes will only be accepted for exchange by the Issuer in minimum principal amounts of $2,000 and integral multiples of $1,000 thereafter. No alternative, conditional or contingent tenders will be accepted. **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.**

The Issuer will not accept any tender of Old Notes that would result in the issuance of less than $2,000 principal amount of Exchange Notes and tenders of $2,000 in aggregate principal amount will not be eligible to receive cash consideration payable as part of the First Option Consideration. If, under the terms of the Exchange Offer and Consent Solicitation, a tendering holder is entitled to receive Exchange Notes in a principal amount that is not an integral multiple of $1.00, the Issuer will round downward such principal amount of Exchange Notes to the nearest integral multiple of $1.00. This rounded amount will be the principal amount of Exchange Notes that Eligible Holders will be eligible to receive, and no additional cash will be paid in lieu of any principal amount of Exchange Notes not received as a result of rounding down.

Minimum Participation Condition, ABL Amendment Condition, First Lien Financing Condition and Sponsor Exchange Condition

The Issuer's obligation to accept for exchange Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer and related Consent Solicitation is subject to the satisfaction or, if permitted, waiver of the certain conditions described under "Conditions of the Exchange Offer and Consent Solicitation," including: (i) a minimum of over 50% of the aggregate outstanding principal amount of Old Notes (excluding any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates) shall have been validly tendered (and not validly withdrawn) pursuant to the Exchange Offer and the Requisite Consents shall have been received; (ii) the entry into the ABL Credit Facility Amendment; (iii) the consummation of the New First Lien Financing Transactions that in the Issuer's reasonable judgment and subject to the Issuer's ordinary operational cash needs, together with available liquidity under existing agreements and other immediately available sources of cash, provide the Issuer with aggregate net proceeds sufficient to repay and redeem the Issuer's existing secured notes and term loans; and (iv) the consummation of the Sponsor Exchange. The Issuer reserves the right, in its sole discretion, to amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. By tendering Old Notes, each Eligible Holder acknowledges and consents to the right of the Issuer to, in its sole discretion, amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum independent of any level of participation, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition.

Early Exchange Time; Expiration Time; Extensions; Amendments; Termination

The Early Exchange Time for the Exchange Offer is 5:00 P.M., New York City time, on May 22, 2024, subject to the Issuer's right to extend that time and date for the Exchange Offer in the Issuer's sole discretion (which right is subject to applicable law), in which case the Early Exchange Time for the Exchange Offer means the latest time and date to which the Early Exchange Time is extended.

The Expiration Time for the Exchange Offer and Consent Solicitation is 5:00 P.M., New York City time, on June 7, 2024, subject to the Issuer's right to extend that time and date for the Exchange Offer and Consent Solicitation in the Issuer's sole discretion (which right is subject to applicable law), in which case the Expiration Time for the Exchange Offer and Consent Solicitation means the latest time and date to which the Exchange Offer and Consent Solicitation is extended.

To extend the Early Exchange Time or the Expiration Time, the Issuer will notify the Exchange Agent and will make a public announcement thereof before 9:00 A.M., New York City time, on the next business day after the previously scheduled Early Exchange Time or Expiration Time, as applicable. During any extension of the Early Exchange Time or the Expiration Time, all Old Notes previously tendered in the extended Exchange Offer will remain subject to the Exchange Offer and, subject to compliance with the terms of the Exchange Offer and Consent Solicitation and applicable law, may be accepted for exchange by the Issuer. The Early Exchange Time and the Expiration Time with respect to the Exchange Offer can be extended independently of the Withdrawal Deadline for the Exchange Offer and vice versa.

In all cases, subject to applicable law, the Issuer expressly reserves the right, in its sole discretion and with respect to the Exchange Offer and Consent Solicitation, to:

- amend the terms of the Exchange Notes to be issued pursuant to the Exchange Offer;

- delay accepting any Old Notes, extend the Exchange Offer and Consent Solicitation or terminate the Exchange Offer and Consent Solicitation and not accept any Old Notes;
- extend the Early Exchange Time without extending the Withdrawal Deadline and vice versa; and
- amend, modify or waive, in part or whole, at any time, or from time to time, the terms of the Exchange Offer and Consent Solicitation in any manner not prohibited by law, including, if permitted, waiver of any conditions to the consummation of the Exchange Offer and Consent Solicitation, including the Minimum Participation Condition, the ABL Amendment Condition, the First Lien Financing Condition and the Sponsor Exchange Condition.

If the Issuer exercises any such rights, it will give written notice thereof to the Exchange Agent and will make a public announcement thereof as promptly as practicable to the extent required by applicable law. Without limiting the manner in which the Issuer may choose to make a public announcement of any extension, amendment or termination of the Exchange Offer and Consent Solicitation, the Issuer will not be obligated to publish, advertise or otherwise communicate any such public announcement, other than by making a timely press release to the extent required by applicable law.

The minimum period during which the Exchange Offer and Consent Solicitation will remain open following material changes in the terms of the Exchange Offer and Consent Solicitation or in the information concerning the Exchange Offer will depend upon the facts and circumstances of such change, including the relative materiality of the changes. In accordance with Rule 14e-1 under the Exchange Act, if the Issuer elects to change the consideration offered or the percentage of Old Notes sought, the Exchange Offer and Consent Solicitation will remain open for a minimum of ten business days following the date that the notice of such change is first published or sent or given to Eligible Holders. If the terms of the Exchange Offer and Consent Solicitation are amended in a manner determined by the Issuer to constitute a material change adversely affecting any Eligible Holder, the Issuer will promptly disclose any such amendment in a manner reasonably calculated to inform Eligible Holders of such amendment, and the Issuer will extend the Exchange Offer and Consent Solicitation for a time period that it deems appropriate, depending upon the significance of the amendment, the manner of disclosure to Eligible Holders and the requirements of applicable law, if the Exchange Offer and Consent Solicitation would otherwise expire during such time period. Any extension, amendment, waiver or change of the Exchange Offer and Consent Solicitation will not result in the reinstatement of any withdrawal or revocation rights if those rights previously expired, except as required by applicable law.

There can be no assurance that the Issuer will exercise its right to extend, terminate or amend the Exchange Offer or the Consent Solicitation. During any extension and irrespective of any amendment to the Exchange Offer or the Consent Solicitation, all outstanding Old Notes previously validly tendered and not validly withdrawn will remain subject to the Exchange Offer and Consent Solicitation and may be accepted thereafter for exchange by the Issuer subject to the terms and conditions of the Exchange Offer or the Consent Solicitation and to compliance with applicable law. In addition, the Issuer may waive certain conditions without extending the Exchange Offer or the Consent Solicitation, in accordance with applicable law. By tendering Old Notes, each holder acknowledges and consents to the right of the Issuer to, in its sole discretion, amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition.

Settlement Date

Upon the terms and subject to the conditions of the Exchange Offer and Consent Solicitation, the Settlement Date for the Exchange Offer will occur promptly after the Expiration Time and is expected to occur no later than three (3) business days after the Expiration Time.

The Issuer will not be obligated to deliver the Exchange Notes unless the Exchange Offer and Consent Solicitation are consummated.

Holders Eligible to Participate in the Exchange Offer and Consent Solicitation

The Exchange Offer and Consent Solicitation will only be made, and the Exchange Notes are only being offered and will only be issued, to holders of Old Notes that are (a) reasonably believed to be QIBs as defined in Rule 144A or (b) non U.S. persons, in transactions outside the United States, in reliance on Regulation S.

Only Eligible Holders that have completed and returned the eligibility certification, which is available at www.dfking.com/staples, are authorized to receive and review this Offering Memorandum or to participate in the Exchange Offer and Consent Solicitation. There will be no letter of transmittal for the Exchange Offer.

Certain Matters Relating to Compliance with Securities Law in Non-U.S. Jurisdictions

Countries outside the United States may have their own legal requirements that govern securities offerings made to persons resident in those countries and may impose requirements about the form, content and process of offers made to the general public. The Issuer has not to date taken any action under such non-U.S. regulations. Non-U.S. holders should consult their advisors in considering whether they may participate in the Exchange Offer and Consent Solicitation in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the Exchange Notes that may apply in their home countries or if the participation would result in a requirement for the Issuer to make any deliveries, filings or registrations. The Issuer and the Dealer Managers cannot provide any assurance about whether such limitations may exist. The Dealer Managers are only acting as dealers managers for the Exchange Offer and Consent Solicitation in the United States. In addition, in some non-U.S. jurisdictions, there may be restrictions on the ability of a holder to transfer Exchange Notes received in the Exchange Offer. By tendering Old Notes pursuant to the Exchange Offer, you are representing that if you are located outside the United States, the offer to you and your acceptance of it does not contravene the applicable laws where you are located and that your participation in the Exchange Offer and Consent Solicitation will not impose on us any requirement to make any deliveries, filings or registrations. See “Transfer Restrictions” and “Notice to Investors.”

Acceptance of Old Notes; Acceptance of Consents; Accrual of Interest

If the conditions to the Exchange Offer and Consent Solicitation are satisfied or, if permitted, waived, and the Issuer otherwise does not terminate the Exchange Offer and Consent Solicitation, the Issuer will accept for exchange (subject to the tender acceptance structure described herein) at the Settlement Date, after it receives validly completed Agent's Messages, with respect to the Old Notes accepted pursuant to the Exchange Offer, the Old Notes to be exchanged by notifying the Exchange Agent of the Issuer's acceptance thereof. The notice of such acceptance may be oral if the Issuer promptly confirms such notice in writing.

In all cases, the consideration for Old Notes tendered pursuant to the Exchange Offer will be delivered only in exchange for Old Notes that are validly tendered (and, if applicable, not validly withdrawn) at or prior to the Expiration Time and accepted by the Issuer in the Exchange Offer as set forth in this Offering Memorandum.

The Issuer expressly reserves the right, in its sole discretion, to delay the exchange of, or delay the acceptance for exchange of, Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer (subject to Rule 14e-1(c) under the Exchange Act, which requires that the Issuer issue the offered consideration or return the Old Notes deposited by holders of Old Notes promptly after termination or withdrawal of the Exchange Offer and Consent Solicitation), or to terminate the Exchange Offer and not accept for exchange any Old Notes tendered pursuant to the Exchange Offer, (1) if any of the conditions to the Exchange Offer and Consent Solicitation shall not have been satisfied or, if permitted, waived by the Issuer, or (2) in order to comply in whole or in part with any applicable law.

The Issuer will have accepted validly tendered (and not validly withdrawn) Old Notes, if, as and when the Issuer give oral or written notice to the Exchange Agent of its acceptance of the Old Notes for exchange pursuant to the Exchange Offer. In all cases, exchange of Old Notes pursuant to the Exchange Offer will be made by tender to the Exchange Agent (or, upon its instruction, DTC), which will act as your agent for the purposes of transmitting any interest cash payments and delivering Exchange Notes to you. If, for any reason whatsoever, acceptance for exchange of, or the exchange of, any Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer is delayed (whether before or after the Issuer's acceptance of the Old Notes) or the Issuer extends the Exchange Offer and Consent Solicitation or is unable to accept the Old Notes tendered pursuant to the Exchange Offer, then, without prejudice to the Issuer's rights set forth herein, the Issuer may instruct the Exchange Agent to retain any Old Notes tendered pursuant to the Exchange Offer, and those Old Notes may not be withdrawn, subject to applicable law and the limited circumstances described in "Withdrawal of Tenders."

If any tendered Old Notes are not accepted for exchange for any reason pursuant to the terms and conditions of the Exchange Offer and Consent Solicitation, such Old Notes will be returned, without expense, to the tendering holder promptly following the Expiration Time or the termination of the Exchange Offer and Consent Solicitation.

Denominations; Rounding

The Old Notes will only be accepted for exchange by the Issuer in minimum principal amounts of $2,000 and integral multiples of $1,000 thereafter. No alternative, conditional or contingent tenders will be accepted. **Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.**

The Issuer will not accept any tender of Old Notes that would result in the issuance of less than $2,000 principal amount of Exchange Notes and tenders of $2,000 in aggregate principal amount will not be eligible to receive cash consideration payable as part of the First Option Consideration. If, under the terms of the Exchange Offer, a tendering holder is entitled to receive Exchange Notes in a principal amount that is not an integral multiple of $1.00, the Issuer will round downward such principal amount of

Exchange Notes to the nearest integral multiple of $1.00. This rounded amount will be the principal amount of Exchange Notes that Eligible Holders will be eligible to receive, and no additional cash will be paid in lieu of any principal amount of Exchange Notes not received as a result of rounding down.

Accrued and Unpaid Interest

The Issuer will pay in cash accrued and unpaid interest on the Old Notes accepted in the Exchange Offer, if any, from the latest interest payment date to, but excluding, the Settlement Date. Interest on the Exchange Notes will accrue from the date of first issuance of Exchange Notes.

Under no circumstances will any additional interest be payable because of any delay in the delivery or transmission of Exchange Notes or funds to any holder of Old Notes as a result in any delay in delivery or transmission by the Exchange Agent, DTC or any holder's nominee.

Payment of Transfer Taxes, Fees and Expenses

The Issuer will pay or cause to be paid all transfer taxes with respect to the valid tender of any Old Notes, except as described below. If payment is to be made to, or if Old Notes not tendered or exchanged are to be registered in the name of, any person other than the registered holder of such Old Notes, the amount of any transfer taxes (whether imposed on the registered holder or such other person) payable on account of the transfer to such other person will be deducted from the payment unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted to the Issuer. We will not pay any taxes that are not transfer taxes by reason of the transfer and tender to us or any taxes that are imposed in respect of income, capital or franchise (in lieu of income) taxes payable by an Eligible Holder, registered holder or other persons in respect of the transfer.

Tendering Eligible Holders of Old Notes accepted in the Exchange Offer and Consent Solicitation will not be obligated to pay brokerage commissions or fees to the Issuer, the Dealer Managers, the Exchange Agent or the Information Agent. If, however, a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution that Eligible Holder may be required to pay brokerage fees or commissions.

Procedures for Tendering Old Notes and Delivering Consents

General

In order to participate in the Exchange Offer and Consent Solicitation, you must validly tender (and not validly withdraw) your Old Notes to the Exchange Agent and validly deliver your Consents to the Exchange Agent, in each case, as further described below. It is your responsibility to validly tender your Old Notes and deliver your Consents in accordance with the procedures set forth in this Offering Memorandum. The Issuer has the right to waive any defects or irregularities in your tender of Old Notes or delivery of Consents in its sole discretion. However, the Issuer is not required to waive defects or irregularities and is not required to notify you of defects or irregularities in your tender of Old Notes or delivery of Consents.

The tender of Old Notes pursuant to the Exchange Offer and Consent Solicitation in accordance with the procedures described below will be deemed to constitute a delivery of a Consent to the Proposed Amendments and a consent and direction to the Old Notes Trustee to execute and deliver the Old Notes Supplemental Indenture. Eligible Holders of Old Notes that tender their Old Notes pursuant to the Exchange Offer are obligated to deliver their Consents to the Proposed Amendments and to the execution and delivery of the Old Notes Supplemental Indenture. Eligible Holders of Old Notes may not deliver Consents without tendering their Old Notes pursuant to the Exchange Offer.

Each participating Eligible Holder must tender all of the Old Notes it holds. Partial tenders of Old Notes will not be accepted.

If you have any questions or need help in tendering your Old Notes, please contact the Exchange Agent whose addresses and telephone numbers are listed on the back cover of this Offering Memorandum, or your broker, dealer, commercial bank, trust company or other nominee or custodian through which your Old Notes are held.

Valid Tender of Old Notes

Except as set forth below with respect to ATOP procedures, for an Eligible Holder to validly tender Old Notes pursuant to the Exchange Offer, an Agent's Message must be received by the Information Agent and Exchange Agent at the address or facsimile number set forth on the back cover of this Offering Memorandum at or prior to the Expiration Time (or at or prior to the Early Exchange Time, in order to be eligible for the Early Exchange Consideration), and the Old Notes must be transferred pursuant to the procedures for book-entry transfer described below and a book-entry confirmation must be received by the Exchange Agent at or prior to the Expiration Time (or at or prior to the Early Exchange Time, in order to be eligible for the Early Exchange Consideration).

In all cases, exchanges of Old Notes validly tendered (and not validly withdrawn) and accepted pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of (1) a book-entry confirmation with respect to such Old Notes (a "Book-Entry Confirmation") and (2) an Agent's Message.

The Issuer has not provided guaranteed delivery procedures in connection with the Exchange Offer. Holders must timely tender their Old Notes in accordance with the procedures set forth in this Offering Memorandum.

Tendering with Respect to Old Notes Held through a Nominee or Custodian

Any Eligible Holder whose Old Notes are held by a broker, dealer, commercial bank, trust company or other nominee or custodian and who wishes to tender Old Notes should contact such nominee or custodian promptly and instruct such entity to tender the Old Notes on such Eligible Holder's

behalf. **A nominee or custodian cannot tender Old Notes on behalf of an Eligible Holder of Old Notes without such Eligible Holder's instructions**.

Eligible Holders whose Old Notes are held by a broker, dealer, commercial bank, trust company or other nominee or custodian should be aware that such nominee or custodian may have deadlines earlier than the Expiration Time (or Early Exchange Time, as the case may be) to be advised of the action that you may wish for them to take with respect to your Old Notes, and, accordingly, such Eligible Holders are urged to contact any broker, dealer, commercial bank, trust company or other nominee or custodian through which they hold their Old Notes as soon as possible in order to learn of the applicable deadlines of such entities.

You will not be required to pay any fees or commissions to the Issuer, the Dealer Managers, the Exchange Agent or the Information Agent in connection with the Exchange Offer and Consent Solicitation. If you are an Eligible Holder and your Old Notes are held through a broker, dealer, commercial bank, trust company or other nominee or custodian that tenders your Old Notes on your behalf, any of them may charge you for doing so. You should consult with them to determine whether any charges will apply.

The Issuer will pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this Offering Memorandum and related documents to the beneficial owners of the Old Notes. The Issuer will not make any payment to brokers, dealers or others soliciting acceptances of the Exchange Offer other than the Dealer Managers, as described herein.

Election for Early Exchange Consideration

Each Eligible Noteholder that validly tenders Old Notes on or prior to the Early Exchange Time is obligated to make an election between the First Option Consideration and the Second Option Consideration with respect any Old Notes tendered by such Eligible Noteholder on or prior to the Early Exchange Time. It is your responsibility to validly tender your Old Notes on or prior to the Early Exchange Time and make the appropriate election with respect any Old Notes tendered by you.

Book-Entry Transfer

The Exchange Agent has established or will establish an account with respect to the Old Notes at DTC for purposes of the Exchange Offer, and any financial institution that is a participant in the DTC system and whose name appears on a security position listing as the record owner of the Old Notes may make book-entry delivery of Old Notes by causing DTC to transfer the Old Notes into the Exchange Agent's account at DTC in accordance with DTC's procedure for transfer. Although delivery of Old Notes may be effected through book-entry transfer into the Exchange Agent's account at DTC, an Agent's Message must be transmitted to and received by the Exchange Agent at or prior to the Expiration Time (or at or prior to the Early Exchange Time, as the case may be).

Procedures for Tendering Old Notes through ATOP

DTC participants may electronically transmit their acceptance of the Exchange Offer through ATOP, for which the Exchange Offer will be eligible. In accordance with ATOP procedures, DTC will then verify the acceptance of the Exchange Offer and send an Agent's Message to the Exchange Agent for its acceptance on behalf of the Issuer.

An "Agent's Message" is a message transmitted by DTC, received by the Exchange Agent and forming part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the DTC participant described in such Agent's Message stating (a) the aggregate principal amount of Old Notes that have been tendered or deposited by such participant, (b) that such participant has received this Offering Memorandum and agrees to be bound by the terms of the

Exchange Offer, as applicable, as described in this Offering Memorandum and (c) that the Issuer may enforce such agreement against such participant.

If a holder of Old Notes transmits its acceptance of the Exchange Offer through ATOP, delivery of such tendered Old Notes must be made to the Exchange Agent (pursuant to the book-entry delivery procedures set forth herein). Unless such holder delivers (by book-entry delivery) the Old Notes being tendered to the Exchange Agent, the Issuer may, at their option, treat such tender as defective and invalid as set forth in this Offering Memorandum. Delivery of documents to DTC (physically or by electronic means) does not constitute delivery to the Exchange Agent. If you desire to tender your Old Notes on the day that the Early Exchange Time or the Expiration Time occurs, you must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date. The Issuer will have the right to reject the defective tender of Old Notes as invalid and ineffective.

Any tender through ATOP must comply with the deadlines and requirements in this Offering Memorandum. Holders whose Old Notes are held through DTC should be aware that DTC may have deadlines earlier, but no later, than the Early Exchange Time or the Expiration Time for DTC to be advised of the action that you may wish for DTC to take with respect to your Old Notes and, accordingly, such holders are urged to contact DTC as soon as possible in order to learn of DTC's applicable deadlines.

Tenders made in compliance with procedures or instructions that are inconsistent with those stated in this Offering Memorandum, regardless of who provides such procedures or instructions, will not be deemed valid tenders (unless the Issuer waives such compliance in its sole discretion).

Representations, Warranties and Agreements of Tendering Eligible Holders

By tendering Old Notes pursuant to the Exchange Offer, a tendering holder, or the beneficial holder of Old Notes on behalf of which the registered holder has tendered Old Notes, will, subject to that holder's ability to withdraw its tender as set forth in this Offering Memorandum and subject to the terms and conditions of the Exchange Offer generally, be deemed, among other things, to:

- irrevocably sell, assign and transfer to, or upon the Issuer's order or the order of the Issuer's nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the holder's status as a holder of, all Old Notes tendered thereby, such that thereafter the holder shall have no contractual or other rights or claims in law or equity against any fiduciary, trustee, fiscal agent or other person connected with the Old Notes arising under, from or in connection with those Old Notes;

- waive any and all rights with respect to the Old Notes tendered thereby, including, without limitation, any existing, continuing or past defaults and their consequences in respect of those Old Notes; and

- release and discharge the Issuer, the Old Notes Guarantors, the Old Notes Trustee, the Exchange Notes Guarantors, the Exchange Notes Trustee and the Exchange Notes Collateral Agent from any and all claims that the holder may have, now or in the future, arising out of or related to the Old Notes tendered thereby, including, without limitation, any claims that the holder is entitled to receive additional principal or interest payments with respect to the Old Notes tendered thereby, other than accrued and unpaid interest on the Old Notes accepted in the Exchange Offer, if any, from the last interest payment date to, but excluding, the Settlement Date or as otherwise expressly provided in this Offering Memorandum, or to participate in any redemption or defeasance of the Old Notes tendered thereby.

In addition, by tendering Old Notes pursuant to the Exchange Offer, an Eligible Holder will be deemed to have represented and warranted that:

- it is the beneficial owner, or a duly authorized representative of one or more beneficial owners, of the Old Notes tendered thereby, and it has full power and authority to tender, sell, assign and transfer the Old Notes tendered thereby;
- the Old Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and the Issuer will acquire good, indefeasible and unencumbered title to those Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, if and when the Issuer accepts the same;
- it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered thereby from the date of tender, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect; and
- the tender of Old Notes shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this Offering Memorandum.

Each holder of Old Notes that tenders Old Notes pursuant to the Exchange Offer will also be deemed to represent, warrant and agree to the terms described under “Transfer Restrictions” and “Notice to Investors.”

Any custodial entity that holds the Eligible Holder’s Old Notes, by delivering, or causing to be delivered, Old Notes to the Exchange Agent is representing and warranting that the Eligible Holder, as owner of the Old Notes, has represented, warranted and agreed to each of the above.

The agreement between the Issuer and a holder that tenders Old Notes pursuant to the Exchange Offer and Consent Solicitation will be governed by, and construed in accordance with, the laws of the State of New York.

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Old Notes pursuant to any of the procedures described above, and the form and validity (including time of receipt of notices of withdrawal) of all documents, will be determined, as applicable, by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any or all tenders of any Old Notes determined by the Issuer not to be in proper form, or if the acceptance of or exchange of such Old Notes may, in the opinion of the Issuer’s counsel, be unlawful. The Issuer also reserves the right to waive certain conditions to the Exchange Offer and Consent Solicitation that the Issuer are legally permitted to waive.

The Issuer retains the right to request any additional documentation from Eligible Holders tendering Old Notes to consummate the Exchange Offer and deliver the Early Exchange Consideration or the Late Exchange Consideration, as applicable. In the event an Eligible Holder tenders its Old Notes but does not deliver such additional requested information or documentation prior to the relevant date as specified by the Issuer, the Issuer reserves the right to not accept such Old Notes, which could result in the rejection of all tenders of all Old Notes tendered and Consents delivered by such Eligible Holder pursuant to the Exchange Offer and Consent Solicitation.

Your tender of Old Notes will not be deemed to have been validly made until all defects or irregularities in your tender and delivery have been cured or waived. None of the Issuer, the Dealer Managers, the Exchange Agent, the Information Agent, the Exchange Notes Trustee or any other person or entity is under any duty to give notification of any defects or irregularities in any tender or withdrawal of any Old Notes, or will incur any liability for failure to give any such notification. In addition, a waiver of any

defect or irregularity with respect to the tender of one Old Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Old Note.

Please send all materials to the Exchange Agent and not to the Issuer, the Dealer Managers, the Information Agent, the Old Notes Trustee or the Exchange Notes Trustee.

Withdrawal of Tenders

Old Notes validly tendered and not validly withdrawn prior to the Withdrawal Deadline may not be withdrawn at any time after the Withdrawal Deadline, and Old Notes tendered on or after the Withdrawal Deadline may not be withdrawn at any time, unless the Exchange Offer is terminated without any Old Notes being accepted or as required by applicable law. If such termination occurs, Old Notes tendered in the Exchange Offer will be returned to the tendering Eligible Holder as promptly as practicable.

Tenders of Old Notes pursuant to the Exchange Offer may be validly withdrawn at any time prior to the Withdrawal Deadline by following the procedures described herein. If an Eligible Holder validly withdraws its tendered Old Notes prior to the Withdrawal Deadline, such Eligible Holder will be deemed to have revoked its Consent and may not deliver a subsequent Consent without re-tendering its Old Notes. An Eligible Holder may not revoke a Consent without withdrawing the previously tendered Old Notes to which such Consent relates.

An Eligible Holder that validly withdraws previously tendered Old Notes prior to the applicable Withdrawal Deadline and does not validly re-tender Old Notes at or prior to the Early Exchange Time or at or prior to the Expiration Time, as applicable, will not receive any consideration in the Exchange Offer. An Eligible Holder that validly withdraws previously tendered Old Notes prior to the Withdrawal Deadline and validly re-tenders Old Notes at or prior to the Expiration Time (but after the Early Exchange Time) will be eligible to receive the Late Exchange Consideration (assuming such Old Notes are accepted for exchange) but will not receive the Early Exchange Consideration.

The Issuer may extend, in its sole discretion, the Early Exchange Time, the Withdrawal Deadline or the Expiration Time with respect to the Exchange Offer and Consent Solicitation, subject to applicable law. Subject to applicable law, the Early Exchange Time and the Expiration Time can be extended independently of the Withdrawal Deadline for the Exchange Offer and related Consent Solicitation.

To be effective, the withdrawal of a tender and revocation of the related Consent or a properly transmitted “Request Message” through DTC’s ATOP system for a withdrawal of a tender (and the revocation of the related Consent) must be received by the Exchange Agent and Information Agent prior to the Withdrawal Deadline.

Withdrawal of tenders of Old Notes may not be rescinded, and any Old Notes validly withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offer. Withdrawal of Old Notes can only be accomplished in accordance with the foregoing procedures. Old Notes tendered and validly withdrawn prior to the Withdrawal Deadline may thereafter be re-tendered at any time at or prior to the Expiration Time by following the procedures described under “Procedures for Tendering Old Notes and Delivering Consents.”

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Old Notes pursuant to any of the procedures described above, and the form and validity (including time of receipt of notices of withdrawal) of all documents, will be determined, as applicable, by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any or all tenders of any Old Notes determined by the Issuer not to be in proper form, or if the acceptance of or exchange of such Old Notes may, in the opinion of the Issuer’s counsel, be unlawful. None of the Issuer, the Exchange Agent, the Information Agent, the Dealer Managers or any other person will be under any duty to give notification of any defect in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

The Issuer also reserves the right to waive certain conditions to the Exchange Offer and Consent Solicitation that the Issuer is legally permitted to waive.

Conditions of the Exchange Offer and Consent Solicitation

The Issuer's obligation to accept for exchange Old Notes validly tendered (and, if applicable, not validly withdrawn) pursuant to the Exchange Offer and Consent Solicitation is subject to the satisfaction or, if permitted, waiver of the following conditions: (i) the Minimum Participation Condition; (ii) the ABL Amendment Condition; (iii) the First Lien Financing Condition; (iv) the Sponsor Exchange Condition; and (v) the General Conditions (as defined herein). The Issuer reserves the right, in its sole discretion, to amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. By tendering Old Notes, each holder acknowledges and consents to the right of the Issuer to amend the terms of the Exchange Offer and Consent Solicitation, including to waive or amend any condition described in this Offering Memorandum, without extending the Early Exchange Time or the Withdrawal Deadline or otherwise reinstating withdrawal rights, subject to applicable law, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition.

Notwithstanding any other provisions of the Exchange Offer and Consent Solicitation, the Issuer will not be required to accept for exchange or to exchange Old Notes validly tendered (and not validly withdrawn) pursuant to the Exchange Offer and Consent Solicitation, and may, in their discretion, terminate, amend or extend the Exchange Offer and Consent Solicitation or delay or refrain from accepting for exchange or exchanging any of the Old Notes if any of the following (collectively, the "General Conditions") shall occur:

- the Issuer shall have determined, in its reasonable judgment, that anything could reasonably prohibit or delay the Exchange Offer from being consummated in the manner contemplated in this Offering Memorandum or impair the anticipated benefits of the Exchange Offer or the exchange of Old Notes for Exchange Notes;

- there shall have been instituted, threatened or be pending any action, proceeding, application, claim counterclaim or investigation (whether formal or informal) (or there shall have been any material adverse development to any action, proceeding, application, claim, counterclaim or investigation currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, domestic or foreign, or by any other person, domestic or foreign, in connection with the Exchange Offer that, in the Issuer's reasonable judgment, either (a) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects of Holdings and its subsidiaries, (b) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or (c) would or might (x) materially impair the contemplated benefits of the Exchange Offer and Consent Solicitation to Holdings and its subsidiaries or (y) be material to Eligible Holders in deciding whether to participate in the Exchange Offer;

- an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory, self-regulatory or administrative agency or instrumentality that, in the Issuer's reasonable judgment, either (a) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or (b) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects of Holdings and its subsidiaries;

- there shall have occurred or be likely to occur any event or condition affecting the business or financial affairs of Holdings and its subsidiaries that, in the Issuer's reasonable judgment, either (a) is, or is reasonably likely to be, materially adverse to the

business, operations, properties, condition (financial or otherwise), revenue, assets, liabilities or prospects of Holdings and its subsidiaries, (b) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer or (c) would or might (x) materially impair the contemplated benefits of the Exchange Offer to Holdings and its subsidiaries or (y) be material to Eligible Holders in deciding whether to participate in the Exchange Offer;

- the Old Notes Trustee or the Exchange Notes Trustee shall have objected in any respect to or taken action that would or might, in the Issuer's reasonable judgment, adversely affect the consummation of the Exchange Offer or shall have taken any action that would or might challenge the validity or effectiveness of the procedures used by the Issuer in the making of any offer or the acceptance of, or payment for, some or all of the Old Notes pursuant to the Exchange Offer;

- there shall exist, in the Issuer's reasonable judgment, an actual or threatened legal impediment to the acceptance for exchange of, or exchange of, Old Notes; or

- there shall have been (a) any general suspension of, or limitation on prices for, trading in securities in the United States. securities or financial markets, (b) any significant adverse change in the market price for the Old Notes, (c) a material impairment in the trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or other major financial markets, (e) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the Issuer's reasonable judgment, would or might affect the extension of credit by banks or other lending institutions, (f) a commencement of a war, armed hostilities, terrorist acts or other national or international calamity directly or indirectly involving the United States or (g) in the case of any of the foregoing existing on the date of this Offering Memorandum, a material acceleration or worsening thereof.

In conjunction with the Exchange Offer, the Issuer is also soliciting consents from holders of Old Notes to adopt the Proposed Amendments. In order to be adopted, the Proposed Amendments must be consented to by the Eligible Holders of at least a majority in aggregate principal amount of the Old Notes outstanding. Any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates will be disregarded and deemed to be not outstanding in determining whether the Requisite Consents have been obtained. The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes. If the Proposed Amendments become effective, the non-tendered Old Notes will be effectively subordinated to the Exchange Notes to the extent of the value of the collateral securing the Exchange Notes and will not benefit from any security interest in such collateral.

In order to amend the Old Notes Indenture, the Requisite Consents must be received and the Issuer, the Exchange Notes Guarantors and the Old Notes Trustee must execute the Old Notes Supplemental Indenture. The Issuer intends to cause the Information Agent and the Exchange Agent to deliver the Requisite Consents to the Old Notes Trustee promptly after they have been obtained. The Old Notes Supplemental Indenture will be executed and delivered on or promptly following receipt of the Requisite Consents, but will not become operative until the Settlement Date. Only holders of the Old Notes are entitled to deliver Consents. Pursuant to the Old Notes Indenture, the transfer of the Old Notes on the register for the Exchange Notes will not have the effect of revoking any Consent previously given by the holder of those Old Notes and that Consent will remain valid by the person in whose name such Old Notes are then on the register for the Exchange Notes.

The Conditions described above are for the Issuer's sole benefit and may be asserted by the Issuer or may be waived by the Issuer, including any action or inaction by the Issuer giving rise to any Condition, in whole or in part at any time and from time to time prior to the Expiration Time, in its sole discretion, except that the Issuer may not waive the First Lien Financing Condition and the Sponsor Exchange Condition. Under the Exchange Offer and Consent Solicitation, if any of these events occur, the Issuer may, to the extent permitted or not prohibited by law, (i) return Old Notes tendered thereunder to you, (ii) waive all unsatisfied conditions that are permitted to be waived and accept for payment and purchase all Old Notes that are validly tendered (and, if applicable, not validly withdrawn) prior to the Expiration Time (or the Early Exchange Time, as the case may be), (iii) extend the Exchange Offer and Consent Solicitation and retain all tendered Old Notes until the expiration of the extended Exchange Offer and Consent Solicitation (subject to the limited withdrawal rights described herein) or (iv) amend the Exchange Offer and Consent Solicitation in any respect by giving oral or written notice of such amendment to the Exchange Agent and making public disclosure of such amendment to the extent required by law.

The Issuer has not made a decision as to what circumstances would lead the Issuer to waive any Condition, if permitted, and any such waiver would depend on circumstances prevailing at the time of such waiver. Although the Issuer has no present plans or arrangements to do so, the Issuer reserves the right to amend, at any time, the terms of the Exchange Offer and Consent Solicitation. The Issuer will give holders notice of such amendments as may be required by applicable law.

Any determination made by the Issuer concerning an event, development or circumstance described or referred to above will be final and binding on all parties.

Dealer Managers and Solicitation Agents, Exchange Agent and Information Agent

Dealer Managers and Solicitation Agents

In connection with the Exchange Offer and Consent Solicitation, the Issuer has retained J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, BofA Securities, Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, RBC Capital Markets, LLC, Barclays Capital Inc., Jefferies LLC, Mizuho Securities USA LLC and Wells Fargo Securities, LLC to act as the Dealer Managers and Solicitation Agents. The Issuer has agreed to pay the Dealer Managers customary fees and to reimburse the Dealer Managers for their reasonable out-of-pocket expenses, to indemnify them against certain liabilities, including liabilities under federal securities laws, and to contribute to payments that they may be required to make in respect thereof. No fees or commissions have been or will be paid by the Issuer to any broker or dealer, other than the Dealer Managers, in connection with the Exchange Offer and Consent Solicitation. The customary mailing and handling expenses incurred by brokers, dealers, banks, depositories, trust companies and other nominees or custodians forwarding material to their customers will be paid by the Issuer. The obligations of the Dealer Managers to perform such function are subject to certain conditions. Requests for assistance relating to the Exchange Offer and Consent Solicitation may be directed to the Dealer Managers at their address and telephone number set forth on the back cover of this Offering Memorandum.

Some of the Dealer Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. An affiliate of UBS Securities LLC is expected to act as sole administrative and sole collateral agent in respect of the New Term Loan Facility, certain of the Dealer Managers or their affiliates will act as lead arrangers, joint book-runners and lenders in respect of the New Term Loan Facility and as initial purchasers in respect of the New First Lien Notes, and will therefore receive customary fees and commissions thereunder. An affiliate of UBS Securities LLC is the administrative agent and certain of the Dealer Managers or their affiliates are lenders under the Issuer’s existing term loan credit facilities, which will be refinanced in connection with the Transactions. Certain of the Dealer Managers and/or their affiliates hold a portion of the outstanding Old Notes and may participate in the Exchange Offer and Consent Solicitation on the same terms as other Eligible Holders of the outstanding Old Notes, but have no obligation to do so. In addition, certain of the Dealer Managers and/or their affiliates may hold the Old Secured Notes which will be redeemed in connection with the Transactions. An affiliate of Wells Fargo Securities, LLC is the administrative agent and certain of the Dealer Managers or their affiliates are lenders under the ABL Credit Facility.

In addition, in the ordinary course of their business activities, the Dealer Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Dealer Managers or their affiliates that have a lending relationship with us routinely hedge, and certain of the Dealer Managers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such Dealer Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the Exchange Notes offered hereby. The Dealer Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Exchange Agent and Information Agent

D.F. King & Co., Inc. has been appointed the Exchange Agent and the Information Agent for the Exchange Offer and Consent Solicitation. All correspondence in connection with the Exchange Offer and Consent Solicitation should be sent or delivered by each holder of Old Notes, or a beneficial owner's bank, depositary, broker, dealer, trust company or other nominee or custodian, to the Information Agent at the address and telephone numbers set forth on the back cover of this Offering Memorandum. The Issuer will pay the Exchange Agent and the Information Agent reasonable compensation for its services and will reimburse it for certain reasonable expenses in connection therewith.

The Issuer has agreed to indemnify the Exchange Agent and the Information Agent against certain liabilities, including liabilities arising under the federal securities laws.

Description of Exchange Notes

General

Staples, Inc., a Delaware corporation ("Staples" or the "Issuer"), will issue up to $950 million in aggregate principal amount of 12.75% junior lien secured notes due 2030 (the "Exchange Notes") under an indenture to be dated as of the Issue Date (the "Indenture") among the Issuer, the Guarantors and Computershare Trust Company, National Association, as trustee (in such capacity, the "Trustee") and as notes collateral agent (in such capacity, the "Notes Collateral Agent").

Certain terms used in this description are defined under the subheading "—Certain Definitions." In this description, (1) the term "Issuer" refers only to Staples, Inc. and not to any of its Subsidiaries and (2) the terms "we," "our" and "us" each refer to the Issuer and its consolidated Subsidiaries.

The Issuer does not intend to list the Exchange Notes on any securities exchange. The Issuer will not be required to, nor does the Issuer currently intend to, offer to exchange the Exchange Notes for notes registered under the Securities Act or otherwise register or qualify by prospectus the Exchange Notes for resale under the Securities Act. The Indenture will not be subject to the provisions of the Trust Indenture Act of 1939, as amended, and will not be qualified thereunder. Accordingly, the terms of the Exchange Notes will include only those stated in the Indenture. The Exchange Notes will be issued in a private transaction that will not be subject to the registration requirements of the Securities Act.

The following description is only a summary of certain provisions of the Indenture, the Collateral Documents and the Intercreditor Agreements. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Indenture, the Collateral Documents and the Intercreditor Agreements including the definitions therein of certain terms used below. We urge you to read the Indenture, the Collateral Documents and the Intercreditor Agreements because those documents, and not this description, will define your rights as Holders. You may request copies of the Indenture, the Collateral Documents and the Intercreditor Agreements when available at our address set forth under the subheading "Where You Can Find More Information."

Brief Description of the Exchange Notes

The Exchange Notes:

- will be general, secured, senior obligations of the Issuer, secured by a second-priority Lien on the Term Priority Collateral and a third-priority Lien on the ABL Priority Collateral, in each case, other than Excluded Assets, and subject to Permitted Liens;

- will rank equally in right of payment, without giving effect to collateral arrangements, with all existing and future Senior Indebtedness of the Issuer (including any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations);

- will be effectively senior to all unsecured Indebtedness of the Issuer (including any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange), to the extent of the value of the Term Priority Collateral and the ABL Priority Collateral;

- will be effectively junior to any of the Issuer's existing and future obligations secured by assets other than the Collateral or secured by a Priority Lien on the Collateral (including the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations (with respect to the ABL Priority Collateral only)), to the extent of the value of such assets or the Collateral, as applicable;

- will be effectively senior to the Issuer's ABL Credit Agreement Obligations to the extent of the value of the Term Priority Collateral;

- will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of the Issuer that do not guarantee the Exchange Notes (including certain Canadian subsidiaries that only guarantee the Senior Secured ABL Facility);

- will be senior in right of payment to all future Subordinated Indebtedness of the Issuer; and

- will be guaranteed on a senior secured basis by the Guarantors and will also be guaranteed in the future by each Restricted Subsidiary (other than Excluded Subsidiaries), if any, subject to certain exceptions, that guarantees certain Indebtedness of the Issuer or any Guarantor, including Indebtedness under the Senior Credit Facilities and certain Capital Markets Indebtedness of the Issuer or any Guarantor.

Guarantees

The Exchange Notes will be guaranteed by Arch Parent Inc. ("Holdings") and each Subsidiary of the Issuer that guarantees the Senior Secured Term Loan Facility (each, a "Subsidiary Guarantor"). The Guarantors, as primary obligors and not merely as sureties, will, jointly and severally, irrevocably and unconditionally, guarantee, on a senior secured basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture and the Exchange Notes, whether for payment of principal of, premium, if any, or interest in respect of the Exchange Notes, expenses, indemnification or otherwise, whether such obligations are now existing or hereafter incurred, on the terms set forth in the Indenture, by executing the Indenture or a supplement thereto.

The Guarantors will guarantee the Exchange Notes and, in the future, subject to certain exceptions set forth under the caption "—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries," each Restricted Subsidiary (other than Excluded Subsidiaries) of the Issuer that guarantees certain Indebtedness of the Issuer or any Guarantor, including the Senior Credit Facilities and certain Capital Markets Indebtedness of the Issuer or any Guarantor, will guarantee the Exchange Notes, subject to release as provided below or elsewhere in this "Description of Exchange Notes." At its option, any Parent Company of Holdings may guarantee the Exchange Notes, but will not be subject to any of the covenants under the Indenture.

Each Guarantee of the Exchange Notes by a Guarantor:

- will be a general, secured, senior obligation of such Guarantor, secured by a second-priority Lien on the Term Priority Collateral and a third-priority Lien on the ABL Priority Collateral, in each case, other than Excluded Assets, and subject to Permitted Liens;

- will rank equally in right of payment, without giving effect to collateral arrangements, with all existing and future Senior Indebtedness of such Guarantor (including such Guarantor's guarantee of any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange as in effect on the Issue Date, and such Guarantor's guarantee of the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations);

- will be effectively senior to all unsecured Indebtedness of such Guarantor (including any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange), to the extent of the value of the Term Priority Collateral and the ABL Priority Collateral of such Guarantor securing such Exchange Notes;

- will be effectively junior to such Guarantor's existing and future obligations secured by assets other than the Collateral or secured by a Priority Lien on the Collateral (including the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations (with respect to the ABL Priority Collateral only)), to the extent of the value of such assets or the Collateral, as applicable;

- will be effectively senior to such Guarantor's Guarantee of the ABL Credit Agreement Obligations to the extent of the value of the Term Priority Collateral;

- will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of such Guarantor that do not guarantee the Exchange Notes (including certain Canadian subsidiaries that only guarantee the Senior Secured ABL Facility); and

- will be senior in right of payment to all future Subordinated Indebtedness of such Guarantor.

Not all of the Issuer's Subsidiaries will guarantee the Exchange Notes, and Guarantees may be released in certain circumstances. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes—Claims of Holders of the Exchange Notes will be structurally subordinated to claims of creditors of certain of the Issuer's subsidiaries that will not guarantee the Exchange Notes." In the event of a bankruptcy, liquidation, reorganization or similar proceeding of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. As a result, all of the existing and future liabilities of the Issuer's non-guarantor Subsidiaries, including any claims of trade creditors, will be effectively senior to the Exchange Notes. The Indenture will not limit the amount of liabilities that are not considered Indebtedness that may be incurred by the Issuer or its Restricted Subsidiaries, including the non-guarantor Subsidiaries.

As of February 3, 2024 and for fiscal year 2023, the Issuer's non-guarantor Subsidiaries represented approximately 0.8% of its sales, 1.2% of its Adjusted EBITDA, 4.5% of its total assets and 2.5% of its total liabilities, in each case as such terms are defined in the Offering Memorandum.

The obligations of each Guarantor under its Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law. This provision may not, however, be effective to protect a Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor's obligation to an amount that effectively makes its Guarantee worthless. If a Guarantee was rendered voidable, it could be declared entirely void or subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes— Federal and state fraudulent transfer laws permit a court, under certain circumstances, to void the Exchange Notes and the related guarantees, and, if that occurs, you may not receive any payments on the Exchange Notes."

Any Guarantor that makes a payment under its Guarantee will be entitled, upon payment in full of all guaranteed obligations under the Indenture, to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

Each Guarantor may consolidate with, amalgamate or merge with or into, or sell all or substantially all its assets to, the Issuer or another Guarantor without limitation or any other Person upon the terms and conditions set forth in the Indenture. See "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets."

Each Guarantee by a Subsidiary Guarantor will provide by its terms that it will be automatically

and unconditionally released and discharged upon:

(1) any sale, exchange, issuance, disposition or transfer (by merger, amalgamation, consolidation or otherwise) of (a) the Capital Stock of such Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary, or (b) all or substantially all of the assets of such Guarantor (including to the Issuer or another Guarantor) in each case, if such sale, exchange, issuance, disposition or transfer is made in compliance with the applicable provisions of the Indenture;

(2) (a) the release or discharge of the guarantee by, or direct obligation of, such Guarantor of Indebtedness under the Senior Credit Facilities, any other Term Priority Documents and any Capital Markets Indebtedness of the Issuer or any Guarantor; *provided* that, with respect to the release or discharge of a guarantee of such Guarantor under the Senior Credit Facilities or any other Term Priority Documents, such release or discharge is not effected for the principal purpose of causing the release of the Guarantee of such Guarantor under the Indenture or (b) the release of discharge of such other guarantee that resulted in the creation of such Guarantee, except, in each case, a discharge or release by or as a result of payment under such guarantee, or direct obligation (it being understood that, in each case, a release subject to a contingent reinstatement is still a release);

(3) (a) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Indenture or (b) such Guarantor otherwise becoming an Excluded Subsidiary (other than pursuant to clause (1) of the definition thereof);

(4) (a) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance" or (b) the discharge of the Issuer's obligations under the Indenture in accordance with the terms of the Indenture;

(5) the merger, amalgamation or consolidation of any Guarantor with and into the Issuer or another Guarantor that is the surviving Person in such merger, amalgamation or consolidation, or upon the liquidation of a Guarantor following the transfer of all or substantially all of its assets, in each case in a transaction that complies with the applicable provisions of the Indenture;

(6) as described under "—Amendment, Supplement and Waiver;" or

(7) upon the achievement of Investment Grade Status by the Exchange Notes; provided that such Guarantee shall be reinstated upon the Reversion Date.

The Guarantee of Holdings will be released if the Issuer exercises its legal defeasance option or covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance," if the Issuer's Obligations under the Indenture are discharged (including pursuant to a satisfaction and discharge of the Indenture as described below under "—Satisfaction and Discharge" or through redemption or repurchase of all the Exchange Notes or otherwise) in accordance with the terms of the Indenture, if there is a release or discharge of such guarantee by, or direct obligation of, Holdings of the Obligations under the Senior Credit Facilities, any other Term Priority Documents and any Capital Markets Indebtedness, except by reason of payment under or the termination or repayment of the Senior Credit Facilities, any other Term Priority Documents or any Capital Markets Indebtedness or a discharge or release by or as a result of payment in connection with the enforcement of remedies under such guarantee or direct obligation, or if there is a Qualifying IPO solely to the extent Holdings, contemporaneously with such Qualifying IPO, no longer guarantees the Obligations under the Senior Credit Facilities, any other Term Priority Documents and any Capital Markets Indebtedness thereafter.

In addition, the Issuer will have the right, upon delivery of an Officer's Certificate and an Opinion of Counsel to the Trustee, to cause any Guarantor that has not guaranteed any Indebtedness under the Senior Credit Facilities or any Capital Markets Indebtedness of the Issuer or any Guarantor, and is not otherwise required by the applicable terms of the Indenture to provide a Guarantee, to be unconditionally released and discharged from all obligations under its Guarantee, and such Guarantee will thereupon

automatically and unconditionally terminate and be discharged and of no further force or effect.

Ranking

The payment of the principal of, premium, if any, and interest on the Exchange Notes and the payment of any Guarantee will rank equally in right of payment to all existing and future Senior Indebtedness of the Issuer or the relevant Guarantor, as the case may be, including the obligations of the Issuer and such Guarantor under the Senior Credit Facilities, the First Lien Secured Notes and any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange. The Exchange Notes and the Guarantees will be effectively subordinated to any of the Issuer's existing and future obligations secured by assets other than the Collateral or by a Priority Lien on the Collateral (including the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations (with respect to the ABL Priority Collateral only)), to the extent of the value of such assets or the Collateral, as applicable. The Exchange Notes and the Guarantees will be effectively senior to all of the Issuer's and the Guarantors' existing and future unsecured Indebtedness (including any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange) and any Indebtedness of the Issuer and the Guarantors secured by a junior lien on the Collateral (including the ABL Credit Agreement Obligations with respect to the Term Priority Collateral only), to the extent of the value of the Collateral. As used in the Indenture, the phrase "in right of payment" will refer to the contractual ranking of a particular obligation, regardless of whether such obligation is secured. In the event of a bankruptcy, liquidation, reorganization or similar proceeding of the Issuer or the Guarantors or upon a default in payment with respect to, or the acceleration of, any senior Secured Indebtedness of the Issuer that is secured by a Priority Lien on the Collateral (including the Term Priority Credit Obligations, the First Lien Secured Notes Obligations and the ABL Credit Agreement Obligations (with respect to the ABL Priority Collateral only)), the assets of the Issuer and the Guarantors that secure such senior Secured Indebtedness will be available to pay Exchange Notes Obligations only after all such senior Secured Indebtedness has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all of the Exchange Notes Obligations then outstanding.

As of February 3, 2024, after giving effect to the Transactions, the Issuer and the Guarantors would have had total Indebtedness of $5,457 million, all of which would have been Secured Indebtedness, including borrowings and related guarantees under the Senior Credit Facilities and other secured debt, with approximately $548 million of availability to incur additional Secured Indebtedness under the ABL Credit Facility.

Although the Indenture will contain limitations on the principal amount of additional Indebtedness that the Issuer, Holdings and the Restricted Subsidiaries (including the Subsidiary Guarantors) may incur, under certain circumstances the amount of such additional Indebtedness could be substantial and, in any case, such additional Indebtedness may be Secured Indebtedness or Senior Indebtedness. The Indenture will not limit the amount of additional Indebtedness that any Parent Company (other than Holdings) may incur. See "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

Paying Agent and Registrar for the Exchange Notes

The Issuer will maintain one or more paying agents for the Exchange Notes. The initial paying agent for the Exchange Notes will be the Trustee.

The Issuer will also maintain one or more registrars and a transfer agent. The initial registrar and transfer agent with respect to the Exchange Notes will be the Trustee. The registrar will maintain a register reflecting ownership of the Exchange Notes outstanding from time to time. The registered Holder will be treated as the owner of an Exchange Note for all purposes. Only registered Holders will have rights under the Indenture. The paying agent will make payments on the Exchange Notes, and the transfer agent will facilitate the transfer of Exchange Notes on behalf of the Issuer.

The Issuer may change the paying agent, the registrar or the transfer agent without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent, registrar or transfer agent.

Transfer and Exchange

A Holder may transfer or exchange the Exchange Notes in accordance with the Indenture and the restrictions set forth in the section of the Offering Memorandum entitled “Transfer Restrictions.” The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Exchange Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Exchange Note selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer, an Asset Sale Offer, or other tender offer. Also, the Issuer will not be required to issue, register the transfer of or exchange any Exchange Note during the period of 15 days before the delivery of a notice of redemption of Exchange Notes to be redeemed.

Principal, Maturity and Interest

The Issuer will issue up to $950 million in aggregate principal amount of Exchange Notes in connection with the Transactions. The Exchange Notes will mature on January 15, 2030. Subject to compliance with the covenant described below under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” the Issuer may issue additional Exchange Notes from time to time after the Issue Date under the Indenture (“Additional Notes”). The Exchange Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture (except as otherwise provided herein), including waivers, amendments, redemptions and offers to purchase, except for certain waivers and amendments; *provided, however,* a separate CUSIP or ISIN will be issued for Additional Notes, unless the Exchange Notes and Additional Notes are treated as fungible for U.S. federal income tax purposes. The Indenture will permit the Issuer to designate the maturity date, interest rate and optional redemption provisions applicable to each series of Additional Notes, which may differ from the maturity date, interest rate and optional redemption provisions applicable to the Exchange Notes issued on the Issue Date. Additional Notes that differ with respect to maturity date, interest rate, optional redemption provisions or otherwise from the Exchange Notes issued on the Issue Date will constitute a different series from such initial Exchange Notes. Additional Notes that have the same maturity date, interest rate, optional redemption provisions or other provisions or other provisions as the Exchange Notes issued on the Issue Date will be treated as the same series as such initial Exchange Notes unless otherwise designated by the Issuer. The Issuer similarly will be entitled to vary the application of certain other provisions to any series of Additional Notes. Unless the context requires otherwise, references to “Exchange Notes” for all purposes of the Indenture and this “Description of Exchange Notes” include any Additional Notes that are actually issued. The Exchange Notes will be issued in denominations of $2,000 and any integral multiples of $1.00 in excess of $2,000.

Interest on the Exchange Notes will accrue at the rate of 12.75% *per annum* and will be payable semi-annually in arrears on each January 15 and July 15, commencing July 15, 2024, to the Holders of record on the immediately preceding January 1 and July 1. Interest on the Exchange Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid with respect to such Exchange Notes, from and including the Issue Date. Interest on the Exchange Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Principal, Premium and Interest

Cash payments of principal of, premium, if any, and interest on the Exchange Notes will be payable at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, cash payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided*, that (1) all cash payments of principal, premium, if any, and interest with respect to the Exchange Notes represented by one or more global notes registered in the name of or held by The Depository Trust Company (“DTC”) or its nominee will be made by wire transfer of

immediately available funds to the accounts specified by the registered Holder or Holders thereof and (2) all cash payments of principal, premium, if any, and interest with respect to certificated Exchange Notes will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the paying agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion). Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose. If a payment date or redemption date is on a Legal Holiday, payment will be made on the next succeeding day that is not a Legal Holiday and no interest will accrue for the intervening period.

Collateral and Intercreditor Arrangements

The Exchange Notes and the Guarantees will be secured by (i) perfected second-priority security interests in the Term Priority Collateral and (ii) perfected third-priority security interests in the ABL Priority Collateral, in each case, subject to certain exceptions, Permitted Liens and encumbrances described in the Indenture and the Collateral Documents (collectively, excluding the Excluded Assets, the "Collateral"). The ABL Credit Agreement Obligations will be secured by (i) perfected first-priority security interests in the ABL Priority Collateral, subject to certain exceptions, Permitted Liens and encumbrances and (ii) perfected third-priority security interests in the Term Priority Collateral, subject to certain exceptions, Permitted Liens and encumbrances. The Term Priority Credit Obligations and First Lien Secured Notes Obligations will be secured by (i) perfected first-priority security interests in the Term Priority Collateral, subject to certain exceptions, Permitted Liens and encumbrances and (ii) perfected second-priority security interests in the ABL Priority Collateral, subject to certain exceptions, Permitted Liens and encumbrances.

The Indenture and the Collateral Documents will exclude certain property from the Collateral (the "Excluded Assets"), including:

(1) all fee-owned real property or ground leased property and all real property leasehold interests;

(2) pledges and security interests prohibited by applicable law (including any legally effective requirement to obtain the consent of any governmental authority) and any governmental licenses or state or local franchises, charters or authorizations, to the extent a security interest in any such licenses, franchise, charter or authorization would be prohibited or restricted thereby (including any legally effective prohibition or restriction);

(3) margin stock;

(4) any cash and cash equivalents, deposit accounts and securities accounts (including securities entitlements and related assets) (other than proceeds of Collateral), unless the foregoing constitutes ABL Priority Collateral, in which case the foregoing shall not constitute Excluded Assets until such time that it no longer constitutes ABL Priority Collateral;

(5) any lease, license or other agreements, or any property subject to a purchase money security interest, capitalized lease obligation or similar arrangements, in each case to the extent permitted under the Indenture and the Collateral Documents, to the extent that a pledge thereof or a security interest therein would violate or invalidate such lease, license or agreement, purchase money, capitalized lease obligations or similar arrangement, or create a right of termination in favor of any other party thereto (other than the Issuer or a Guarantor) after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and applicable laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under applicable laws notwithstanding such prohibition;

(6) assets for which a pledge thereof or a security interest therein would result in a material

adverse tax consequence as reasonably determined by the Issuer;

(7) assets for which the Issuer has determined in its reasonable judgment in writing that the cost of creating or perfecting such pledges or security interests therein would be excessive in view of the benefits to be obtained by the Holders therefrom;

(8) any intent-to-use trademark or service mark application in the United States prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto with the United States Patent and Trademark Office, but only to the extent, if any, 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 issuing from such intent-to-use application under applicable federal law;

(9) Equity Interests (or, in the case of clause (iii) below, Voting Stock) (i) of any Unrestricted Subsidiary, (ii) of any Subsidiary acquired pursuant to a permitted acquisition if such Equity Interests are pledged and/or mortgaged as security for any assumed indebtedness permitted under the Indenture and the Collateral Documents and if and for so long as the terms of such indebtedness prohibit the creation of any other lien on such Equity Interests, (iii) of any Foreign Subsidiary or CFC Holdco, in each case of the Issuer or a Domestic Subsidiary of the Issuer and not otherwise constituting excluded Equity Interests, in excess of 65% of the issued and outstanding Voting Stock of each such Foreign Subsidiary or CFC Holdco, (iv) of any direct or indirect Subsidiary of a Foreign Subsidiary or a CFC Holdco (unless such Equity Interests are directly owned by a Guarantor and are not otherwise Excluded Assets), (v) of any subsidiary with respect to which the Issuer has determined in its reasonable judgment that the costs of providing a pledge of such Equity Interests or perfection thereof is excessive in view of the benefits to be obtained by the Holders of the Exchange Notes therefrom, (vi) of any captive insurance companies, not-for-profit Subsidiaries, special purpose entities (including any securitization Subsidiary), (vii) to the extent prohibited by, or creating an enforceable right of termination in favor of any other party thereto (other than Issuer or any wholly owned Restricted Subsidiary of the Issuer), under the terms of any applicable organizational documents, joint venture agreement or shareholders' agreement, Equity Interests in any person other than wholly-owned Restricted Subsidiaries and (viii) of any Subsidiary outside the United States the pledge of which is prohibited by applicable laws or which would reasonably be expected to result in a violation or breach of, or conflict with, fiduciary duties of such Subsidiary's officers, directors or managers;

(10) motor vehicles and other assets subject to certificates of title to the extent a Lien thereon cannot be perfected by the filing of a UCC financing statement; and

(11) any assets of any CFC or CFC Holdco (or any assets of any Subsidiary thereof),

provided, however, that until the discharge of the obligations under the Senior Secured Term Loan Facility, no property or assets shall constitute "Excluded Assets" to the extent such property or assets secures any obligations under the Senior Credit Facilities.

Notwithstanding anything in the foregoing to the contrary, in addition to other exceptions and limitations described in the Security Documents, no actions in any non-U.S. jurisdiction shall be required in order to create any security interests in assets located or titled in any non-U.S. jurisdiction, or to perfect such security interests. None of the Issuer or any Guarantor shall be required to deliver control agreements, landlord waivers, estoppels or collateral access letters; *provided* that, to the extent that (i) any of the Issuer or Guarantors own assets or property located, titled, registered, applied for, filed, or arising under Canadian law and (ii) any actions are taken to create and/or perfect security interests in such assets or property for the benefit of the Secured Parties (as defined in the ABL Credit Agreement), such actions shall also be taken to perfect such security interests for the benefit of the Exchange Notes Secured Parties. Furthermore, no perfection shall be required with respect to (i) letter of credit rights, except to the extent constituting a support obligation for other Collateral as to which perfection is accomplished solely by the filing of a UCC financing statement, (ii) commercial tort claims with a value of less than $5.0 million, (iii) motor vehicles and other assets subject to certificates of title to the extent a Lien thereon cannot be perfected by the filing of a UCC financing statement, and (iv) promissory notes

evidencing debt for borrowed money in a principal amount of less than $5.0 million.

Subject to the foregoing, if property constituting Collateral is acquired by the Issuer or a Guarantor (including property of a person that becomes a new guarantor) that is not automatically subject to a perfected security interest under the Collateral Documents, then the Issuer or such Guarantor will provide a Lien over such property (or, in the case of a new guarantor, such of its property) in favor of the Notes Collateral Agent and deliver certain certificates and opinions in respect thereof, all as and to the extent required by the Indenture, the Intercreditor Agreements or the Collateral Documents.

Subject to certain exceptions, upon an enforcement event, insolvency or liquidation proceeding, proceeds from the Collateral will be applied in the priority set forth below. In addition, the Indenture will permit the Issuer and the Guarantors to create additional liens under specified circumstances.

The Term Priority Collateral will be pledged to (1) the Term Collateral Agent, on a first-priority basis (ratably with the obligations under the First Lien Secured Notes), for the benefit of the holders of the Term Priority Credit Obligations, (2) the First Lien Secured Notes Collateral Agent, on a first-priority basis (ratably with the Term Priority Credit Obligations), for its benefit and the benefit of the First Lien Secured Notes Trustee and the holders of the First Lien Secured Notes, (3) the Notes Collateral Agent, on a second-priority basis, for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes, and (4) the ABL Collateral Agent, on a third-priority basis, for the benefit of the holders of the ABL Credit Agreement Obligations, in each case, subject to the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and the ABL Intercreditor Agreement. The ABL Priority Collateral will be pledged to (1) the ABL Collateral Agent, on a first-priority basis, for the benefit of the holders of the ABL Credit Agreement Obligations, (2) the First Lien Secured Notes Collateral Agent, on a second-priority basis (ratably with the Term Priority Credit Obligations), for its benefit and the benefit of the First Lien Secured Notes Trustee and the holders of the First Lien Secured Notes, (3) the Term Collateral Agent, on a second-priority basis (ratably with the obligations under First Lien Secured Notes), for the benefit of the holders of the Term Priority Credit Obligations, and (4) the Notes Collateral Agent, on a third-priority basis, for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes, and, in each case, subject to the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and the ABL Intercreditor Agreement.

To the extent that liens (including Permitted Liens), rights or easements granted to third parties encumber assets located on property owned by the Issuer or the Guarantors, including the Collateral, such third parties may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the Collateral and the ability of the Notes Collateral Agent, the Trustee or the Holders of the Exchange Notes to realize or foreclose on Collateral.

Term Priority Collateral

The Term Priority Collateral will be pledged as collateral to the Notes Collateral Agent, for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes, the Term Collateral Agent, for the benefit of current and future holders of the Term Priority Credit Obligations, the First Lien Secured Notes Collateral Agent, for its benefit and the benefit of the First Lien Secured Notes Trustee and current and future holders of the First Lien Secured Notes, and the ABL Collateral Agent, for the benefit of current and future holders of the ABL Credit Agreement Obligations. The Exchange Notes and the Guarantees will be secured by second-priority security interests in the Term Priority Collateral, subject to certain exceptions and Permitted Liens. Initially, subject to certain exceptions and Permitted Liens, only the Exchange Notes and the Guarantees will have the benefit of the second-priority security interest in the Term Priority Collateral held by the Notes Collateral Agent. The Issuer and the Guarantors will grant first-priority security interests in the Term Priority Collateral, subject to certain exceptions and Permitted Liens, to the Term Collateral Agent, for the benefit of the holders of the Term Priority Credit Obligations, and the First Lien Secured Notes Collateral Agent, for its benefit and the benefit of the First Lien Secured Notes Trustee and the holders of the First Lien Secured Notes. The Issuer and the Guarantors will grant third-priority security interests in the Term Priority Collateral, subject to certain exceptions and Permitted Liens, to the ABL Collateral Agent, for the benefit of the holders of the ABL Credit Agreement Obligations.

Except as provided in the Junior Lien Intercreditor Agreement, the Notes Collateral Agent, the Trustee and the Holders of the Exchange Notes will not be able to take any enforcement action with respect to the Term Priority Collateral so long as any Term Priority Obligations are outstanding. Except as provided in the ABL Intercreditor Agreement, the ABL Collateral Agent and the holders of ABL Credit Agreement Obligations, as holders of such third-priority Liens on the Term Priority Collateral, will not be able to take any enforcement action with respect to the Term Priority Collateral so long as any First Lien Secured Notes Obligations, any Term Priority Credit Obligations or any Exchange Notes Obligations are outstanding.

ABL Priority Collateral

The Exchange Notes and the Guarantees will be secured by third-priority security interests in the ABL Priority Collateral, subject to certain exceptions and Permitted Liens. The ABL Credit Agreement Obligations and the guarantees related thereto will be secured by first-priority security interests in the ABL Priority Collateral, subject to certain exceptions and Permitted Liens. The First Lien Secured Notes and the guarantees related thereto and the Term Priority Credit Obligations and the guarantees related thereto will be secured by second-priority security interests in the ABL Priority Collateral, subject to certain exceptions and Permitted Liens. Except as provided in the ABL Intercreditor Agreement, the Notes Collateral Agent, the Trustee, the Holders of the Exchange Notes, the Term Collateral Agent, the holders of the Term Priority Credit Obligations, the First Lien Secured Notes Collateral Agent, the First Lien Secured Notes Trustee and the holders of the First Lien Secured Notes will not be able to take any enforcement action with respect to the ABL Priority Collateral so long as any ABL Credit Agreement Obligations are outstanding.

Certain Bankruptcy and Insolvency Limitations

The right of the Notes Collateral Agent to foreclose upon, repossess and dispose of the Collateral upon the occurrence of an event of default would be significantly impaired (and at a minimum delayed) by U.S. bankruptcy law in the event that a U.S. bankruptcy case were to be commenced by or against the Issuer or any Guarantor prior to the Notes Collateral Agent's having foreclosed upon, repossessed or disposed of the Collateral. Upon the commencement of a case for relief under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), a secured creditor such as the Notes Collateral Agent is prohibited from foreclosing upon or repossessing its security from a debtor in a bankruptcy case, or from disposing of security, in each case, without prior bankruptcy court approval (which may not be given under the facts in any particular circumstance).

In view of the broad equitable powers of a U.S. bankruptcy court, it is impossible to predict whether payments under the Exchange Notes could be made following commencement of a bankruptcy case, or how long any such payment could be delayed, whether or when the Notes Collateral Agent could repossess or dispose of the Collateral, the value of the Collateral at any time during a bankruptcy case or whether or to what extent Holders of the Exchange Notes would be compensated for any delay in payment or loss of value of the Collateral. The Bankruptcy Code permits only the payment and/or accrual of Post-Petition Interest, costs and attorneys' fees and expenses to a secured creditor during a debtor's bankruptcy case to the extent the value of such creditor's interest in the Collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the Collateral.

Furthermore, in the event a bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the Exchange Notes, the Holders of the Exchange Notes would hold secured claims only to the extent of the value of the Collateral to which the Holders of the Exchange Notes are entitled, and unsecured claims with respect to such shortfall.

Release of Liens

Subject to the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and the ABL Intercreditor Agreement, the Collateral Documents and the Indenture will provide that the Liens

securing the Guarantee of any Guarantors will be automatically released when such Guarantor's Guarantee is released in accordance with the terms of the Indenture. In addition, subject to the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and the ABL Intercreditor Agreement, the Collateral Documents and the Indenture will provide that the Liens securing the Exchange Notes Obligations will be automatically released (a) in whole, upon a legal defeasance or a covenant defeasance of the Exchange Notes as set forth below under "—Legal Defeasance and Covenant Defeasance," (b) in whole, upon satisfaction and discharge of the Indenture, (c) in whole, upon payment in full of principal, interest and all other obligations on the Exchange Notes issued under the Indenture, (d) in whole or in part, with the consent of the requisite Holders of the Exchange Notes in accordance with the provisions of the Collateral Documents including consents obtained in connection with a tender offer or exchange offer for, or purchase of, Exchange Notes and (e) in part, as to any asset constituting Collateral (A) that is sold or otherwise disposed of (I) by the Issuer or any of the Guarantors to any person that is not an Issuer or a Guarantor in a transaction not prohibited by the Indenture (to the extent of the interest sold or disposed of), (II) if all other liens on that asset securing the obligations under the Senior Credit Facilities then secured by that asset are released, (III) with respect to liens on Term Priority Collateral, in connection with the taking of an enforcement action by the Designated Priority Lien Representative in respect of Term Priority Obligations, or (IV) with respect to liens on ABL Priority Collateral, in connection with the taking of an enforcement action by the ABL Collateral Agent in respect of ABL Credit Agreement Obligations, (B) that is owned by a Guarantor that ceases to be a Guarantor, (C) that becomes Excluded Assets or (D) that is otherwise released in accordance with, and as expressly provided for by the terms of, the Indenture, the ABL Intercreditor Agreement, the Junior Lien Intercreditor Agreement or any other Security Document; *provided* that, on the date of the repayment in full of the Term Priority Obligations, the liens on the Collateral securing the Exchange Notes Obligations will not be released except to the extent that such Collateral or any portion thereof was disposed of in compliance with the terms of the Junior Lien Intercreditor Agreement in order to repay Term Priority Obligations secured by such Collateral.

Perfection and Non-Perfection of Security Interests in Collateral

The Collateral Documents will generally not require the Issuer and the Guarantors to take certain actions to perfect the liens of the Notes Collateral Agent in certain of the Collateral, including, prior to the repayment in full of obligations under the Senior Credit Facilities, if such actions are not requested by the collateral agent under the Senior Credit Facilities with respect to such Collateral. As a result, the Liens securing the Exchange Notes may not attach or be perfected in certain of the Collateral, which could adversely affect the rights of the Holders of the Exchange Notes with respect to such Collateral.

Intercreditor Agreements

ABL Intercreditor Agreement

Each of the First Lien Secured Notes Collateral Agent, the First Lien Secured Notes Trustee, the Term Collateral Agent and the administrative agent for the Senior Secured Term Loan Facility will enter into an intercreditor agreement (the "ABL Intercreditor Agreement"), to be dated the First Lien Secured Notes Issue Date, among, *inter alia*, the Issuer, the other grantors party thereto, the First Lien Secured Notes Collateral Agent, the First Lien Secured Notes Trustee, the Term Collateral Agent, the administrative agent for the Senior Secured Term Loan Facility and the ABL Collateral Agent. On the Issue Date, each of the Notes Collateral Agent and the Trustee will become a party to the ABL Intercreditor Agreement. The ABL Intercreditor Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time without the consent of the Holders to add other parties holding Term Priority Obligations permitted to be incurred under the Indenture.

For purposes of this description of "ABL Intercreditor Agreement" only, capitalized terms not otherwise defined in this "Description of Exchange Notes" shall have the meanings specified in the ABL Intercreditor Agreement.

The ABL Intercreditor Agreement will provide that all Junior Liens in respect of the Collateral are

expressly subordinated and made junior in right, priority, operation and effect to any and all Senior Liens in respect of such Collateral. A portion of the obligations secured by the ABL Priority Collateral consists or may consist of Indebtedness that is revolving in nature, and the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed and such obligations may, subject to the limitations set forth in the Indenture, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the subordination of the Liens held by or for the benefit of the holders of the Term Priority Obligations or Holders of the Exchange Notes or the provisions of the ABL Intercreditor Agreement defining the relative rights of the parties thereto. Under the terms of the ABL Intercreditor Agreement, the lien priorities provided for therein will not be altered or otherwise affected by any amendment, modification, supplement, extension, increase, replacement, renewal, restatement or refinancing of either the obligations secured by the ABL Priority Collateral or the obligations secured by the Term Priority Collateral, by the release of any Collateral or of any guarantees securing any secured obligations or by any failure, defect or deficiency in creation, attachment or perfection of any security interest.

The ABL Intercreditor Agreement will provide that none of the Trustee, the Notes Collateral Agent, any Holder of the Exchange Notes or any other Secured Party may commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interest in or realize upon, or take any other action available to it in respect of, the ABL Priority Collateral under any Collateral Document, applicable law or otherwise, at any time when the ABL Priority Collateral is subject to any first-priority security interest and any debt permitted under the ABL Credit Agreement secured or intended to be secured by such ABL Priority Collateral remains outstanding or any commitment to extend credit that would constitute debt permitted under the ABL Credit Agreement remains in effect. Only the ABL Collateral Agent shall be entitled to take any such actions or exercise any such remedies. Notwithstanding the foregoing, the Notes Collateral Agent may, but shall have no obligation to, take all such actions it deems necessary to perfect or continue the perfection of the third-priority security interest in the ABL Priority Collateral for the benefit of the Holders of the Exchange Notes or create, preserve or protect (but not enforce) the Junior Liens on any ABL Priority Collateral. The ABL Collateral Agent will be subject to reciprocal restrictions with respect to its ability to enforce the third-priority security interest in the Term Priority Collateral held by holders of ABL Credit Agreement Obligations.

Under the terms of the ABL Intercreditor Agreement, each Junior Secured Obligations Secured Party agrees that (i) it will not challenge or question in any proceeding (including any insolvency or liquidation proceeding) the validity or enforceability of any Senior Secured Obligations or Senior Secured Obligations Security Document, or the validity, attachment, perfection or priority of any Senior Lien, or the validity or enforceability of the priorities, rights or duties established by or other provisions of the ABL Intercreditor Agreement and (ii) it will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Collateral subject to any Junior Lien by any Senior Secured Obligations Secured Parties secured by Senior Liens on such Collateral or any Senior Representative acting on their behalf.

Under the terms of the ABL Intercreditor Agreement, each Junior Representative and each other Junior Secured Obligations Secured Party agrees that if it shall obtain possession of any Senior Secured Obligations Collateral or shall realize or receive any proceeds or payment in respect of any such Collateral, pursuant to any security document in respect of the Junior Secured Obligations or by the exercise of any rights available to it under applicable law or in any insolvency or liquidation proceeding or through any other exercise of remedies or otherwise, at any time prior to the associated Discharge of Senior Secured Debt Obligations (as defined in the ABL Intercreditor Agreement) secured, or intended to be secured, by such Collateral, then it shall hold such Collateral, proceeds or payment in trust for the applicable Senior Secured Obligations Secured Parties and transfer such Collateral, proceeds or payment, as the case may be, to the Designated Senior Representative reasonably promptly after obtaining actual knowledge or notice from the Senior Secured Obligations Secured Parties that it has

possession of such Senior Secured Obligations Collateral or proceeds or payments in respect thereof. So long as the Discharge of Senior Secured Debt Obligations has not occurred, whether or not any insolvency or liquidation proceeding has been commenced by or against any Grantor, any Collateral in which a Senior Secured Obligations Secured Party has a Senior Lien or any proceeds (whether in cash or otherwise) thereof received in connection with any enforcement action or other exercise of rights or remedies by any Senior Secured Obligations Secured Party with respect to such Collateral or any insolvency or liquidation proceeding, shall be applied by the Designated Senior Representative to the Senior Secured Obligations in accordance with the terms of the debt documents governing the Senior Secured Obligations, including any other intercreditor agreement among the Senior Secured Obligations Secured Parties. Upon the Discharge of Senior Secured Debt Obligations, each Senior Representative shall deliver to the Designated Junior Representative any remaining Collateral in which a Senior Secured Obligations Secured Party has a Senior Lien and proceeds thereof then held by it in the same form as received, with any necessary endorsements (such endorsements shall be without recourse and without representation or warranty) to the Designated Junior Representative, or as a court of competent jurisdiction may otherwise direct, to be applied by the Designated Junior Representative to the Junior Secured Obligations in accordance with the terms of the Junior Documents, including any intercreditor agreement among the Junior Secured Obligations Secured Parties.

If the Issuer or any Guarantor becomes subject to any bankruptcy case, the ABL Intercreditor Agreement provides that if the Issuer or any Guarantor, as debtor(s)-in-possession, moves for approval of DIP Financing to be provided by one or more DIP Lenders under Section 364 of the Bankruptcy Code that will be secured by Liens on ABL Priority Collateral or the use of cash collateral under Section 363 of the Bankruptcy Code that constitutes ABL Priority Collateral, the Notes Collateral Agent agrees and each Holder of the Exchange Notes by its acceptance of an Exchange Note agrees that it will raise no objection and waives any claim such Notes Collateral Agent or Holder of the Exchange Notes may now or hereafter have, to any such DIP Financing or to the Liens on the ABL Priority Collateral securing the same ("DIP Financing Liens") or to any use of cash collateral that constitutes ABL Priority Collateral, unless (i) the ABL Collateral Agent or the holders of any ABL Credit Agreement Obligations secured by such ABL Priority Collateral do not consent to or shall then oppose or object to such DIP Financing or such DIP Financing Liens or such use of cash collateral or (ii) such DIP Financing Liens are neither senior to, nor rank equal with, the ABL Priority Liens on the ABL Priority Collateral of the estate in such insolvency or liquidation proceeding. The ABL Collateral Agent and ABL Secured Parties will make similar reciprocal agreements with respect to the Term Priority Collateral.

Each Junior Secured Obligations Secured Party agrees that it will not object to or oppose (i) a sale or other disposition of any Senior Secured Obligations Collateral (or any portion thereof) under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code if the Senior Secured Obligations Secured Parties shall have consented to such sale or disposition of such Senior Secured Obligations Collateral and all Senior Liens and Junior Liens will attach to the proceeds of the sale or other disposition with the same priorities set forth herein or (ii) any lawful exercise by any holder of claims in respect of any Senior Secured Obligations of the right to credit bid such claims under Section 363(k) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or in any sale in foreclosure of Collateral that is Senior Secured Obligations Collateral with respect to such claims.

None of the Trustee, the Notes Collateral Agent, any Holder of the Exchange Notes or any other Secured Party shall oppose (or support the opposition of any other Person) in any insolvency or liquidation proceeding (A) any motion or other request by any ABL Secured Party for adequate protection with respect to ABL Priority Liens upon the ABL Priority Collateral, including any claim of any ABL Secured Party to post-petition interest, fees, or expenses as a result of the ABL Lien on the ABL Priority Collateral (so long as any post-petition interest, fees, or expenses paid as a result thereof is not paid from the proceeds of Term Priority Collateral), a request for the application of proceeds of ABL Priority Collateral to the ABL Credit Agreement Obligations, and request for additional or replacement Liens on post-petition assets of the same type as the ABL Priority Collateral and/or a superpriority administrative claim, or (B) any objection by any ABL Secured Party to any motion, relief, action or proceeding based on such ABL Secured Party claiming a lack of adequate protection with respect to the ABL Liens in the ABL Priority Collateral. In addition, the ABL Collateral Agent, for itself and on behalf of the ABL Secured

Parties, may seek adequate protection of its junior interest in the Term Priority Collateral in the form of an additional or replacement Lien on post-petition assets of the same type as the Term Priority Collateral and/or a superpriority administrative claim, subject to the provisions of the ABL Intercreditor Agreement; *provided* that each Term Loan Debt Agent is also granted adequate protection in the same form that is granted to the ABL Collateral Agent, which additional or replacement Lien on post-petition assets of the same type as the Term Priority Collateral or superpriority administrative claim (as applicable) granted in favor of the Term Loan Debt Agents is senior to that granted to the ABL Collateral Agent in respect of the Term Priority Collateral. Such Lien on post-petition assets of the same type as the Term Priority Collateral and/or superpriority administrative claim, if granted to the ABL Collateral Agent, will be subordinated to the adequate protection Liens and/or superpriority administrative claims (as applicable) granted in favor of each Term Loan Debt Agent on such post-petition assets, and, if applicable, to the DIP Financing Liens of each Term Loan Debt Agent or any other Term Loan Debt Secured Party on such post-petition assets of the same type as the Term Priority Collateral. If the ABL Collateral Agent, for itself and on behalf of the ABL Secured Parties, seeks or requires (or is otherwise granted) adequate protection of its junior interest in the Term Priority Collateral in the form of an additional or replacement Lien on post-petition assets of the same type as the Term Priority Collateral and/or a superpriority administrative claim, then the ABL Collateral Agent, for itself and the ABL Secured Parties, agrees that each Term Loan Debt Agent shall also be granted an additional or replacement Lien on such post-petition assets and/or a superpriority administrative claim as adequate protection of its senior interest in the Term Priority Collateral and that the ABL Collateral Agent's additional or replacement Lien on post-petition assets of the same type as the Term Priority Collateral and/or superpriority administrative claim (as applicable) shall be subordinated to the additional or replacement Lien on post-petition assets of the same type as the Term Priority Collateral and/or superpriority administrative claim of each Term Loan Debt Agent on the same basis as the Liens of the ABL Collateral Agent on, and claims with respect to, the Term Priority Collateral are subordinated to the Liens of each Term Loan Debt Agent on, and claims with respect to, the Term Priority Collateral under the ABL Intercreditor Agreement. If the ABL Collateral Agent or any ABL Secured Party receives as adequate protection a Lien on post-petition assets of the same type as the ABL Priority Collateral, then such post-petition assets shall also constitute ABL Priority Collateral to the extent of any allowed claim of the ABL Secured Parties secured by such adequate protection Lien and shall be subject to the ABL Intercreditor Agreement. Notwithstanding anything herein to the contrary, the ABL Collateral Agent shall have irrevocably agreed, pursuant to Section 1129(a)(9) of the Bankruptcy Code, on behalf of itself and the ABL Secured Parties, in any stipulation or order granting adequate protection of its junior interest in the Term Priority Collateral, that such junior super-priority claims may be paid under any plan of reorganization in any combination of cash, debt, equity or other property having a value on the effective date of such plan equal to the allowed amount of such claims. The ABL Collateral Agent and ABL Secured Parties will make similar reciprocal agreements with respect to the Term Priority Collateral and the ABL Priority Collateral.

Prior to any Discharge of Senior Secured Debt Obligations and any DIP Financing provided by the Senior Secured Obligations Secured Parties, no Junior Secured Obligations Secured Party shall seek relief from the automatic stay in any insolvency or liquidation proceeding with respect to any Senior Secured Obligations Collateral unless (i) otherwise consented to by the Senior Representative or (ii) the Senior Representative or Senior Secured Obligations Secured Parties shall seek relief from the automatic stay with respect to such Collateral to commence a lien enforcement action with respect to such Senior Secured Obligations Collateral. No Junior Secured Obligations Secured Party will object to or otherwise contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of the Senior Secured Obligations made by the Senior Representative or any other Senior Secured Obligations Secured Party (or their representatives).

Junior Lien Intercreditor Agreement

The Notes Collateral Agent will enter into the Junior Lien Intercreditor Agreement, to be dated the Issue Date, among, *inter alia*, the Issuer, the other grantors party thereto, the First Lien Secured Notes Collateral Agent and the Term Collateral Agent. The Junior Lien Intercreditor Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time without the consent of the Holders to add other parties holding Term Priority Obligations or Parity Lien

Obligations permitted to be incurred under the Indenture.

Notwithstanding the date, time, manner or order of filing or recordation of any document or instrument or grant, attachment or perfection of any Liens granted to any Parity Lien Representative or any other Parity Lien Secured Party on the First Lien - Second Lien Shared Collateral or of any Liens granted to any Priority Lien Representative or any other Priority Lien Secured Party on the First Lien - Second Lien Shared Collateral (or any actual or alleged defect in any of the foregoing) and notwithstanding any provision of the UCC, any applicable law, any Parity Lien Documents or any Priority Lien Documents or any other circumstance whatsoever, each Parity Lien Representative , on behalf of itself and each other Parity Lien Secured Party under the applicable Parity Lien Documents, will agree that (a) any Lien on the First Lien - Second Lien Shared Collateral securing or purporting to secure any Priority Lien Obligations now or hereafter held by or on behalf of any Priority Lien Secured Parties or any Priority Lien Representative or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall have priority over and be senior in all respects and prior to any Lien on the First Lien - Second Lien Shared Collateral securing or purporting to secure any Parity Lien Obligations and (b) any Lien on the First Lien - Second Lien Shared Collateral securing or purporting to secure any Parity Lien Obligations now or hereafter held by or on behalf of any Parity Lien Secured Parties or any Parity Lien Representative or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the First Lien - Second Lien Shared Collateral securing or purporting to secure any Priority Lien Obligations.

Pursuant to the terms of the Junior Lien Intercreditor Agreement, prior to the Discharge of Senior Obligations (to be defined in the Junior Lien Intercreditor Agreement), whether or not any insolvency or liquidation proceeding has been commenced by or against the Issuer or any other Grantor, (i) neither any Parity Lien Representative nor any Parity Lien Secured Party will (x) exercise or seek to exercise any rights or remedies (including setoff) with respect to any First Lien - Second Lien Shared Collateral in respect of any Parity Lien Obligations, or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure), (y) contest, protest or object to any foreclosure proceeding or action brought with respect to the First Lien - Second Lien Shared Collateral or any other Senior Collateral by any Priority Lien Representative or any Priority Lien Secured Party in respect of the Priority Lien Obligations, the exercise of any right by any Priority Lien Representative or any Priority Lien Secured Party (or any agent or sub-agent on their behalf) in respect of the Priority Lien Obligations under any lockbox agreement, control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which any Priority Lien Representative or any Priority Lien Secured Party either is a party or may have rights as a third party beneficiary, or any other exercise by any such party of any rights and remedies relating to the First Lien - Second Lien Shared Collateral under the Priority Lien Documents or otherwise in respect of either (I) the Collateral securing or purporting to secure the Priority Lien Obligations or (II) the Priority Lien Obligations, or (z) object to the forbearance by the Priority Lien Secured Parties from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the First Lien - Second Lien Shared Collateral in respect of Priority Lien Obligations and (ii) the Priority Lien Representatives and the Priority Lien Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including setoff and the right to credit bid their debt) and make determinations regarding the release, disposition or restrictions with respect to the First Lien - Second Lien Shared Collateral without any consultation with or the consent of any Parity Lien Representative or any Parity Lien Secured Party; *provided, however,* that (A) in any insolvency or liquidation proceeding commenced by or against the Issuer or any other Grantor, any Parity Lien Representative may file a claim or statement of interest with respect to the Parity Lien Obligations under its Parity Lien Indebtedness, (B) any Parity Lien Representative may take any action (not adverse to the prior Liens on the First Lien - Second Lien Shared Collateral securing the Priority Lien Obligations or the rights of the Priority Lien Representatives or the Priority Lien Secured Parties to exercise remedies in respect thereof) in order to create, prove, perfect, preserve or protect (but not enforce) its rights in, and perfection and priority of its Lien on, the First Lien - Second Lien Shared Collateral, (C) any Parity Lien Representative and the Parity Lien Secured Parties may exercise their rights and remedies as unsecured creditors, to the extent provided in the Junior Lien Intercreditor Agreement, (D) any Parity Lien Representative may exercise the rights and remedies in respect of adequate protection to the extent set

forth in the Junior Lien Intercreditor Agreement and the Parity Lien Secured Parties may file any responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Parity Lien Secured Parties or the avoidance of any Parity Lien to the extent not inconsistent with the terms of the Junior Lien Intercreditor Agreement, and (E) from and after the Junior Enforcement Date (as defined below), the Designated Parity Lien Representative may exercise or seek to exercise any rights or remedies (including setoff) with respect to any First Lien - Second Lien Shared Collateral in respect of any Parity Lien Obligations, or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure), in each case of clauses (A) through (E), to the extent not otherwise in contravention of the Junior Lien Intercreditor Agreement. In exercising rights and remedies with respect to the Collateral securing or purporting to secure the Priority Lien Obligations, the Priority Lien Representatives and the Priority Lien Secured Parties may enforce the provisions of the Priority Lien Documents and exercise remedies in accordance with the terms thereof, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of First Lien - Second Lien Shared Collateral upon foreclosure, to incur expenses in connection with such sale or disposition and to exercise all the rights and remedies of a secured party under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under bankruptcy laws of any applicable jurisdiction.

So long as the Discharge of Senior Obligations (to be defined in the Junior Lien Intercreditor Agreement) has not occurred, except as expressly provided in the Junior Lien Intercreditor Agreement, each Parity Lien Representative, on behalf of itself and each Parity Lien Secured Party under its Parity Lien Indebtedness, agrees that it will not, in the context of its role as secured creditor, take or receive any First Lien – Second Lien Shared Collateral or any proceeds of First Lien – Second Lien Shared Collateral in connection with the exercise of any right or remedy (including setoff) with respect to any First Lien – Second Lien Shared Collateral in respect of Parity Lien Obligations. Without limiting the generality of the foregoing, unless and until the Discharge of Senior Obligations (to be defined in the Junior Lien Intercreditor Agreement) has occurred, except as expressly provided in the Junior Lien Intercreditor Agreement, the sole right of the Parity Lien Representatives and the Parity Lien Secured Parties with respect to the First Lien – Second Lien Shared Collateral is to hold a Lien on the First Lien – Second Lien Shared Collateral in respect of Parity Lien Obligations pursuant to the Parity Lien Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of Senior Obligations (to be defined in the Junior Lien Intercreditor Agreement) has occurred.

Subject to the Junior Lien Intercreditor Agreement, (i) each Parity Lien Representative, for itself and on behalf of each Parity Lien Secured Party under its Parity Lien Indebtedness, agrees that neither such Parity Lien Representative nor any such Parity Lien Secured Party will take any action that would hinder any exercise of remedies undertaken by any Priority Lien Representative or any Priority Lien Secured Party with respect to the First Lien – Second Lien Shared Collateral under the Priority Lien Documents, including any sale, lease, exchange, transfer or other disposition of the First Lien – Second Lien Shared Collateral, whether by foreclosure or otherwise, and (ii) each Parity Lien Representative, for itself and on behalf of each Parity Lien Secured Party under its Parity Lien Indebtedness, hereby waives any and all rights it or any such Parity Lien Secured Party may have as a junior lien creditor or otherwise to object to the manner in which the Priority Lien Representatives or the Priority Lien Secured Parties seek to enforce or collect the Priority Lien Obligations or the Liens granted on any of the First Lien – Second Lien Shared Collateral, regardless of whether any action or failure to act by or on behalf of any Priority Lien Representative or any other Priority Lien Secured Party is adverse to the interests of the Parity Lien Secured Parties.

The “Junior Enforcement Date” means, with respect to any Parity Lien Representative, the date which is 180 consecutive days after the occurrence of both (i) an event of default (under and as defined in the Parity Lien Document for which such Parity Lien Representative has been named as representative) and (ii) the Designated Priority Lien Representative’s and each other applicable representative’s receipt of written notice from such Parity Lien Representative that (x) an event of default (under and as defined in the Parity Lien Document for which such Parity Lien Representative has been named as Representative) has occurred and is continuing and (y) the Parity Lien Obligations of the Series with respect to which such

Parity Lien Representative is the Parity Lien Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable Parity Lien Document; provided that the Junior Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any First Lien - Second Lien Shared Collateral (1) at any time the Designated Priority Lien Representative has commenced and is diligently pursuing any enforcement action with respect to all or a material portion of the First Lien - Second Lien Shared Collateral or (2) at any time the Issuer or the Guarantor which has granted a security interest in such First Lien - Second Lien Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

The Junior Lien Intercreditor Agreement will contain other customary (i) agreements by each Parity Lien Representative and each other Parity Lien Secured Party to reflect the lien priorities and provisions described above and (ii) restrictions on actions of each Parity Lien Representative and each other Parity Lien Secured Party that would, among other things, be inconsistent with the lien priorities and provisions described above.

For the purposes of this description of the Junior Lien Intercreditor Agreement only, (i) the terms "Priority Lien Indebtedness" and "Priority Lien Obligations" shall not include the ABL Priority Obligations, (ii) the terms "Priority Lien Collateral Agent" and "Priority Lien Representative" shall not include the ABL Collateral Agent or any other representative under the ABL Priority Documents, (iii) the term "Priority Lien Secured Parties" shall not include the ABL Secured Parties, (iv) the term "Priority Lien Documents" shall not include the ABL Priority Documents and (v) the term "Priority Lien" shall not include any ABL Priority Lien.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Exchange Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Exchange Notes as described under "—Repurchase at the Option of Holders."

As market conditions warrant, we and our equity holders, including the Investor, their respective Affiliates and members of our management, may from time to time seek to purchase our outstanding debt securities or loans, including the Exchange Notes, in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, including the Indenture, any purchases made by us may be funded by the use of cash on hand or the incurrence of new secured or unsecured debt, including borrowings under our credit facilities. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series. In addition, any such purchases made at prices below the "adjusted issue price" (as defined for U.S. federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which amounts may be material, and in related adverse tax consequences to us.

Optional Redemption

At any time prior to June 15, 2027, the Issuer may, at its option on one or more occasions, redeem up to 40.0% of the aggregate principal amount of the Exchange Notes and Additional Notes issued under the Indenture at a redemption price (as calculated by the Issuer) equal to the sum of (1) 112.75% of the aggregate principal amount thereof, with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Issuer, *plus* (2) accrued and unpaid interest thereon, if any, to, but excluding, the date of redemption ("Redemption Date"), subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date; *provided* that (a) at least 50.0% of the sum of the aggregate principal amount of Exchange Notes originally issued under the Indenture on the Issue Date and any Additional Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption, and (b) each such redemption occurs within

180 days of the date of closing of each such Equity Offering or contribution.

At any time prior to June 15, 2027, the Issuer may, at its option on one or more occasions, redeem all or a part of the Exchange Notes, upon notice as described under "—Selection and Notice," at a redemption price equal to the sum of (1) 100.0% of the principal amount of the Exchange Notes redeemed, *plus* (2) the Applicable Premium calculated as of the date notice of redemption is given, *plus* (3) accrued and unpaid interest, if any, to, but excluding, the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date.

In connection with any tender offer or other offer to purchase for all of the Exchange Notes, including a Change of Control Offer or Asset Sale Offer, if Holders of not less than 90% of the aggregate principal amount of the then-outstanding Exchange Notes validly tender and do not withdraw such Exchange Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Exchange Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon notice, given not more than 60 days following such purchase date, to redeem all Exchange Notes that remain outstanding following such purchase at a price equal to the price offered to each other Holder in such tender offer or other offer, *plus*, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the repurchase date.

Except pursuant to the preceding paragraphs and as described under "—Repurchase at the Option of Holders—Change of Control," the Exchange Notes will not be redeemable at the Issuer's option prior to June 15, 2027.

On and after June 15, 2027, the Issuer may at its option redeem the Exchange Notes, in whole or in part, on one or more occasions, upon notice as described under "—Selection and Notice," at the redemption prices (expressed as percentages of principal amount of the Exchange Notes to be redeemed) set forth below, *plus* accrued and unpaid interest, if any, to, but excluding, the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on June 15 of each of the years indicated below:

Year	**Percentage**
2027	106.3750%
2028	103.1875%
2029 and thereafter	100.0000%

Any notice of redemption made in connection with a related transaction or event (including an Equity Offering, contribution, Change of Control, Asset Sale or other transaction) may, at the Issuer's discretion, be given prior to the completion or the occurrence thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, an Equity Offering, an incurrence of Indebtedness, a Change of Control or the completion or occurrence of any other transaction or event, as the case may be. The Issuer may redeem Exchange Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different Redemption Dates. In addition, if such redemption or purchase is subject to satisfaction of one or more conditions precedent, such notice will describe each such condition, and if applicable, will state that, in the Issuer's discretion, the Redemption Date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions are satisfied (or waived by the Issuer in its sole discretion), or such

redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions are not satisfied (or waived by the Issuer in its sole discretion) by the Redemption Date, or by the Redemption Date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if in the good faith judgment of the Issuer any or all of such conditions will not be satisfied. If a condition set forth in a redemption notice will not be satisfied (or waived) by the previously announced Redemption Date, the Issuer will provide notice to the Trustee and the Holders no later than 10:00 a.m. (New York time) on the previously announced Redemption Date (or otherwise in accordance with the applicable procedures of DTC in the case of Exchange Notes in global form), stating that such condition has not been or will not be satisfied by the previously announced Redemption Date, that the notice of redemption is rescinded or amended and that the redemption will not occur or is delayed; *provided* that the failure to deliver such notice shall not constitute a Default under the Indenture. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. If any Exchange Notes are listed on an exchange, and the rules of the exchange so require, the Issuer will notify the exchange of any such redemption and the principal amount of any Exchange Notes outstanding following any partial redemption of such Exchange Notes. In no event will the Trustee be responsible for monitoring, or charged with knowledge of, the maximum aggregate amount of Exchange Notes eligible under the Indenture to be redeemed. Exchange Notes will remain outstanding until redeemed, notwithstanding that they have been called for redemption or are subject to a notice of redemption.

The Trustee or the applicable depositary will select the Exchange Notes to be redeemed in the manner described under "—Selection and Notice."

Selection and Notice

If the Issuer is redeeming less than all of the Exchange Notes issued under the Indenture at any time and the Exchange Notes to be redeemed are in global form, the Exchange Notes will be selected for redemption in accordance with applicable DTC procedures. If the Exchange Notes to be redeemed are not in global form, the Trustee will select the Exchange Notes to be redeemed (1) if the Exchange Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) if the Exchange Notes are not listed on an exchange, on a *pro rata* basis to the extent practicable, or, if a *pro rata* basis is not practicable for any reason, by lot or by such other method as the Trustee deems fair and appropriate. No Exchange Notes of $2,000 or less can be redeemed in part.

Notices of redemption will set forth the applicable redemption date(s) (which redemption date(s) will be selected by the Issuer in its discretion, subject to any limitations set forth in the Indenture) and will be delivered electronically or mailed by first-class mail, postage prepaid, at least 10 days but, except as set forth in the fourth paragraph under "—Optional Redemption," not more than 60 days before the purchase or redemption date to each Holder at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Exchange Notes or a satisfaction and discharge of the Indenture. If any Exchange Note is to be redeemed or purchased in part only, any notice of redemption or purchase that relates to such Exchange Note will state the portion of the principal amount thereof that has been or is to be redeemed or purchased.

With respect to Exchange Notes represented by certificated notes, upon request the Issuer will issue a new Exchange Note in a principal amount equal to the unredeemed or unpurchased portion of the original Exchange Note in the name of the Holder upon cancellation of the original Exchange Note; *provided*, new Exchange Notes will only be issued in denominations of $2,000 and integral multiples of $1.00 in excess of $2,000. Subject to the satisfaction of any conditions precedent relating thereto, Exchange Notes called for redemption or purchase become due on the date fixed for redemption or purchase. On and after the Redemption Date, interest ceases to accrue on the Exchange Notes or portions of them called for redemption or purchase.

Repurchase at the Option of Holders

Change of Control

The Indenture will provide that if a Change of Control occurs, unless the Issuer has previously or concurrently electronically delivered or mailed a redemption notice with respect to all the outstanding Exchange Notes as described under "—Optional Redemption" or "—Satisfaction and Discharge," the Issuer will make an offer to purchase all of the Exchange Notes pursuant to the offer described below (the "Change of Control Offer") at a price in cash (the "Change of Control Payment") equal to 101.0% of the aggregate principal amount thereof *plus* accrued and unpaid interest, if any, to, but excluding, the date of repurchase, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date prior to such repurchase. Within 60 days following any Change of Control, the Issuer will send notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee, to each Holder to the address of such Holder appearing in the security register, or otherwise in accordance with the procedures of DTC, with the following information:

(1) a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control" and all Exchange Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 20 Business Days nor later than 60 days from the date such notice is mailed or otherwise delivered (the "Change of Control Payment Date"), subject to extension (in the case where such notice is mailed or otherwise delivered prior to the occurrence of the Change of Control) in the event that the occurrence of the Change of Control is delayed;

(3) any Exchange Note not properly tendered will remain outstanding and continue to accrue interest;

(4) unless the Issuer defaults in the payment of the Change of Control Payment, all Exchange Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) Holders electing to have any Exchange Notes purchased pursuant to a Change of Control Offer will be required to surrender such Exchange Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Exchange Notes completed to the paying agent at the address specified in the notice, or otherwise in accordance with DTC's procedures, prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) Holders will be entitled to withdraw their tendered Exchange Notes and their election to require the Issuer to purchase such Exchange Notes; *provided*, the paying agent receives, not later than the close of business on the second Business Day prior to the expiration date of the Change of Control Offer, a facsimile transmission or letter or other notice in accordance with DTC procedures setting forth the name of the Holder, the principal amount of Exchange Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Exchange Notes and its election to have such Exchange Notes purchased;

(7) Holders whose Exchange Notes are being purchased only in part will be issued new Exchange Notes and such new Exchange Notes will be equal in principal amount to the unpurchased portion of the Exchange Notes surrendered; *provided*, the unpurchased portion of the Exchange Notes must be equal to at least $2,000 or any integral multiple of $1.00 in excess of $2,000;

(8) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control and describing each such condition, and, if applicable, stating that, in the Issuer's discretion, the Change of Control Payment

Date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions are satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions are not satisfied (or waived by the Issuer in its sole discretion) by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if in the good faith judgment of the Issuer any or all of such conditions will not be satisfied. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person; and

(9) the other instructions, as determined by the Issuer, consistent with the covenant described hereunder, that a Holder must follow in order to have its Exchange Notes repurchased.

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

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law:

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

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

(3) deliver, or cause to be delivered, to the Trustee (a) an Officer's Certificate to the Trustee stating that such Exchange Notes or portions thereof have been tendered to and purchased by the Issuer and (b) at the Issuer's option, the Exchange Notes so accepted for cancellation.

The Senior Credit Facilities will, and future credit agreements or other similar agreements to which the Issuer (or one of its Affiliates) becomes a party may, provide that certain change of control events with respect to the Issuer constitute a default thereunder. If we experience a change of control that triggers a default thereunder, we could seek a waiver of such default or seek to refinance such Indebtedness. However, in the event we do not obtain such a waiver or do not refinance such Indebtedness, such default could result in amounts outstanding under such Indebtedness being declared due and payable.

The Senior Credit Facilities may contain, and future credit agreements or other agreements relating to Indebtedness to which the Issuer (or one of its Affiliates) becomes a party may contain, restrictions on the Issuer's ability to repurchase Exchange Notes. In the event a Change of Control occurs at a time when the Issuer is prohibited from purchasing Exchange Notes, the Issuer could seek the consent of its lenders to the repurchase of Exchange Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing Exchange Notes. In such a case, the Issuer's failure to repurchase tendered Exchange Notes would constitute an Event of Default under the Indenture, which would, in turn, likely constitute a default under such other agreements.

Our ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then-existing financial resources, as well as our obligations to repay other then-outstanding debt that is accelerated upon such a Change of Control, and sufficient funds may not be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to Our Indebtedness and the Exchange Notes— The Issuer may not be able to finance a change of control offer required by

the Exchange Notes Indenture."

The Change of Control feature of the Exchange Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Exchange Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture does not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Exchange Notes validly tendered and not withdrawn under such Change of Control Offer.

A Change of Control Offer may be made in advance of a Change of Control and conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If Holders of not less than 90% of the aggregate principal amount of the then outstanding Exchange Notes validly tender and do not withdraw such Exchange Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Exchange Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right, upon notice given not more than 60 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Exchange Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Exchange Notes, plus accrued and unpaid interest on the notes that remain outstanding to, but excluding, the date of redemption (subject to the right of the Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). A Change of Control Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, Exchange Notes and/or Guarantees (but the Change of Control Offer may not condition tenders on the delivery of such consents).

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise, established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Exchange Notes.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Exchange Notes as a result of a Change of Control may be waived or modified (at any time, including after a Change of Control) with the written consent of the Holders of a majority in principal amount of the Exchange Notes then outstanding.

Asset Sales

The Indenture will provide that the Issuer will not, and will not permit any Restricted Subsidiary to, consummate an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, in connection with such Asset Sale) at least equal to the fair market value (measured at the time of contractually agreeing to such Asset Sale) as determined in good faith by the Issuer, of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75.0% of the consideration for such Asset Sale, together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or a Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided*, each of the following will be deemed to be cash or Cash Equivalents for purposes of this clause (2):

(a) any liabilities (as shown on the Issuer's or a Restricted Subsidiary's most recent balance sheet or in the footnotes thereto or if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Issuer's or a Restricted Subsidiary's consolidated balance sheet or in the footnotes thereto if such incurrence or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Issuer) of the Issuer or any Restricted Subsidiary, other than liabilities that are by their terms subordinated in right of payment to the Exchange Notes or any Guarantor's Guarantee of the Exchange Notes or any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange (including any additional Existing Unsecured Notes and any Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes), that (i) are assumed by the transferee of any such assets (or a third party in connection with such transfer) or (ii) are otherwise canceled or terminated in connection with the transaction with such transferee (other than intercompany debt owed to the Issuer or a Restricted Subsidiary);

(b) any securities, notes or other obligations or assets received by the Issuer or a Restricted Subsidiary from such transferee or in connection with such Asset Sale (including earnouts and similar obligations) that are converted by the Issuer or a Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days following the closing of such Asset Sale;

(c) any Designated Non-cash Consideration received by the Issuer or a Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (i) $65.0 million and (ii) 7.5% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of the receipt of such Designated Non-cash Consideration (or, at the Issuer's option, at the time of contractually agreeing to such Asset Sale), with the fair market value of each item of Designated Non-cash Consideration being measured, at the Issuer's option, either at the time of contractually agreeing to such Asset Sale or at the time received and, in either case, without giving effect to subsequent changes in value;

(d) Indebtedness of any Restricted Subsidiary that ceases to be a Restricted Subsidiary as a result of such Asset Sale (other than intercompany debt owed to the Issuer or a Restricted Subsidiary), to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Sale;

(e) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness or the Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange (including any additional Existing Unsecured Notes and any

Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes)) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(f) any Investment, Capital Stock, assets, property or capital or other expenditure of the kind referred to in clause (2) of the next paragraph.

Within 450 days after the receipt of any Net Proceeds of any Asset Sale (other than Excluded Proceeds) (as may be extended pursuant to clause (2) below, the "Asset Sale Proceeds Application Period"), the Issuer or a Restricted Subsidiary, at its option, may apply an amount equal to the Net Proceeds from such Asset Sale (other than Excluded Proceeds):

(1) to reduce, prepay, repay or purchase (as applicable):

(a) to the extent the Net Proceeds resulted from an Asset Sale of Term Priority Collateral: (I) Term Priority Obligations or other Priority Lien Obligations (in the case of Priority Lien Obligations consisting of revolving Indebtedness, solely to the extent a corresponding portion of the applicable revolving commitments are permanently reduced); or (II) Exchange Notes Obligations or other Parity Lien Obligations (in the case of Parity Lien Obligations consisting of revolving Indebtedness, solely to the extent a corresponding portion of the applicable revolving commitments are permanently reduced); *provided* that, in the case of this clause (II) only, if the Issuer or any Restricted Subsidiary elects to reduce, prepay, repay or purchase Parity Lien Obligations other than Exchange Notes Obligations, the Issuer will reduce, prepay, repay or purchase Exchange Notes Obligations on a *pro rata* basis by, at its option, (i) redeeming Exchange Notes as described under "—Optional Redemption," (ii) purchasing Exchange Notes through open-market purchases at a price equal to or higher than 100% of the principal amount thereof, or (iii) making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Exchange Notes on a *pro rata* basis with such Parity Lien Obligations for no less than 100% of the principal amount thereof, *plus* the amount of accrued but unpaid interest, if any, on the principal amount of Exchange Notes to be repurchased to the date of repurchase;

(b) to the extent the Net Proceeds resulted from an Asset Sale not consisting of Collateral: (II) Obligations that are secured by a Lien on the assets sold pursuant to such Asset Sale; or (II) Term Priority Obligations or other Priority Lien Obligations (in the case of Priority Lien Obligations consisting of revolving Indebtedness, solely to the extent a corresponding portion of the applicable revolving commitments are permanently reduced); or (III) Exchange Notes Obligations or other Parity Lien Obligations (in the case of Parity Lien Obligations consisting of revolving Indebtedness, solely to the extent a corresponding portion of the applicable revolving commitments are permanently reduced); provided that, in the case of this clause (III) only, if the Issuer or any Restricted Subsidiary elects to reduce, prepay, repay or purchase Parity Lien Obligations other than Exchange Notes Obligations, the Issuer will reduce, prepay, repay or purchase Exchange Notes Obligations on a pro rata basis by, at its option, (i) redeeming Exchange Notes as described under "—Optional Redemption," (ii) purchasing Exchange Notes through open-market purchases at a price equal to or higher than 100% of the principal amount thereof, or (iii) making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Exchange Notes on a pro rata basis with such Parity Lien Obligations for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the principal amount of Exchange Notes to be repurchased to the date of repurchase; or

(c) Obligations in respect of Indebtedness of a Restricted Subsidiary that is not a Guarantor, or to make an offer to repay such Obligations, other than Indebtedness owed to the Issuer or a Restricted Subsidiary,

provided that, in the case of clauses (a) or (b) above, (x) if an offer to purchase any Indebtedness of the Issuer or any Restricted Subsidiary is made, such amount will be deemed repaid to the extent of the amount of such offer, whether or not accepted by the holders of such Indebtedness, and no Net Proceeds in the amount of such offer will be deemed to exist following such offer, and (y) if the holder of any Indebtedness of a Restricted Subsidiary of the Issuer declines the repayment of such Indebtedness

owed to it from such Net Proceeds, such amount will be deemed repaid to the extent of the declined Net Proceeds; or

(2) to make (a) an Investment in any one or more businesses; *provided*, such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or any Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes or continues to constitute a Restricted Subsidiary, (b) capital expenditures, (c) other expenditures made in connection with the construction or development of facilities operated or to be operated by the Issuer or a Restricted Subsidiary, (d) acquisitions of properties (including fee and leasehold interests) or (e) acquisitions of other assets, other than securities, in the case of clauses (a), (d) and this clause (e), either (i) are or will be used or useful in a Similar Business or (ii) that replace, in whole or in part, the properties or assets that are the subject of such Asset Sale; *provided*, in the case of this clause (2), a binding commitment will be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer or a Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (or, if later, 450 days after the receipt of such Net Proceeds) (an "Acceptable Commitment") and, in the event that any Acceptable Commitment is later canceled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or a Restricted Subsidiary enters into another Acceptable Commitment (a "Second Commitment") within 180 days of such cancellation or termination (or, if later, 450 days after the receipt of such Net Proceeds); *provided*, *further*, that, if any Second Commitment is later canceled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds will constitute Excess Proceeds (as defined below); or

(3) any combination of the foregoing.

Notwithstanding the foregoing, to the extent that any of or all the Net Proceeds of any Asset Sales by a Foreign Subsidiary (a "Foreign Disposition") is prohibited or delayed by applicable local law from being repatriated to the United States, the portion of such Net Proceeds so affected will not be required to be applied in compliance with this covenant, and such amounts may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Issuer hereby agreeing to use reasonable efforts to cause the applicable Foreign Subsidiary to take all actions reasonably required by the applicable local law, applicable organizational impediments or other impediment to permit such repatriation), and if such repatriation of any of such affected Net Proceeds is permitted under the applicable local law, such repatriation will be promptly effected and such repatriated Net Proceeds will be applied (whether or not repatriation actually occurs) in compliance with this covenant.

Following the completion of any Asset Sale, the amount of Net Proceeds from Asset Sales, other than Excluded Proceeds, that are not invested or applied as provided and within the time period set forth in the second preceding paragraph (it being understood that any portion of such Net Proceeds used to make an offer to purchase Exchange Notes, as described in clauses (1)(a) or (1)(b) above, will be deemed to have been so applied whether or not such offer is accepted) will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $75.0 million, the Issuer will make an offer to all Holders and, if required by the terms of any other Parity Obligations, to the holders of such Parity Obligations, and, at the option of the Issuer to any holders of any Indebtedness that is *pari passu* with the Exchange Notes ("Pari Passu Indebtedness" and such offer, an "Asset Sale Offer"), to purchase the maximum aggregate principal amount of the Exchange Notes and such other Pari Passu Indebtedness, as applicable, that is in an amount equal to at least $2,000, or an integral multiple of $1.00 in excess of $2,000, that may be purchased out of the Excess Proceeds at an offer price, in the case of the Exchange Notes, in cash in an amount equal to 100.0% of the principal amount thereof (or accreted value thereof, if less), *plus* accrued and unpaid interest, if any (or, in respect of such Pari Passu Indebtedness, such other price, if any, as may be provided for by the terms of such Pari Passu Indebtedness), to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within thirty days after the date that Excess Proceeds exceed $75.0 million by mailing or electronically delivering the notice required pursuant to the terms of the Indenture, with a copy to the

Trustee, or otherwise in accordance with the procedures of DTC. The Issuer may satisfy the foregoing obligation with respect to any Net Proceeds from an Asset Sale by making an offer to purchase Exchange Notes with respect to all or part of the available Net Proceeds (the "Advance Portion") prior to the expiration of the Asset Sale Proceeds Application Period with respect to all or a part of the available Net Proceeds in advance of being required to do so by the Indenture (the "Advance Offer").

To the extent that the aggregate principal amount (or accreted value, as applicable) of Exchange Notes and such Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds (or in the case of an Advance Offer, the Advance Portion), the Issuer may use any remaining Excess Proceeds (or in the case of an Advance Offer, the Advance Portion) in any manner not prohibited by the Indenture (any such remaining Excess Proceeds and Advance Portion amount together with the aggregate amount of Excluded Proceeds, "Declined Excess Proceeds"). The Issuer and its Restricted Subsidiaries may use any Excluded Proceeds in any manner not prohibited by the Indenture. If the aggregate principal amount (or accreted value, as applicable) of Exchange Notes and/or the Pari Passu Indebtedness surrendered in an Asset Sale Offer exceeds the amount of Excess Proceeds (or in the case of an Advance Offer, the Advance Portion), the Issuer will select the Exchange Notes to be purchased in the manner described under "—Selection and Notice," and the Issuer will select such Pari Passu Indebtedness to be purchased pursuant to the terms of such Pari Passu Indebtedness, as applicable; *provided*, as between the Exchange Notes and any Pari Passu Indebtedness, such purchases will be made on a *pro rata* basis based on the accreted value or principal amount of the Exchange Notes or such Pari Passu Indebtedness tendered with adjustments as necessary so that no Exchange Notes or Pari Passu Indebtedness will be repurchased in part in an unauthorized denomination. Upon completion of any such Asset Sale Offer, for purposes of this provision the amount of Excess Proceeds (or in the case of an Advance Offer, the Advance Portion) that resulted in the Asset Sale Offer will be reset to zero (regardless of whether there are any remaining Excess Proceeds (or Advance Portion) upon such completion). An Asset Sale Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, Exchange Notes and/or Guarantees (but the Asset Sale Offer may not condition tenders on the delivery of such consents).

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility, including under the Senior Credit Facilities, or otherwise invest such Net Proceeds in any manner not prohibited by the Indenture.

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

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

The Senior Credit Facilities may contain, and future credit agreements or other similar agreements to which the Issuer (or one of its Affiliates) becomes a party may contain restrictions on the Issuer's ability to repurchase Exchange Notes. In the event an Asset Sale occurs at a time when the Issuer is prohibited from purchasing Exchange Notes, the Issuer could seek the consent of its lenders to the repurchase of Exchange Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing Exchange Notes. In such a case, the Issuer's failure to repurchase tendered Exchange Notes would constitute an Event of Default under the Indenture which would, in turn, likely constitute a default under such other agreements.

To the extent that the provisions of any Priority Lien Documents or any Intercreditor Agreements

conflict with the provisions of the Indenture with respect to the application of proceeds of Asset Sales, the Issuer shall not be deemed to have breached its obligations described in the Indenture by virtue of compliance therewith.

If the Divestment is consummated after the consummation of the New First Lien Financing Transactions (as defined in the Offering Memorandum), and provided that the First Lien Financing Condition (as defined in the Offering Memorandum) has in the Issuer's sole discretion been satisfied, the Issuer shall reduce, prepay or purchase (i) $225.0 million in principal amount of the Senior Secured Term Loan Facility and (ii) $225.0 million in principal amount of the Senior Secured ABL Facility (and such repaid amounts under this clause (ii) do not require a permanent reduction in commitments).

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the consummation of the Transactions and the application of the proceeds therefrom as set forth in the Offering Memorandum shall not be prohibited by the covenants described in this section and shall be permitted under the Indenture.

Changes in Covenants when Exchange Notes Rated Investment Grade

During any period of time that (i) the Exchange Notes have achieved Investment Grade Status and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event" and the date thereof being referred to as the "Suspension Date"), the Guarantees will be automatically and unconditionally released and discharged and the Issuer and the Restricted Subsidiaries will not be subject to the covenants described under the following captions (collectively, the "Suspended Covenants"):

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

(2) "—Certain Covenants—Limitation on Restricted Payments;"

(3) "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(4) clause (1)(d) of the first paragraph and the entire fifth paragraph of "—Certain Covenants— Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets;"

(5) "—Certain Covenants—Transactions with Affiliates;"

(6) "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;" and

(7) "—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries."

During a Suspension Period (as defined below), the Issuer may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the second sentence of the definition of "Unrestricted Subsidiary."

If and while the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants, the Exchange Notes will be entitled to substantially less covenant protection. In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") the Exchange Notes no longer have Investment Grade Status, then the Issuer and its Restricted

Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events.

The period of time between the Suspension Date and the Reversion Date is referred to in this "Description of Exchange Notes" as the "Suspension Period." The Guarantees of the Guarantors will be suspended during the Suspension Period. Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Proceeds will be reset to zero for purposes of the provision described above under "—Repurchase at the Option of Holders—Asset Sales."

In the event of any such reinstatement, no action taken or omitted to be taken by the Issuer or any Restricted Subsidiary or events occurring prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to the Exchange Notes; *provided*,

(1) with respect to Restricted Payments made after the Reversion Date, the amount of Restricted Payments made will be calculated as though the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period;

(2) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(3) any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to be permitted pursuant to clause (6) of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates;"

(4) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" that becomes effective during any Suspension Period will be deemed to be permitted pursuant to clause (a) of the second paragraph of the covenant described under "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"

(5) no Subsidiary of the Issuer will be required to comply with the covenant described under "—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries" after the Reversion Date with respect to any guarantee entered into by such Subsidiary during any Suspension Period; and

(6) all Investments made during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that they are classified as Permitted Investments permitted under clause (5) of the definition of "Permitted Investments."

During the Suspension Period, the Issuer and its Restricted Subsidiaries will be entitled to incur Liens to the extent provided for under "—Liens" (including, without limitation, Permitted Liens). To the extent such covenant and any Permitted Liens refer to one or more Suspended Covenants, such covenant or definition shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of the "—Liens" covenant and the "Permitted Liens" definition and for no other covenant).

Notwithstanding that the Suspended Covenants may be reinstated after the Reversion Date, (1) no Default, Event of Default or breach of any kind will be deemed to exist under the Indenture, the Exchange Notes or the Guarantees with respect to the Suspended Covenants, and none of the Issuer or any of its Restricted Subsidiaries will bear any liability for any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising during

a Suspension Period, in each case, as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or, upon termination of the Suspension Period or after that time, based on any action taken or event that occurred during the Suspension Period) and (2) following a Reversion Date, the Issuer and each Restricted Subsidiary will be permitted, without causing a Default or Event of Default, to honor, comply with or otherwise perform any contractual commitments or obligations arising during any Suspension Period (that were permitted to be entered into at such time) and to consummate any transactions contemplated thereby.

During the Suspension Period, the Guarantees will be automatically and unconditionally released and discharged and the obligation to grant further Guarantees will be suspended. Upon the Reversion Date, the obligation to grant Guarantees pursuant to the covenant described under "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries" will be reinstated (and the Reversion Date will be deemed to be the date on which any guaranteed Indebtedness was incurred for purposes of the covenant described under "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries").

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

The Trustee will have no duty to monitor the ratings of the Exchange Notes, determine whether or when the Exchange Notes have achieved Investment Grade Status or whether a Reversion Date has occurred or notify Holders of any of the foregoing.

Limitation on Restricted Payments

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

(1) declare or pay any dividend or make any payment or distribution on account of the Issuer's or any Restricted Subsidiary's Equity Interests (in each case, solely in such Person's capacity as holder of such Equity Interests), including any dividend or distribution payable in connection with any merger, amalgamation or consolidation, other than:

(a) dividends, payments or distributions payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or a Parent Company or in options, warrants or other rights to purchase such Equity Interests; or

(b) dividends, payments or distributions by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend, payment or distribution in accordance with its Equity Interests in such class or series of securities or such other amount to which it is entitled pursuant to the terms of such Equity Interest;

(2) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any Parent Company, including in connection with any merger, amalgamation or consolidation, in each case held by Persons other than the Issuer or a Restricted Subsidiary;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value (other than pursuant to the Exchange Offer and the Sponsor Exchange), in each case, prior to any scheduled repayment, sinking fund payment or scheduled maturity, any Subordinated Indebtedness or the Existing Unsecured Notes (including any additional Existing Unsecured Notes and any Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes), other than:

(a) Indebtedness permitted under clauses (7), (8) and (9) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and

Issuance of Disqualified Stock and Preferred Stock;" or

(b) the payment, redemption, repurchase, defeasance, acquisition or retirement for value of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement; or

(4) make any Restricted Investment;

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

(a) no Event of Default will have occurred and be continuing or would occur as a consequence thereof;

(b) immediately after giving effect to any such Restricted Payment made pursuant to clause (c) below on a *pro forma* basis, the Total Net Leverage Ratio for the Test Period immediately preceding such Restricted Payment would be no greater than 3.25 to 1.00; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments (including the fair market value of any non-cash amount) made by the Issuer and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by the next succeeding paragraph other than clause (1) thereof), is less than the sum of (without duplication):

(i) 50.0% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) beginning on the first date of the first fiscal quarter in which the Issue Date occurs to the end of the most recently ended Test Period preceding such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, *minus* 100.0% of such deficit; *plus*

(ii) 100.0% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Issuer and its Restricted Subsidiaries since the Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") from the issue or sale of:

(1) (A) Equity Interests of the Issuer (other than any Permitted Warrant Transaction), including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of:

(I) Equity Interests to any future, present or former employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, its Subsidiaries or any Parent Company after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(II) Designated Preferred Stock; and

(B) (i) Equity Interests of Parent Companies (other than any Permitted Warrant Transaction), to the extent the proceeds of any such issuance or consideration for any such sale are contributed to the Issuer (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding

paragraph); or

(2) Indebtedness of the Issuer or any Restricted Subsidiary, that has been converted into or exchanged for Equity Interests of the Issuer or any Parent Company;

provided, this clause (ii) will not include the proceeds from (W) Refunding Capital Stock (as defined below) applied in accordance with clause (2) of the next succeeding paragraph, (X) Equity Interests or convertible debt securities of the Issuer sold to a Restricted Subsidiary, (Y) Disqualified Stock or debt securities that have been converted into Disqualified Stock or (Z) Excluded Contributions; *plus*

(iii) 100.0% of the aggregate amount of cash, Cash Equivalents and the fair market value of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (including the fair market value of any Indebtedness contributed to the Issuer or its Restricted Subsidiaries for cancellation) or that becomes part of the capital of the Issuer through consolidation, amalgamation or merger following the Issue Date, in each case not involving cash consideration payable by the Issuer (other than (X) net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (Y) cash, Cash Equivalents and marketable securities or other property that are contributed by a Restricted Subsidiary or (Z) Excluded Contributions); *plus*

(iv) 100.0% of the aggregate amount received in cash and the fair market value of marketable securities or other property received by the Issuer or a Restricted Subsidiary by means of:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on Investments from, Restricted Investments made by the Issuer or its Restricted Subsidiaries (including cash distributions and cash interest received in respect of Restricted Investments) and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries (other than by the Issuer or a Restricted Subsidiary) and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments made by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date (excluding any Excluded Contributions made pursuant to clause (2) of the definition thereof); or

(B) the sale (other than to the Issuer or a Restricted Subsidiary) of Equity Interests of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than, in each case, to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment, but including such cash or fair market value to the extent exceeding the amount of such Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date (excluding any Excluded Contributions made pursuant to clause (2) of the definition thereof); *plus*

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets, other than to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment, but, to the extent exceeding the amount of such Permitted Investment, including such excess amounts of cash or fair market value; *plus*

(vi) 100% of the aggregate amount of Declined Excess Proceeds; *plus*

(vii) the greater of $50.0 million and 5.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period.

The foregoing provisions do not prohibit:

(1) the payment of any dividend or other distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or other distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or other distribution or redemption payment would have complied with the provisions of the Indenture;

(2) (a) the redemption, repurchase, defeasance, discharge, retirement or other acquisition of (i) any Equity Interests of the Issuer or any Restricted Subsidiary or any Parent Company, including any accrued and unpaid dividends thereon ("Treasury Capital Stock"), or (ii) Subordinated Indebtedness, in each case, made (x) in exchange for, or out of the proceeds of, a sale or issuance (other than to a Restricted Subsidiary) of Equity Interests of the Issuer or any Parent Company (to the extent such Equity Interests or proceeds therefrom are contributed to the Issuer) (in each case, other than Disqualified Stock), and (y) within 120 days of such sale or issuance ("Refunding Capital Stock"), (b) the declaration and payment of dividends on Treasury Capital Stock out of the proceeds of a sale or issuance (other than to a Restricted Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any Restricted Subsidiary) of Refunding Capital Stock made within 120 days of such sale or issuance, and (c) if, immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon by the Issuer were permitted under clauses (6)(a) or (b) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any Parent Company) in an aggregate amount *per annum* no greater than the aggregate amount of dividends *per annum* that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the principal payment on, defeasance, redemption, repurchase, exchange or other acquisition or retirement of (a) Subordinated Indebtedness of the Issuer or a Subsidiary Guarantor made (i) by exchange for, or out of the proceeds of the sale, issuance or incurrence of, new Indebtedness of the Issuer or a Subsidiary Guarantor or Disqualified Stock of the Issuer or a Subsidiary Guarantor and (ii) within 120 days of such sale, issuance or incurrence, (b) Disqualified Stock of the Issuer or a Subsidiary Guarantor made by exchange for, or out of the proceeds of the sale, issuance or incurrence of, Disqualified Stock or Subordinated Indebtedness of the Issuer or a Subsidiary Guarantor, made within 120 days of such sale, issuance or incurrence, (c) Disqualified Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor made by exchange for, or out of the proceeds of the sale or issuance of, Disqualified Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor made within 120 days of such sale or issuance, (d) subject to compliance with "—Certain Covenants—Limitation on Prepayments of Existing Unsecured Notes," the Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange (including any additional Existing Unsecured Notes and any Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes) made (i) by exchange for, or out of the proceeds of the sale, issuance or incurrence of, new Indebtedness of the Issuer or a Subsidiary Guarantor or Disqualified Stock of the Issuer or a Subsidiary Guarantor and (ii) within 120 days of such sale, issuance or incurrence, that, in each case, is Refinancing Indebtedness incurred or issued, as applicable, in compliance with "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (e) any Subordinated Indebtedness or Disqualified Stock that constitutes Acquired Indebtedness;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) (including related stock appreciation rights or similar securities) of the Issuer or any Parent Company held by any future, present or former employee, director, officer, member of management or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, any of its Subsidiaries or any Parent Company pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, or any equity subscription or

equity holder agreement (including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Issuer or any Parent Company in connection with any such repurchase, retirement or other acquisition); *provided*, the aggregate amount of Restricted Payments made under this clause (4) does not exceed $30.0 million in any calendar year (increasing to $60.0 million following an underwritten public Equity Offering by the Issuer or any Parent Company) with unused amounts in any calendar year being carried over to succeeding calendar years; *provided*, *further*, such amount in any calendar year under this clause (4) may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, the cash proceeds from the sale of Equity Interests of any Parent Company, in each case to any future, present or former employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, any of its Subsidiaries or any Parent Company that occurs after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the preceding paragraph; *plus*

(b) the amount of any cash bonuses otherwise payable to members of management, employees, directors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, any of its Subsidiaries or any Parent Company that are foregone in exchange for the receipt of Equity Interests of the Issuer or any Parent Company pursuant to any compensation arrangement, including any deferred compensation plan; *plus*

(c) the cash proceeds of life insurance policies received by the Issuer or its Restricted Subsidiaries (or by any Parent Company to the extent contributed to the Issuer) after the Issue Date; *minus*

(d) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a), (b) and (c) of this clause (4); and *provided* that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a), (b) and (c) above in any calendar year and *provided*, *further*, cancellation of Indebtedness owing to the Issuer or any of its Restricted Subsidiaries from any future, present or former employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof), of the Issuer, any Parent Company or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any Parent Company will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges;"

(6) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock issued by the Issuer or any Restricted Subsidiary after the Issue Date;

(b) the declaration and payment of dividends or distributions to any Parent Company, the proceeds of which will be used to fund the payment of dividends or distributions to holders of any class or series of Designated Preferred Stock issued by such Parent Company after the Issue Date; *provided* that the amount of dividends and distributions paid pursuant to this clause (b) will not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this

paragraph;

provided, in the case of each of clauses (a), (b) and (c) of this clause (6), that for the most recently ended Test Period preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer would be able to incur $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(7) (a) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable by any future, present or former employee, director, officer, member of management or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members or permitted transferees) of the Issuer or any Restricted Subsidiary or any Parent Company, (b) any repurchases or withholdings of Equity Interests in connection with the exercise of stock options, warrants or similar rights if such Equity Interests represent a portion of the exercise of, or withholding obligations with respect to, such options, warrants or similar rights or required withholding or similar taxes and (c) loans or advances to officers, directors, employees, managers, consultants and independent contractors of the Issuer or any Parent Company or any Restricted Subsidiary of the Issuer in connection with such Person's purchase of Equity Interests of the Issuer or any Parent Company; *provided* that no cash is actually advanced pursuant to this clause (c) other than to pay taxes due in connection with such purchase, unless immediately repaid;

(8) the declaration and payment of dividends on the Issuer's common equity (or the payment of dividends to any Parent Company to fund a payment of dividends on such company's common equity), following the first public offering of the Issuer's common equity or the common equity of any Parent Company after the Issue Date, in an amount not to exceed the sum of (a) 6.0% *per annum* of the net cash proceeds received by or contributed to the Issuer in or from any such public offering (other than public offerings with respect to the Issuer's common stock registered on Form S-8 or Form S-4 and other than any public sale constituting an Excluded Contribution), and (b) an aggregate amount *per annum* not to exceed 5.0% of Market Capitalization;

(9) Restricted Payments in an amount that does not exceed the aggregate amount of Excluded Contributions;

(10) provided that no Event of Default will have occurred and be continuing or would occur as a consequence thereof, Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (10) not to exceed the greater of (a) $50.0 million and (b) 5.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such Restricted Payment; *provided*, if this clause (10) is utilized to make a Restricted Investment, the amount deemed to be utilized under this clause (10) will be the amount of such Restricted Investment at any time outstanding (with the fair market value of such Investment being measured at the time made and without giving effect to subsequent changes in value, but subject to adjustment as set forth in the definition of "Investment");

(11) distributions or payments of Securitization Fees;

(12) any Restricted Payment made in connection with the Transactions and any fees, costs and expenses related thereto, including Transaction Expenses;

(13) subject to compliance with "—Certain Covenants—Limitation on Prepayments of Existing Unsecured Notes," the repurchase, redemption, defeasance, acquisition or retirement for value of any Subordinated Indebtedness or the Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange (including any additional Existing Unsecured Notes and any Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes) (a) pursuant to the provisions similar to those described under "—Repurchase at the

Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Asset Sales" or (b) from Excluded Proceeds; *provided* that (i) at or prior to such repurchase, redemption, defeasance, acquisition or retirement, the Issuer (or a third person permitted by the Indenture) has made any required Change of Control Offer or Asset Sale Offer, as applicable, to purchase the Exchange Notes on the terms provided in the Indenture applicable to Change of Control Offers or Asset Sale Offers, respectively, and (ii) all Exchange Notes validly tendered by Holders in any such Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed, acquired or retired for value;

(14) the declaration and payment of dividends or distributions by the Issuer or a Restricted Subsidiary to, or the making of loans or advances to, the Issuer or any Parent Company in amounts required for any Parent Company to pay, in each case without duplication:

(a) franchise, excise and similar taxes, and other fees, taxes and expenses required to maintain their corporate or other legal existence;

(b) for any taxable period for which the Issuer and/or any of its Restricted Subsidiaries are members of a consolidated, combined, unitary or similar income tax group for U.S. federal and/or applicable foreign, state or local income tax purposes of which a Parent Company is the common parent (a "Tax Group"), to pay the portion of any U.S. federal, foreign, state and local income taxes of such Tax Group for such taxable period that are attributable to the taxable income of the Issuer and its Restricted Subsidiaries and Unrestricted Subsidiaries; *provided* that, for each taxable period, (A) the amount of such payments made in respect of such taxable period in the aggregate will not exceed the amount that the Issuer and such Restricted Subsidiaries, as applicable, would have been required to pay as stand-alone taxpayers or a standalone Tax Group and (B) the amount of such payments made in respect of an Unrestricted Subsidiary will be permitted only to the extent that cash distributions were made by such Unrestricted Subsidiary to the Issuer or any Restricted Subsidiary for such purpose;

(c) salary, bonus, severance and other benefits payable to, and indemnities provided to or on behalf of, employees, directors, officers, members of management and consultants of any Parent Company and any payroll, social security or similar taxes thereof and obligations of any Parent Company in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(d) general corporate or other operating, administrative, legal, compliance, professional and overhead costs and expenses (including expenses relating to auditing and other accounting matters) of any Parent Company;

(e) fees and expenses (including ongoing compliance costs and listing expenses) related to any equity or debt offering of a Parent Company (whether or not consummated);

(f) amounts that would be permitted to be paid directly by the Issuer or its Restricted Subsidiaries under the covenant described under "—Certain Covenants—Transactions with Affiliates" (other than clause 2(a) thereof);

(g) interest or principal on Indebtedness the proceeds of which have been contributed to the Issuer or any Restricted Subsidiary or that has been guaranteed by, or is otherwise, considered Indebtedness of, the Issuer or any Restricted Subsidiary incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" and

(h) to finance Investments or other acquisitions otherwise permitted to be made pursuant to this covenant if made by the Issuer; *provided* that (A) such Restricted Payment must be made within 120 days of the closing of such Investment or other acquisition, (B) such Parent Company must, promptly following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger,

amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" below) in order to consummate such Investment or other acquisition, (C) such Parent Company and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (D) any property received by the Issuer may not increase amounts available for Restricted Payments pursuant to clause (c) of the preceding paragraph and (E) to the extent constituting an Investment, such Investment will be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (9) hereof) or pursuant to the definition of "Permitted Investments" (other than clause (9) thereof);

(15) the distribution, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock of, Equity Interests in, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents);

(16) cash payments, or loans, advances, dividends or distributions to any Parent Company to make payments, in lieu of issuing fractional shares in connection with share dividends, share splits, reverse share splits, mergers, consolidations, amalgamations or other business combinations and in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Issuer, any of its Restricted Subsidiaries or any Parent Company;

(17) any Restricted Payments, *provided*, after giving *pro forma* effect thereto and the application of the net proceeds therefrom, the Total Net Leverage Ratio for the Test Period immediately preceding such Restricted Payment would be no greater than 3.25 to 1.00;

(18) making payments for the benefit of the Issuer or any of its Restricted Subsidiaries to the extent such payments could have been made by the Issuer or any of its Restricted Subsidiaries because such payments (a) would not otherwise be Restricted Payments and (b) would be permitted by the covenant under "—Transactions with Affiliates;"

(19) payments and distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole that complies with the terms of the Indenture or any other transaction that complies with the terms of the Indenture;

(20) the payment of dividends, other distributions and other amounts by the Issuer to, or the making of loans to, any Parent Company in the amount required for such parent to, if applicable, pay amounts equal to amounts required for any Parent Company, if applicable, to pay interest and/or principal (including AHYDO "catch-up payments") on Indebtedness, the proceeds of which have been permanently contributed to the Issuer or any Restricted Subsidiary and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any Restricted Subsidiary incurred in accordance with the Indenture; *provided* that the aggregate amount of such dividends shall not exceed the amount of cash actually contributed to the Issuer for the incurrence of such Indebtedness;

(21) the making of cash payments in connection with any conversion of Convertible Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate amount since the date of the Indenture not to exceed the sum of (a) the principal amount of such Convertible Indebtedness *plus* (b) any payments received by the Issuer or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(22) any payments in connection with a Permitted Bond Hedge Transaction and (b) the settlement of any related Permitted Warrant Transaction (i) by delivery of shares of the Issuer's common stock upon settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction or (B) payment of an early termination amount thereof in common stock upon any early termination

thereof;

(23) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment provided that the amount of such redemptions are no greater than the amount that constituted such Restricted Payment or Permitted Investment; and

(24) Restricted Payments to a Parent Company to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (b) such Parent Company shall, promptly following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock or otherwise) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets") to consummate such Investment, (c) such Parent Company and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (d) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (c) of the preceding paragraph and (e) such Investment shall at all times be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant or pursuant to the definition of "Permitted Investments."

For purposes of determining compliance with this covenant, in the event that any Restricted Payment or Investment (or a portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in the first paragraph of this covenant or preceding clauses (1) through (16) and (18) through (24) above and/or one or more of the clauses contained in the definition of "Permitted Investments," other than clause (33) thereto, the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment or Investment (or any portion thereof) among the first paragraph of this covenant and/or such clauses (1) through (16) and (18) through (24) and/or one or more clauses contained in the definition of "Permitted Investments," other than clause (33) thereto, in a manner that otherwise complies with this covenant. The amount of all Restricted Payments (other than cash) will be the fair market value on the date the Restricted Payment is made, or at the Issuer's election, the date a commitment is made to make such Restricted Payment, of the assets or securities proposed to be transferred or issued by the Issuer or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the third to last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments or Permitted Investments in an amount determined as set forth in the penultimate sentence of the definition of "Investments." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time pursuant to this covenant or if an Investment would be permitted at such time, pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture.

For the avoidance of doubt, this covenant will not restrict the making of any "AHYDO catch up payment" with respect to, and required by the terms of, any Indebtedness of the Issuer or any Restricted Subsidiary permitted to be incurred under the terms of the Indenture.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly, liable, contingently or

otherwise (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided*, the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio of the Issuer for the Issuer's most recently ended Test Period preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued (or, in the case of Indebtedness under Designated Revolving Commitments, on the date such Designated Revolving Commitments are established after giving *pro forma* effect to the incurrence of the entire committed amount of Indebtedness thereunder, in which case such committed amount under such Designated Revolving Commitments may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this proviso) would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such Test Period; *provided*, *further*, Restricted Subsidiaries of the Issuer that are not Guarantors may not incur Indebtedness or issue Disqualified Stock or Preferred Stock under this paragraph if, after giving *pro forma* effect to such incurrence (including a *pro forma* application of the net proceeds therefrom), the aggregate amount of Indebtedness and Disqualified Stock and Preferred Stock of Restricted Subsidiaries that are not Guarantors incurred or issued pursuant to this paragraph then outstanding would exceed $75.0 million.

The foregoing limitations will not apply to:

(1) (x) the incurrence of Indebtedness pursuant to Credit Facilities by the Issuer or any Restricted Subsidiary and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof) (a) [Reserved], (b) with respect to the Senior Secured ABL Facility, in an aggregate principal amount not to exceed the sum of (i) the greater of (I) $1,200.0 million and (II) the Borrowing Base, *plus* (ii) other ABL Credit Agreement Obligations not constituting principal, *plus* (c) an aggregate principal amount not to exceed the Permitted Incremental Amount; and (y) the incurrence of Indebtedness pursuant to the Senior Secured Term Loan Facility and/or Indebtedness represented by the First Lien Secured Notes, in each case including any guarantees thereof, in an aggregate principal amount not to exceed $3,950.0 million and, with regard to Indebtedness represented by the First Lien Secured Notes, any Refinancing Indebtedness thereof; *provided* that any Indebtedness incurred under this clause (1) (other than Indebtedness represented by the First Lien Secured Notes, for which Refinancing Indebtedness is permitted) may be refinanced with additional Indebtedness in an amount equal to the principal of the Indebtedness so refinanced, *plus* any additional amount to pay premiums (including tender premiums), accrued and unpaid interest, expenses (including original issue discount, upfront fees or similar fees), defeasance costs and fees in connection therewith;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Exchange Notes and related Guarantees (including Exchange Notes and related Guarantees issued in connection with the Sponsor Exchange, but excluding any Additional Notes issued after the Issue Date) and any Refinancing Indebtedness thereof;

(3) the incurrence of (a) Indebtedness represented by the Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, including any guarantee thereof and any Refinancing Indebtedness thereof; and (b) Indebtedness by the Issuer and any Restricted Subsidiary in existence on the Issue Date (excluding Indebtedness described in clauses (1), (2) and (4));

(4) (a) the incurrence of Attributable Indebtedness and (b) Indebtedness (including Capitalized Lease Obligations and Purchase Money Obligations), Disqualified Stock and Preferred Stock incurred or issued by the Issuer or any Restricted Subsidiary and Preferred Stock issued by any

Restricted Subsidiary to finance the purchase, lease, expansion, construction, installation, replacement, repair or improvement of property (real or personal), equipment or other assets, including assets that are used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets in an aggregate principal amount, together with any Refinancing Indebtedness in respect thereof (excluding any Incremental Amounts) and all other Indebtedness, Disqualified Stock and/or Preferred Stock incurred or issued and outstanding under this clause (4) at such time, not to exceed the greater of (i) $175.0 million and (ii) 17.5% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence and any Refinancing Indebtedness thereof;

(5) (a) Indebtedness incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, bank guarantees, banker's acceptances, warehouse receipts, or similar instruments issued or entered into, or relating to obligations or liabilities incurred, in the ordinary course of business or consistent with past practice or industry practice, including in respect of workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance, unemployment insurance or other social security legislation or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance and (b) the incurrence of Indebtedness by the Issuer or any Restricted Subsidiary as an account party in respect of letters of credit, bank guarantees or similar instruments in favor of suppliers, trade creditors or other Persons incurred in the ordinary course of business or consistent with past practice or industry practice or Settlement Indebtedness;

(6) the incurrence of Indebtedness arising from agreements of the Issuer or any Restricted Subsidiary providing for indemnification, adjustment of purchase price, earnouts or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition or disposition;

(7) the incurrence of Indebtedness of the Issuer to a Restricted Subsidiary (or to any Parent Company which is substantially contemporaneously transferred to the Issuer or any Restricted Subsidiary); *provided*, any such Indebtedness for borrowed money owing to a Restricted Subsidiary that is not a Guarantor is expressly subordinated in right of payment to the Exchange Notes to the extent permitted by applicable law and it does not result in adverse tax consequences; *provided, further*, any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) will be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause (7);

(8) the incurrence of Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary (or to any Parent Company which is substantially contemporaneously transferred to the Issuer or any Restricted Subsidiary); *provided*, any such Indebtedness for borrowed money incurred by a Subsidiary Guarantor and owing to a Restricted Subsidiary that is not a Subsidiary Guarantor is expressly subordinated in right of payment to the Subsidiary Guarantee of the Exchange Notes of such Subsidiary Guarantor to the extent permitted by applicable law and it does not result in adverse tax consequences; *provided, further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any such subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) will be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause (8);

(9) the issuance of shares of Preferred Stock or Disqualified Stock of a Restricted Subsidiary

issued to the Issuer or another Restricted Subsidiary; *provided*, any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary that holds such Preferred Stock or Disqualified Stock ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock or Disqualified Stock (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) will be deemed, in each case, to be an issuance of such shares of Preferred Stock or Disqualified Stock (to the extent such Preferred Stock is then outstanding) not permitted by this clause (9);

(10) the incurrence of Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);

(11) the incurrence of Obligations in respect of self-insurance and Obligations in respect of performance, bid, appeal and surety bonds and performance, banker's acceptance facilities and completion guarantees and similar obligations provided by the Issuer or any Restricted Subsidiary or Obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case in the ordinary course of business or consistent with past practice or industry practice, including those incurred to secure health, safety and environmental obligations;

(12) (a) the incurrence of Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary in an aggregate principal amount or liquidation preference up to 100.0% of the net cash proceeds received by the Issuer and its Restricted Subsidiaries since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer and the Subsidiary Guarantors or contributions to the capital of the Issuer and the Subsidiary Guarantors including through consolidation, amalgamation or merger (in each case, other than proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any Subsidiary) as determined in accordance with clauses (c)(ii) and (c)(iii) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments pursuant to the first paragraph of "—Certain Covenants—Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clause (1), (2) or (3) of the definition thereof); and

(b) the incurrence of Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary in an aggregate principal amount or liquidation preference that, when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred or issued, as applicable, pursuant to this clause (12)(b), does not, together with any Refinancing Indebtedness in respect thereof (excluding any Incremental Amounts), exceed the greater of (x) $175.0 million and (y) 20.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence (and any Refinancing Indebtedness thereof); *plus*, in the event of any extension, replacement, refinancing, renewal or defeasance of any such Indebtedness or Disqualified Stock, an amount equal to the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness or Disqualified Stock and any defeasance costs and any fees and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with the issuance of such new Indebtedness or Disqualified Stock or the extension, replacement, refunding, refinancing, renewal or defeasance of such Indebtedness or Disqualified Stock, it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued pursuant to this clause (12) will cease to be deemed incurred, issued or outstanding for purposes of this clause (12) but will be deemed incurred or issued for the purposes of the first paragraph of this covenant or clause (2) of the Permitted Incremental Amount under clause (1)(b) above from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under clause (1)(b) above or the first paragraph of this covenant without reliance on this clause (12);

(13) the incurrence by the Issuer of Indebtedness or Disqualified Stock or the incurrence by a Restricted Subsidiary of Refinancing Indebtedness that serves to refund, refinance, extend, replace, renew or defease (collectively, "refinance" with "refinances," "refinanced," and "refinancing" having a

correlative meaning) any Indebtedness (including any Designated Revolving Commitments) incurred or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (1)(y) (solely as it relates to Indebtedness represented by the First Lien Secured Notes and without duplication of amounts permitted to be incurred with respect to the First Lien Secured Notes under clause (1)(y)), (2), (3), (4) and (12)(a) above, this clause (13) and clauses (14), (23) and (24) below, or any successive Refinancing Indebtedness with respect to any of the foregoing;

(14) the incurrence of:

(a) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary, incurred or issued to finance an acquisition or Investment (or other purchase of assets) or that is assumed by the Issuer or any Restricted Subsidiary in connection with such acquisition or Investment; and

(b) Indebtedness, Disqualified Stock or Preferred Stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture;

provided in the case of (a) and (b), either:

(i) after giving *pro forma* effect to such acquisition, amalgamation, consolidation or merger, either (A) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or (B) the Fixed Charge Coverage Ratio for the Issuer would not be lower than immediately prior to such acquisition, amalgamation, consolidation or merger; or

(ii) Indebtedness, Disqualified Stock or Preferred Stock does not exceed the greater of (I) $175.0 million and (II) 20.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence, in the aggregate at any one time outstanding, together with all other outstanding Indebtedness, Disqualified Stock or Preferred Stock issued under this clause (ii) and any outstanding Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on this clause (ii) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (ii) will cease to be deemed incurred or outstanding for purposes of this clause (ii) but will be deemed incurred pursuant to the first paragraph of this covenant or under clause (i) above from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant or under clause (i) above);

(15) the incurrence of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice or industry practice;

(16) the incurrence of Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit or bank guarantee issued pursuant to any Credit Facility, in a principal amount not in excess of the stated amount of such letter of credit or bank guarantee;

(17) (a) the incurrence of any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness or other obligations incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of the Indenture, or

(b) any co-issuance by the Issuer or any Restricted Subsidiary of any Indebtedness

or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness or other obligations by the Issuer or such Restricted Subsidiary was permitted under the terms of the Indenture;

(18) the incurrence of Indebtedness issued by the Issuer or any Restricted Subsidiary to future, present or former employees, directors, officers, members of management and consultants thereof, their respective Controlled Investment Affiliates or Immediate Family Members and permitted transferees thereof, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any Parent Company to the extent described in clause (4) of the second paragraph under "—Certain Covenants—Limitation on Restricted Payments;"

(19) (a) customer deposits and advance payments received in the ordinary course of business or consistent with past practice or industry practice from customers for goods and services purchased in the ordinary course of business or consistent with past practice or industry practice; (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; *provided*, however, that such Indebtedness is extinguished within five Business Days of incurrence; (c) letters of credit, bankers' acceptances, warehouse receipts, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations incurred in the ordinary course of business or consistent with past practice or industry practice; and (d) any customary treasury, depositary, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, cash pooling or netting or setting off arrangements or similar arrangements in the ordinary course of business or consistent with past practice or industry practice;

(20) the incurrence of (a) Indebtedness owed to banks and other financial institutions incurred in the ordinary course of business or consistent with past practice or industry practice in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries and (b) Indebtedness in respect of Cash Management Services, including Cash Management Obligations;

(21) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business or consistent with past practice or industry practice on arm's length commercial terms;

(22) the incurrence of Indebtedness of the Issuer or any Restricted Subsidiary consisting of (a) the financing of insurance premiums or (b) take-or-pay obligations contained in supply arrangements in each case, incurred in the ordinary course of business or consistent with past practice or industry practice;

(23) the incurrence of Indebtedness or Disqualified Stock by Restricted Subsidiaries of the Issuer that are not Guarantors in an amount not to exceed and together with any other Indebtedness incurred and outstanding under this clause (23) the greater of (a) $175.0 million and (b) 20.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence and any Refinancing Indebtedness thereof; it being understood that any Indebtedness or Disqualified Stock deemed incurred or issued pursuant to this clause (23) will cease to be deemed incurred, issued or outstanding for the purpose of this clause (23) but will be deemed incurred or issued for the purposes of the first paragraph of this covenant or under clause (1)(b) above from and after the first date on which the Issuer or such Restricted Subsidiaries could have incurred such Indebtedness under clause (1)(b) above or the first paragraph of this covenant without reliance on this clause (23);

(24) the incurrence of Non-Recourse Indebtedness by Restricted Subsidiaries that are not Guarantors in the form of ordinary course working capital lines of credit or other local lines of credit, together with any Refinancing Indebtedness in respect thereof;

(25) the incurrence of Indebtedness by the Issuer or any Restricted Subsidiary undertaken in

connection with cash management (including netting services, automatic clearinghouse arrangements, overdraft protections, employee credit card programs and related or similar services or activities) with respect to the Issuer or any Subsidiary thereof or joint venture in the ordinary course of business or consistent with past practice or industry practice, including with respect to financial accommodations of the type described in the definition of Cash Management Services;

(26) the incurrence of Indebtedness by the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited with the Trustee or the First Lien Secured Notes Trustee under the First Lien Secured Notes Indenture to satisfy and discharge the Exchange Notes or the First Lien Secured Notes, as applicable, in accordance with the Indenture or the First Lien Secured Notes Indenture, as applicable;

(27) guarantees incurred in the ordinary course of business or consistent with past practice or industry practice in respect of obligations to suppliers, customers, franchisees, lessors, licensees, sub-licensees and distribution partners;

(28) the incurrence of Indebtedness attributable to (but not incurred to finance) the exercise of appraisal rights or the settlement of any claims or actions (whether actual, contingent or potential) with respect to any acquisition (by merger, consolidation or amalgamation or otherwise) in accordance with the terms of the Indenture;

(29) the incurrence of Indebtedness representing deferred compensation to employees of any Parent Company, the Issuer or any Restricted Subsidiary, including Indebtedness consisting of obligations under deferred compensation or any other similar arrangements, any Investment or any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under the Indenture;

(30) the incurrence of Indebtedness arising out of any Sale and Lease-Back Transaction incurred in the ordinary course of business or consistent with past practice or industry practice in an aggregate amount not to exceed the greater of (a) $215.0 million and (b) 25.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence; and

(31) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (30) above.

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) at any time, whether at the time of incurrence or upon the application of all or a portion of the proceeds thereof or subsequently, meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (31) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, may divide and classify and may subsequently re-divide and reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or a portion thereof) in such of the above clauses or under the first paragraph of this covenant as determined by the Issuer at such time; *provided*, all Indebtedness outstanding (after giving effect to the Transactions and the application of the proceeds therefrom) under the Senior Credit Facilities and the First Lien Secured Notes on the Issue Date (including, in the case of the First Lien Secured Notes on the Issue Date, Refinancing Indebtedness incurred pursuant to clause (1) of the second paragraph above) will, at all times, be treated as incurred under clause (1) of the second paragraph above and may not be reclassified;

(2) the Issuer is entitled to divide and classify an item of Indebtedness, Disqualified Stock or Preferred Stock in more than one of the types of Indebtedness described in the first and second paragraphs above, subject to the proviso to clause (1) of this paragraph;

(3) the principal amount of Indebtedness, Disqualified Stock or Preferred Stock outstanding under any clause of this covenant will be determined after giving effect to the application of proceeds of any such Indebtedness, Disqualified Stock or Preferred Stock to refinance any such other Indebtedness, Disqualified Stock or Preferred Stock;

(4) in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued pursuant to the second paragraph of this covenant on the same date that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued under the first paragraph of this covenant or clauses (1)(b), (1)(c) or (14)(i) above, then the Fixed Charge Coverage Ratio, or applicable leverage ratio, will be calculated with respect to such incurrence under the first paragraph of this covenant or clauses (1)(b), (1)(c) or (14)(i) above without regard to any incurrence under the second paragraph of this covenant (other than with respect to any incurrence under clauses (1)(b), (1)(c) or (14)(i) above). Unless the Issuer elects otherwise, the incurrence of Indebtedness, Disqualified Stock or Preferred Stock will be deemed incurred or issued first under the first paragraph of this covenant or clauses (1)(b), (1)(c) or (14)(i) above to the extent permitted, with the balance incurred under the second paragraph of this covenant (other than pursuant to clauses (1)(b), (1)(c) or (14)(i) above); and

(5) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that are otherwise included in the determination of a particular amount of Indebtedness that will not be included in the determination of such amount of Indebtedness; *provided* that the incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was incurred in compliance with this covenant.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount, and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies, will, in each case, not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or Preferred Stock for purposes of this covenant. Any Indebtedness incurred to refinance Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to clauses (2), (3), (4), (12)(a), (13), (14) and (23) above will be permitted to include additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest and dividends and premiums (and with respect to Indebtedness under Designated Revolving Commitments, including an amount equal to any unutilized Designated Revolving Commitments being refinanced to the extent permanently terminated at the time of incurrence of such Refinancing Indebtedness and reasonable tender premiums), defeasance costs and fees and expenses incurred in connection with such refinancing.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness or issuance of Disqualified Stock or Preferred Stock, the U.S. dollar-equivalent principal amount of Indebtedness, Disqualified Stock or Preferred Stock denominated in a foreign currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or first incurred (whichever yields the lower U.S. dollar equivalent), in the case of revolving credit debt; *provided* if such Indebtedness is incurred or Disqualified Stock is issued, to refinance other Indebtedness, Disqualified Stock or Preferred Stock, as applicable, denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness, Disqualified Stock or Preferred Stock does not exceed (1) the principal amount of such Indebtedness, Disqualified Stock or Preferred Stock, as applicable, being refinanced *plus* (2) the aggregate amount of accrued but unpaid interest, fees, underwriting discounts, defeasance costs, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

The principal amount of any Indebtedness incurred or Disqualified Stock or Preferred Stock

issued to refinance other Indebtedness, Disqualified Stock or Preferred Stock, if incurred in a different currency from the Indebtedness, Disqualified Stock or Preferred Stock, as applicable, being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness, Disqualified Stock or Preferred Stock is denominated that is in effect on the date of such refinancing. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date will be the principal amount thereof that would be shown on a balance sheet of the Issuer dated such date prepared in accordance with GAAP.

The Indenture will provide that the Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness for borrowed money (including Acquired Indebtedness) that is contractually subordinated in right of payment to the First Lien Secured Notes Obligations of the Issuer or such Guarantor, as the case may be, unless such Indebtedness for borrowed money is contractually subordinated in right of payment to the Obligations of the Issuer or such Guarantor, as the case may be, in respect of the Exchange Notes to the extent and in the same manner as such Indebtedness for borrowed money is subordinated to the First Lien Secured Notes Obligations of the Issuer or such Guarantor, as the case may be; provided that in no event shall this paragraph restrict the Issuer or any Guarantor from retranching any applicable Indebtedness, including by modifying any payment waterfall set forth in the definitive agreements governing such Indebtedness.

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

If any Indebtedness is refinanced in reliance on a basket measured by reference to a percentage of Adjusted EBITDA, and such refinancing would cause the percentage of Adjusted EBITDA to be exceeded if calculated based on the Adjusted EBITDA on the date of such refinancing, such percentage of Adjusted EBITDA will not be deemed to be exceeded to the extent the principal amount of such obligations secured by such newly incurred Indebtedness does not exceed the sum of (i) the principal amount of such Indebtedness being refinanced, *plus* (ii) the related costs incurred or payable in connection with such refinancing.

Limitation on Prepayments of Existing Unsecured Notes

The Indenture will provide that, except as set forth in the Indenture, so long as the Exchange Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary Guarantor to, make any principal payment on, redeem or defease the Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, in each case, prior to January 15, 2027, except that the foregoing shall not apply to or restrict: (i) the consummation of the Transactions (including the Exchange Offer and the Sponsor Exchange) and any payments made in connection therewith; (ii) payments of regularly scheduled interest and premiums, if any, on the Existing Unsecured Notes; (iii) payments made to comply with any mandatory prepayment, repurchase or redemption provisions of the Existing Unsecured Notes (including any repurchase offer in connection with a change of control in accordance with the terms of the Existing Unsecured Notes); (iv) payments of customary consent fees in connection with a consent solicitation following the consummation of the Exchange Offer with respect to the Existing Unsecured Notes; and (v) any payments made with proceeds from any Equity Offering or any Subordinated Indebtedness (so long as such Subordinated Indebtedness matures no earlier than 91 days after the maturity date of the Exchange Notes), Indebtedness secured by liens that are junior to the Liens securing the Exchange Notes, unsecured Indebtedness or Preferred Stock incurred or issued, as the case may be, in compliance with the Indenture.

Liens

The Indenture will provide that the Issuer will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, create, incur or assume any Lien (except Permitted Liens and as set forth in the

succeeding paragraph) that secures Obligations under any Indebtedness or any related guarantee of Indebtedness, on any asset or property of the Issuer or any Subsidiary Guarantor, or any income or profits therefrom, or assign or convey any right to receive income therefrom.

The first paragraph of this covenant will not apply to or restrict:

(a) (i) Liens securing Obligations in respect of the First Lien Secured Notes and the related guarantees and (ii) Liens securing Obligations in respect of the Exchange Notes and the related Guarantees;

(b) Liens securing Obligations in respect of Indebtedness permitted to be incurred under any Credit Facility, including any letter of credit facility relating thereto, that was permitted to be incurred pursuant to clause (1) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that Liens on the Term Priority Collateral securing Obligations in respect of any Indebtedness incurred under clause (1)(b) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" shall rank junior in priority to the Liens on the Term Priority Collateral securing the Exchange Notes Obligations;

(c) Liens securing other Obligations (including on a *pari passu* basis with the Exchange Notes) in respect of Indebtedness permitted to be incurred under the covenant described above under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that, at the time of incurrence (or, in the case of Indebtedness under Designated Revolving Commitments, on the date such Designated Revolving Commitments are established after giving *pro forma* effect to the incurrence of the entire committed amount of Indebtedness thereunder, in which case such committed amount under such Designated Revolving Commitments may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this subclause) and, (I) in the case of Indebtedness secured by a Lien on the Collateral that is senior to the Liens on the Collateral securing the Exchange Notes Obligations (including, for the avoidance of doubt, any Indebtedness that is secured by a Lien on the ABL Priority Collateral that is senior to the Liens on the Collateral securing the Exchange Notes Obligations), after giving pro forma effect thereto and the application of the net proceeds therefrom, the Issuer's First Lien Secured Net Leverage Ratio for the most recently ended Test Period on such date would not exceed (i) 3.70:1.00 or (ii) the First Lien Secured Net Leverage Ratio for the Issuer immediately prior to the consummation of a transaction and (II) in the case of Indebtedness secured by a Lien on the Collateral that is secured on a *pari passu* basis or is junior to the Liens securing the Exchange Notes Obligations, after giving pro forma effect thereto and the application of the net proceeds therefrom, the Issuer's Senior Secured Net Leverage Ratio for the most recently ended Test Period on such date would not exceed (i) 4.70:1.00 or (ii) the Senior Secured Net Leverage Ratio for the Issuer immediately prior to the consummation of a transaction if, in case of both clauses (I)(ii) and (II)(ii), the Indebtedness incurred is used to acquire any Person if as a result of such transaction such Person (A) becomes a Restricted Subsidiary or (B) is amalgamated, merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

provided, *further* that, in the case of clauses (a)(i), (b) and (c) of this paragraph, each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will enter into, (x) in the case of any incurrence of Indebtedness secured by Liens on the Collateral that (i) are intended to rank equal in priority to the Liens on the ABL Priority Collateral securing the ABL Obligations and (ii) are intended to rank junior in priority to the Liens on the Term Priority Collateral securing the Term Priority Obligations and the Exchange Notes Obligations, the ABL Intercreditor Agreement, (y) in the case of any incurrence of Indebtedness secured by Liens on the Collateral that are intended to rank equal in priority to the Liens on the Collateral securing the Term Priority Obligations (but without regard to control of remedies), each of the ABL Intercreditor Agreement, the Pari Passu Intercreditor Agreement and the Junior Lien Intercreditor Agreement and (z) in the case of any incurrence of Indebtedness secured by Liens on the Collateral that are intended to rank junior in priority to the Liens on the Collateral securing the Term Priority Obligations (but without regard to control of remedies), each of the ABL Intercreditor

Agreement and the Junior Lien Intercreditor Agreement.

For purposes of determining compliance with this covenant, in the event that a proposed Lien (or a portion thereof) meets the criteria of more than one of the categories described in the preceding clauses (a) through (c) above and/or one or more of the clauses contained in the definition of “Permitted Liens,” the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Lien (or any portion thereof) among such clauses (a) through (c) and/or one or more clauses contained in the definition of “Permitted Liens,” in a manner that otherwise complies with this covenant.

Any Lien created for the benefit of the Holders pursuant to this covenant will be deemed automatically and unconditionally released and discharged upon the release and discharge of each of the Liens described in clauses (a) through (c) of the first paragraph above or upon such Liens no longer attaching to assets or property of the Issuer or a Guarantor.

The expansion of Liens by virtue of accretion or amortization of original issue discount, the payment of dividends in the form of Indebtedness and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies will not be deemed to be an incurrence of Liens for purposes of this covenant.

Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate, amalgamate or merge with or into or wind up into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) the Issuer is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), or to which such sale, assignment, transfer, lease, conveyance or other disposition is made, is a Person organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the “Successor Company”); *provided*, in the case where the surviving Person is not a corporation, a co-obligor of the Exchange Notes is a corporation;

(b) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Exchange Notes, the Collateral Documents and the Intercreditor Agreements pursuant to supplemental indentures or other customary documents or instruments;

(c) immediately after such transaction, no Default exists;

(d) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the most recently ended Test Period, either:

(i) the Issuer (or Successor Company, as applicable) would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under “— Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” or

(ii) the Fixed Charge Coverage Ratio for the Issuer (or Successor Company, as applicable) would be no lower than the Fixed Charge Coverage Ratio for the Issuer immediately prior to such transaction;

(e) no Guarantor has disaffirmed that its Guarantee applies to such Person’s obligation under the Indenture and the Exchange Notes and the Collateral Documents shall continue to be in effect and such Guarantor shall cause such amendments, supplements or other instruments to be

executed, filed and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by such Guarantor;

(f) to the extent any property or assets of the Successor Company, or the Person that is consolidated, amalgamated or merged with or into the Successor Company, are property or assets of the type that would constitute Collateral under the Collateral Documents or the Intercreditor Agreements, the Successor Company will take such action as may be reasonably necessary or required to cause such property and assets to be made subject to a Lien securing the Exchange Notes pursuant to the Indenture, the Collateral Documents and the Intercreditor Agreements in the manner and to the extent required by the Indenture or any of the Collateral Documents or Intercreditor Agreements and shall take all reasonably necessary action so that such Lien is perfected, preserved and protected to the extent required by the Indenture, the Collateral Documents and the Intercreditor Agreements;

(g) the Collateral owned by or sold, assigned, conveyed, leased, transferred or otherwise disposed of to the Successor Company shall (a) continue to constitute Collateral under the Indenture and the Collateral Documents, (b) be subject to the Lien in favor of the Notes Collateral Agent for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes and (c) not be subject to any Lien other than Permitted Liens or other Liens as permitted under the covenant described above under "—Liens;" and

(h) the Issuer (or the Successor Company, as applicable) will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) the transaction is made in compliance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales;" or

(3) in the case of assets comprised of Equity Interests of Subsidiaries that are not Guarantors, such Equity Interests are sold, assigned, transferred, leased, conveyed or otherwise disposed of to one or more Restricted Subsidiaries.

The Successor Company will succeed to, and be substituted for the Issuer under the Indenture, the Guarantees, the Exchange Notes, the Collateral Documents and the Intercreditor Agreements, as applicable, and in such event the Issuer will automatically be released from its obligations thereunder (other than in connection with any consolidation, amalgamation, lease or merger).

Notwithstanding the immediately preceding clauses 1(c) through 1(h),

(1) any Restricted Subsidiary may consolidate with, amalgamate with or merge with or into or wind up into or sell, assign, lease, convey, transfer or otherwise dispose of all or part of its properties and assets to the Issuer or any other Restricted Subsidiary,

(2) the Issuer may consolidate with, amalgamate with or merge with or into, or wind up into an Affiliate of the Issuer for the purpose of reincorporating the Issuer in the United States, any state thereof, the District of Columbia or any territory thereof, so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby,

(3) the Issuer may convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of a jurisdiction in the United States (and, if such entity is not a corporation, a co-obligor of the Exchange Notes is a corporation organized or existing under such laws), and

(4) the Issuer or Guarantor may change its name.

Subject to certain limitations described in the Indenture governing release of a Guarantee upon

the sale, disposition or transfer of Equity Interests of a Guarantor, no Guarantor will, and the Issuer will not permit any Guarantor to, consolidate, amalgamate or merge with or into or wind up into (whether or not such Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of the jurisdiction of organization of such Guarantor or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "Successor Person");

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture, such Guarantor's related Guarantee, the Collateral Documents and the Intercreditor Agreements pursuant to supplemental indentures or other documents or instruments;

(c) immediately after such transaction, no Default exists;

(d) to the extent any property or assets of the Successor Person, or the Person that is consolidated, amalgamated or merged with or into the Successor Company, are property or assets of the type that would constitute Collateral under the Collateral Documents or the Intercreditor Agreements, the Successor Company will take such action as may be reasonably necessary or required to cause such property and assets to be made subject to a Lien securing the Exchange Notes pursuant to the Indenture, the Collateral Documents and the Intercreditor Agreements in the manner and to the extent required by the Indenture or any of the Collateral Documents or Intercreditor Agreements and shall take all reasonably necessary action so that such Lien is perfected, preserved and protected to the extent required by the Indenture, the Collateral Documents and the Intercreditor Agreements;

(e) the Collateral owned by or sold, assigned, conveyed, leased, transferred or otherwise disposed of to the Successor Company shall (a) continue to constitute Collateral under the Indenture and the Collateral Documents, (b) be subject to the Lien in favor of the Notes Collateral Agent for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes and (c) not be subject to any Lien other than Permitted Liens or other Liens as permitted under the covenant described above under "—Liens;" and

(f) the Issuer will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) in the case of a Subsidiary Guarantor only, the transaction is made in compliance with, if applicable, the covenant described under "—Repurchase at the Option of Holders—Asset Sales"; or

(3) in the case of assets comprised of Equity Interests of Subsidiaries that are not Guarantors, such Equity Interests are sold, assigned, transferred, leased, conveyed or otherwise disposed of to one or more Restricted Subsidiaries.

Subject to certain limitations described in the Indenture, the Successor Person (if other than such Guarantor) will succeed to, and be substituted for, such Guarantor under the Indenture, such Guarantor's Guarantee, the Collateral Documents and the Intercreditor Agreements and such Guarantor will be automatically released and discharged from its obligations under the Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (1) merge, amalgamate or consolidate with or into, wind up into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to another Guarantor or the Issuer, (2) merge with an Affiliate of the Issuer for the

purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof, (3) convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, (4) liquidate or dissolve or change its legal form if the Issuer determines in good faith that such action is in the best interests of the Issuer and is not materially disadvantageous to the Holders of the Exchange Notes or (5) change its name.

Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an “Affiliate Transaction”) involving aggregate payments or consideration in excess of $30.0 million, unless:

(A) such Affiliate Transaction is on terms, taken as a whole, that are not materially less favorable to the Issuer or the relevant Restricted Subsidiaries than those that would have been obtained at such time in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm’s-length basis, or if in the good faith judgment of the Board of Directors, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Issuer or such Restricted Subsidiary from a financial point of view; and

(B) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions requiring aggregate payments or consideration in excess of $50.0 million, a resolution adopted by a majority of the Board of Directors approving such Affiliate Transaction and set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with clause (A) above.

The foregoing provisions (A) and (B) will not apply to the following:

(1) (a) transactions between or among the Issuer and one or more Restricted Subsidiaries or between or among Restricted Subsidiaries, or, in any case, any entity that becomes a Restricted Subsidiary as a result of such transaction, and (b) any merger, consolidation or amalgamation of the Issuer and any Parent Company; *provided*, such merger, consolidation or amalgamation of the Issuer is otherwise in compliance with the terms of the Indenture and effected for a *bona fide* business purpose;

(2) (a) Restricted Payments permitted by the provisions of the Indenture described above under the covenant “—Certain Covenants—Limitation on Restricted Payments” (including any transaction specifically excluded from the definition of the term “Restricted Payments,” including pursuant to the exceptions contained in the definition thereof and the parenthetical exclusions of such definition) and (b) Investments constituting “Permitted Investments” or any acquisition otherwise permitted by the Indenture;

(3) (a) the payment of management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses pursuant to the Management Services Agreement (including any unpaid management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses accrued in any prior year) and any termination fees pursuant to the Management Services Agreement, or any amendment thereto or replacement thereof so long as any such amendment or replacement is not materially disadvantageous in the good faith judgment of the Board of Directors to the Holders when taken as a whole, as compared to the Management Services Agreement as in effect on the Issue Date, (b) the payment of indemnification and similar amounts to, and reimbursement of expenses to, the Investor and their officers, directors, employees and affiliates, (c) payments, loans, advances or guarantees (or cancellation of loans, advances or guarantees) to future, present or former employees, officers, directors, managers, consultants or independent contractors or guarantees in respect thereof for bona fide business purposes or in the ordinary course of business or consistent with past practice or industry practice, (d) any subscription agreement or similar agreement pertaining to the repurchase of

Equity Interests pursuant to put/call rights or similar rights with current, former or future officers, directors, employees, managers, consultants and independent contractors of the Issuer or any of its Subsidiaries or of any Parent Company, (e) any payment of compensation or other employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers current, former or future officers, directors, employees, managers, consultants and independent contractors of the Issuer or any of its Subsidiaries or any Parent Company and (f) the payment of fees and expenses pursuant to any services agreements entered into with U.S. Retail, Canadian Retail or Essendant, and the payment of fees and expenses pursuant to any new future service agreement entered into on terms not materially less favorable to the Issuer or any of its Subsidiaries or any Parent Company than those that would have been obtained at such time in a comparable transaction by the Issuer or such Subsidiary or Parent Company with an unrelated Person on an arm's-length basis;

(4) the payment of fees and compensation paid to, and indemnities and reimbursements and employment and severance arrangements provided to, or on behalf of, or for the benefit of, present, future or former employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, any Parent Company or any Restricted Subsidiary;

(5) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms, when taken as a whole, are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis;

(6) the existence of, or the performance by the Issuer, any Restricted Subsidiary of its obligations under the terms of, any agreement as in effect as of the Issue Date, or any amendment thereto or replacement thereof (so long as any such amendment or replacement is not materially disadvantageous in the good faith judgment of the Board of Directors to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date) other than any amendments or replacements of lease agreements and similar agreements related to the businesses subject to the Carveout Transactions;

(7) the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under the terms of, any equity holder agreement or the equivalent (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any amendment thereto and similar agreements or arrangements that it may enter into thereafter; *provided*, the existence of, or the performance by the Issuer or any Restricted Subsidiary of obligations under any future amendment to any such existing agreement or arrangement or under any similar agreement or arrangement entered into after the Issue Date will be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement or arrangement are not otherwise materially disadvantageous in the good faith judgment of the Issuer to the Holders when taken as a whole (as compared to the original agreement or arrangement in effect on the Issue Date);

(8) the Transactions (including, for the avoidance of doubt, the Sponsor Exchange) and the payment of all fees and expenses related to the Transactions, including Transaction Expenses;

(9) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business or consistent with past practice or industry practice and otherwise in compliance with the terms of the Indenture that are fair to the Issuer and the Restricted Subsidiaries, in the reasonable determination of the senior management of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) the issuance, sale or transfer of Equity Interests (other than Disqualified Stock) of the

Issuer or any Parent Company to any Person and the granting and performing of customary rights (including registration rights) in connection therewith, and any contribution to the capital of the Issuer;

(11) sales of accounts receivable, or participations therein, or Securitization Assets or related assets in connection with any Qualified Securitization Facility and any other transaction effected in connection with a Qualified Securitization Facility or a financing related thereto;

(12) payments by the Issuer or any Restricted Subsidiary made for any financial advisory, consulting, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by, or made pursuant to arrangements approved by, a majority of the Board of Directors in good faith;

(13) payments with respect to Indebtedness, Disqualified Stock and other Equity Interests (and cancellation of any thereof) of the Issuer, any Parent Company and any Restricted Subsidiary and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, member of management or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members or permitted transferees) of the Issuer, any of its Subsidiaries or any Parent Company pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any equity subscription or equity holder agreement that are, in each case, approved by the Issuer in good faith; and any employment agreements, severance arrangements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) that are, in each case, approved by the Issuer in good faith;

(14) (a) investments by Affiliates in securities of the Issuer or any Restricted Subsidiary (and payment of reasonable out-of-pocket expenses incurred by such Affiliates in connection therewith) so long as the investment is being offered by the Issuer or such Restricted Subsidiary generally to other investors on the same or more favorable terms and (b) payments to Affiliates in respect of securities of the Issuer or any Restricted Subsidiary contemplated in the foregoing subclause (a) or that were acquired from Persons other than the Issuer and the Restricted Subsidiaries, in each case, in accordance with the terms of such securities;

(15) payments to or from, and transactions with, any joint venture or Unrestricted Subsidiary in the ordinary course of business or consistent with past practice or industry practice or industry norms (including, any cash management activities related thereto);

(16) payments by the Issuer (and any Parent Company) and its Subsidiaries pursuant to tax sharing agreements among the Issuer (and any Parent Company) and its Subsidiaries; *provided*, in each case the amount of such payments in any taxable year does not exceed the amount that the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent of amount received from Unrestricted Subsidiaries) would be required to pay in respect of foreign, federal, state and local taxes for such taxable year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent described above) to pay such taxes separately from any such Parent Company;

(17) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer, as lessor, and transactions pursuant to that lease, which lease is approved by the senior management of the Issuer in good faith;

(18) intellectual property licenses in the ordinary course of business or consistent with past practice or industry practice;

(19) the payment of reasonable out-of-pocket costs and expenses relating to registration rights and indemnities provided to equity holders of the Issuer or any Parent Company pursuant to the

equity holders agreement or the registration rights agreement entered into on or after the Issue Date;

(20) transactions permitted by, and complying with, the provisions of the covenant described under "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" solely for the purpose of (a) reorganizing to facilitate any initial public offering of securities of the Issuer or any Parent Company, (b) forming a holding company or (c) reincorporating the Issuer in a new jurisdiction;

(21) transactions undertaken in good faith (as determined by the senior management of the Issuer) for the purposes of improving the consolidated tax efficiency of the Issuer and its Restricted Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture;

(22) (a) transactions with a Person that is an Affiliate of the Issuer (other than an Unrestricted Subsidiary) solely because the Issuer or any Restricted Subsidiary owns Equity Interests in such Person and (b) transactions with any Person that is an Affiliate solely because a director or officer of such Person is a director or officer of the Issuer, any Restricted Subsidiary or any Parent Company;

(23) (a) pledges and other transfers of Equity Interests in Unrestricted Subsidiaries and (b) any transactions with an Affiliate in which the consideration paid consists solely of Equity Interests of the Issuer or a Parent Company;

(24) the sale, issuance or transfer of Equity Interests (other than Disqualified Stock) of the Issuer;

(25) investments by the Investor or a Parent Company in securities of the Issuer or any Subsidiary Guarantor; and

(26) payments on the Exchange Notes in accordance with the Indenture and payments of Obligations under the Senior Credit Facilities and payments in respect of Obligations under other Indebtedness of the Issuer and its Subsidiaries held by Affiliates; *provided* that such Obligations were acquired by an Affiliate of the Issuer in compliance with the Indenture.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary that is not a Guarantor to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (a) pay dividends or make any other distributions to the Issuer or any Restricted Subsidiary that is a Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (b) pay any Indebtedness owed to the Issuer or to any Restricted Subsidiary that is a Guarantor;

(2) make loans or advances to the Issuer or to any Restricted Subsidiary that is a Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or to any Restricted Subsidiary that is a Guarantor; *provided,* dividend or liquidation priority between classes or series of Capital Stock, and the 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.

The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(a) encumbrances or restrictions in effect on the Issue Date, including pursuant to

the credit agreements governing the Senior Credit Facilities, the First Lien Secured Notes Indenture, the Collateral Documents, the Intercreditor Agreements and the related documentation (including intercreditor agreements) and Hedging Obligations and the related documentation, and the Transactions;

(b) the Indenture, the Exchange Notes and the Guarantees thereof, the Security Documents, and the First Lien Secured Notes and the guarantees thereof, the Existing Unsecured Notes and the guarantees thereof;

(c) Purchase Money Obligations and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person, or relating to Indebtedness or Equity Interests of a Person, acquired by or merged, amalgamated or consolidated with and into the Issuer or any Restricted Subsidiary or an Unrestricted Subsidiary that is designated as a Restricted Subsidiary, or any other transaction entered into in connection with any such acquisition, merger, consolidation or amalgamation in existence at the time of such acquisition or at the time it merges, amalgamates or consolidates with or into the Issuer or any Restricted Subsidiary or an Unrestricted Subsidiary that is designated as a Restricted Subsidiary or assumed in connection with the acquisition of assets from such Person (but, in any such case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired and its Subsidiaries, or the property or assets of the Person so acquired or designated and its Subsidiaries or the property or assets so acquired or designated;

(f) contracts or agreements for the sale or disposition of assets, including any restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness otherwise permitted to be incurred pursuant to the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens" that limit the right of the debtor to dispose of assets or incur Liens;

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business or consistent with past practice or industry practice or arising in connection with any Permitted Liens;

(i) Indebtedness, Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(j) provisions in joint venture agreements and other similar agreements (including equity holder agreements) relating to such joint venture or its members or entered into in the ordinary course of business or consistent with past practice or industry practice;

(k) customary provisions contained in leases, sub-leases, licenses, sub-licenses, Equity Interests or similar agreements, including with respect to intellectual property and other agreements;

(l) restrictions created in connection with any Qualified Securitization Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Qualified Securitization Facility;

(m) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any Restricted Subsidiary is a party entered into in the ordinary course of business or consistent with past practice or industry practice; *provided*, such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(n) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of any Restricted Subsidiary;

(o) customary provisions restricting assignment of any agreement;

(p) restrictions arising in connection with cash or other deposits permitted under the covenant "—Liens;"

(q) any other agreement or instrument governing any Indebtedness, Disqualified Stock, or Preferred Stock permitted to be incurred or issued pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" entered into after the Issue Date that contains encumbrances and restrictions that either (i) are no more restrictive in any material respect, taken as a whole, with respect to any Restricted Subsidiary than (A) the restrictions contained in the Indenture or the Senior Credit Facilities as of the Issue Date or (B) those encumbrances and other restrictions that are in effect on the Issue Date with respect to that Restricted Subsidiary pursuant to agreements in effect on the Issue Date, (ii) are not materially more disadvantageous, taken as a whole, to the Holders than is customary in comparable financings for similarly situated issuers or (iii) will not materially impair the Issuer's ability to make payments on the Exchange Notes when due, in each case in the good faith judgment of the Issuer;

(r) Indebtedness permitted to be incurred pursuant to clause (4)(b) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and Indebtedness permitted to be incurred pursuant to clause (30) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" in connection with a Sale and Lease-Back Transaction entered into in the ordinary course of business or consistent with past practice or industry practice;

(s) customary restrictions and conditions contained in documents relating to any Lien so long as (i) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this covenant;

(t) any encumbrance or restriction with respect to a Restricted Subsidiary that was previously an Unrestricted Subsidiary which encumbrance or restriction exists pursuant to or by reason of an agreement that such Subsidiary is a party to or entered into before the date on which such Subsidiary became a Restricted Subsidiary; *provided*, such agreement was not entered into in anticipation of an Unrestricted Subsidiary becoming a Restricted Subsidiary and any such encumbrance or restriction does not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property of such Subsidiary;

(u) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (t) above; *provided*, such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive in any material respect with respect to such encumbrance and other restrictions, taken as a whole, than those prior to such amendment, modification, restatement, renewal, increase, supplement,

refunding, replacement or refinancing;

(v) existing under, by reason of or with respect to Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Refinancing Indebtedness are, in the good faith judgment of the Issuer, not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; and

(w) applicable law or any applicable rule, regulation or order in any jurisdiction where Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred pursuant to the provisions of the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" is incurred.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any of its Wholly-Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly-Owned Subsidiaries if such non-Wholly-Owned Subsidiary guarantees Indebtedness under a Credit Facility or Capital Markets Indebtedness of the Issuer or any Guarantor), other than a Guarantor or an Excluded Subsidiary, to guarantee the payment of (i) any Indebtedness of the Issuer or any Guarantor under a Credit Facility or (ii) Capital Markets Indebtedness of the Issuer or any Guarantor, in each case, having an aggregate principal amount outstanding in excess of $25.0 million, unless:

(1) such Restricted Subsidiary within 60 days executes and delivers a supplemental indenture to the Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor:

(a) if the Exchange Notes or such Guarantor's Guarantee are subordinated in right of payment to such Indebtedness, the Guarantee under the supplemental indenture will be subordinated to such Restricted Subsidiary's guarantee with respect to such Indebtedness substantially to the same extent as the Exchange Notes are subordinated to such Indebtedness; and

(b) if such Indebtedness is by its express terms subordinated in right of payment to the Exchange Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness will be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Exchange Notes; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other applicable rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee; *provided*, this covenant will not be applicable to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary. The Issuer may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case such Subsidiary will not be required to comply with clause (1) or (2) above and such Guarantee may be released at any time in the Issuer's sole discretion.

Each Guarantee will also be released in accordance with the provisions of the Indenture described under "—Guarantees."

Each Person that becomes a Guarantor after the Issue Date shall also become a party to the applicable Collateral Documents and Intercreditor Agreements (as applicable) and shall as promptly as practicable execute and deliver such security instruments, financing statements, mortgages, deeds of trust and other related real estate deliverables (in substantially the same form as those executed and delivered with respect to the Collateral on the Issue Date or on the date first delivered in the case of Collateral that the Indenture provides may be delivered after the Issue Date (to the extent, and substantially in the form, delivered on the Issue Date or the date first delivered, as applicable (but no

greater scope))) as may be necessary to vest in the Notes Collateral Agent a perfected second-priority security interest (subject to certain exceptions, Permitted Liens and encumbrances) in properties and assets that constitute Term Priority Collateral and a perfected third-priority security interest (subject to certain exceptions, Permitted Liens and encumbrances) in properties and assets that constitute ABL Priority Collateral, in either case, as security for such Guarantor's Guarantee and as may be necessary to have such property or asset added to the Collateral as required under the Collateral Documents and the Indenture, and thereupon all provisions of the Indenture relating to the Collateral shall be deemed to relate to such properties and assets to the same extent and with the same force and effect.

Reports and Other Information

The Indenture will provide that so long as any Exchange Notes are outstanding, from and after the Issue Date, the Issuer will furnish to the Holders:

(1) (a) all annual and quarterly financial statements of the Issuer substantially in the forms that would be required to be contained in a filing with the SEC on Forms 10-K and 10-Q (solely with respect to the first three fiscal quarters of each fiscal year), if the Issuer were required to file such forms on the Issue Date, and a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (b) with respect to the annual financial statements only, a report on the annual financial statements by the Issuer's independent registered public accounting firm; and

(2) promptly from time to time after the occurrence of an event required to be therein reported, such other information containing substantially the same information that would be required to be contained in filings with the SEC on Form 8-K under Items:

- 1.03 (Bankruptcy or Receivership);
- 2.01 (Completion of Acquisition or Disposition of Assets) ;
- 2.03 (Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant);
- 4.02 (Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review);
- 5.01 (Changes in Control of Registrant);
- 5.02(a)(1) (Resignation of Director due to Disagreement with Registrant); and
- 5.02(c)(1) (Name and Position of Newly Appointed Officer and Date of Appointment),

each as in effect on the Issue Date if the Issuer were required to file such reports; *provided*, however:

(a) no such current report will be required to include as an exhibit or summary of terms of, any employment or compensatory arrangement agreement, plan or understanding between the Issuer (or any of its Subsidiaries or any Parent Company) and any director, manager or executive officer, of the Issuer (or any of its Subsidiaries or any Parent Company);

(b) in no event will such reports be required to comply with Section 302, Section 404 or Section 906 of the Sarbanes-Oxley Act of 2002, or related Items 307, 308 and 308T of Regulation S-K;

(c) in no event will such reports be required to comply with Rule 3-10 of Regulation S-X promulgated by the SEC or contain separate financial statements for the

Issuer, the Guarantors or other Subsidiaries the shares of which may be pledged to secure the Exchange Notes or any Guarantee that would be required under (i) Section 3-09 of Regulation S-X or (ii) Section 3-16 of Regulation S-X, respectively, promulgated by the SEC;

(d) in no event will such reports be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-GAAP financial measures contained therein;

(e) no such reports referenced under clause (2) above will be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to the Holders or the business, assets, operations or financial position of the Issuer and its Restricted Subsidiaries, taken as a whole;

(f) in no event will reports referenced in clauses (1) or (2) above be required to include as an exhibit copies of any agreements, financial statements or other items that would be required to be filed as exhibits to a Form 10-K, Form 10-Q or current report on Form 8-K; and

(g) trade secrets and other confidential information that is competitively sensitive in the good faith and reasonable determination of the Issuer may be excluded from any disclosures.

All such annual reports will be furnished within 90 days (or 120 days in the case of the first fiscal year ending after the Issue Date) after the end of the fiscal year to which they relate, and all such quarterly reports will be furnished within 45 days (or 90 days in the case of the first fiscal quarter ending after the Issue Date) after the end of the fiscal quarter to which they relate.

The Indenture will permit the Issuer to satisfy its obligations in this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to such Parent Company; *provided*, if and so long as such Parent Company will have Independent Assets or Operations, the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Parent Company, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a stand-alone basis, on the other hand; *provided* that for the avoidance of doubt the consolidating information need not be audited.

Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its obligations hereunder for purposes of clause (3) under "—Events of Default and Remedies" until 180 days after the date any report hereunder is due.

The Issuer will make available such information and such reports to the Trustee under the Indenture, to any Holder and, upon request, to any beneficial owner of the Exchange Notes, in each case by posting such information on its website, on Intralinks or any comparable password-protected online data system that will require a confidentiality acknowledgment, and will make such information readily available to any Holder, any *bona fide* prospective investor in the Exchange Notes (which prospective investors will be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act that certify their status as such to the reasonable satisfaction of the Issuer), any bona fide securities analyst (to the extent providing analysis of investment in the notes to investors and prospective investors therein) or any bona fide market maker in the Exchange Notes who agrees to treat such information as confidential or accesses such information on Intralinks or any comparable password-protected online data system that will require a confidentiality acknowledgment; *provided*, the Issuer will post such information thereon and make readily available any password or other login information to any such Holder, prospective investor, securities analyst or market maker; *provided*, *further*, *however*, the Issuer may deny access to any competitively-sensitive information otherwise to be provided pursuant to this paragraph to any such Holder, prospective investor, security analyst or market maker that is a competitor of the Issuer and its Subsidiaries, or an affiliate of such a competitor (other than any affiliate that is a bona fide bank

debt fund, distressed asset fund, hedge fund, mutual fund, insurance company, financial institution or investment vehicle engaged in the business of investing in, acquiring or trading commercial loans, bonds and similar extensions of credit in the ordinary course (and not organized primarily for the purpose of making equity investments)) to the extent that the Issuer determines in good faith that the provision of such information to such Person would be competitively harmful to the Issuer and its Subsidiaries; and *provided*, *further*, that such Holders, prospective investors, security analysts or market makers will agree to (1) treat all such reports (and the information contained therein) and information as confidential, (2) not use such reports and the information contained therein for any purpose other than their investment or potential investment in the Exchange Notes and (3) not publicly disclose or distribute to any competitor any such reports (and the information contained therein).

The Issuer will be deemed to have furnished the reports referred to clauses (1) and (2) of the first paragraph of this covenant if the Issuer or any Parent Company has filed reports containing such information with the SEC.

To the extent any information is not provided within the time periods specified in this "—Reports and Other Information" covenant and such information is subsequently provided, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto will be deemed to have been cured.

The Issuer shall use its commercially reasonable efforts, consistent with its judgment as to what is prudent at the time, to participate in quarterly conference calls (which may be a single conference call together with investors holding other securities of the Issuer and/or its Restricted Subsidiaries and/ or any Parent Company of the Issuer) to discuss operating results and related matters. The Issuer shall issue a press release which will provide the date and time of any such call and will direct Holders, prospective investors and securities analysts to contact the investor relations office of the Issuer to obtain access to the conference call.

Notwithstanding the foregoing, the financial statements, information, auditors' reports and other documents and information required to be provided pursuant to the first paragraph of this covenant may be, rather those of the Issuer, those of (a) any predecessor or successor of the Issuer or any entity meeting the requirements of clause (b) or (c) of this paragraph, (b) any Wholly-Owned Restricted Subsidiary of the Issuer that, together with its consolidated Subsidiaries, constitutes substantially all of the assets of the Issuer and its consolidated Subsidiaries ("Qualified Reporting Subsidiary") or (c) any direct or indirect parent of the Issuer; *provided* that, if the financial information required to be provided pursuant to clauses (1) or (2) of the first paragraph of this covenant relates to such Qualified Reporting Subsidiary of the Issuer or such Parent Company of the Issuer, such financial information will be accompanied by consolidating information, which may be posted to the website of the Issuer or on Intralinks or any comparable password protected online data system or otherwise provided in accordance with the last proviso of the first paragraph of this covenant, that explains in reasonable detail (in the good faith judgment of the Issuer) the differences between the information relating to such Qualified Reporting Subsidiary or such Parent Company (as the case may be), on the one hand, and the information relating to the Issuer and its Subsidiaries on a standalone basis, on the other hand. For the avoidance of doubt, the consolidating information referred to in the proviso in the preceding sentence need not be audited.

It is understood that the Trustee shall have no obligation whatsoever to determine whether or not such financial statements, information, documents or reports have been posted on the Issuer's website, on Intralinks or on any other online data system used by the Issuer. Delivery of reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such reports, information and documents shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants under the Indenture and the other Notes Documents (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Holding Company Covenant

Holdings will not conduct, transact or otherwise engage in any business or operations other than the following (and activities incidental thereto):

(1) the ownership or acquisition of the Capital Stock (other than Disqualified Stock) of the Issuer or any other Parent Company;

(2) the maintenance of its legal existence, including the ability to incur fees, costs and expenses relating to such maintenance;

(3) to the extent applicable, participating in tax, accounting and other administrative matters as a member of the combined group of Holdings and the Issuer,

(4) the performance of its obligations under and in connection with, and payments with respect to, the Senior Credit Facilities, the indentures for the First Lien Secured Notes, the Exchange Notes or the Existing Unsecured Notes, the Intercreditor Agreements and related documentation in respect of the foregoing and any documents relating to other Indebtedness permitted under the Indenture;

(5) any public offering of its common stock or any other issuance or registration of its Capital Stock for sale or resale not prohibited by the Indenture, including the costs, fees and expenses related thereto;

(6) repurchases of Indebtedness through open market purchases and Dutch auctions;

(7) the incurrence of Qualified Holding Company Debt,

(8) any transaction that Holdings is permitted to enter into or consummate under the Indenture and any transaction between or among Holdings and the Issuer or any one or more Restricted Subsidiaries permitted under the Indenture, including:

(a) making any payment(s) or Restricted Payment(s) (i) to the extent otherwise permitted by this covenant and (ii) with any amounts received pursuant to transactions permitted under the covenant described under "—Limitation on Restricted Payments" (or the making of a loan to any Parent Company in lieu of any such payment(s) or Restricted Payment(s)) or holding any cash received in connection therewith pending application thereof by Holdings;

(b) making any Investment to the extent (i) payment therefor is made solely with the Capital Stock of Holdings (other than Disqualified Stock), the proceeds of Restricted Payments received from the Issuer or proceeds of the issuance of, or contribution in respect of the, Capital Stock (other than Disqualified Stock) of Holdings and (ii) any property (including Capital Stock) acquired in connection therewith is contributed to the Issuer or a Subsidiary Guarantor (or, if otherwise permitted by the covenant described under "—Limitation on Restricted Payments" or constituting a Permitted Investment, a Restricted Subsidiary) or the Person formed or acquired in connection therewith is merged with the Issuer or a Subsidiary Guarantor;

(c) guaranteeing the obligations and granting of Liens of the Issuer and its Subsidiaries to the extent such obligations are not prohibited hereunder;

(d) incurrence of Indebtedness of Holdings representing deferred compensation to employees, consultants or independent contractors of Holdings and unsecured Indebtedness consisting of promissory notes issued by the Issuer or any Restricted Subsidiary to future, present or former employees, directors, officers, managers, distributors or consultants of the Issuer, any Subsidiary or any Parent Company to finance the retirement, acquisition, repurchase, purchase or redemption of Capital Stock of Holdings;

(e) incurring fees, costs and expenses relating to overhead and general operating including professional fees for legal, tax and accounting issues and paying taxes,

(f) providing indemnification to officers and directors and as otherwise permitted by the Indenture;

(g) activities incidental to the consummation of the Transactions;

(h) the making of any loan to any officers or directors contemplated by the covenant described under "—Limitation on Restricted Payments" or constituting a Permitted Investment, the making of any investment in the Issuer or any Subsidiary Guarantor or, to the extent otherwise allowed under the covenant described under "—Limitation on Restricted Payments" or constituting a Permitted Investment, a Restricted Subsidiary;

(i) making contributions to the capital of its Subsidiaries, or

(j) making Investments in cash and Cash Equivalents, and

(9) activities incidental to the businesses or activities described in clauses (1) through (8) of this covenant.

Events of Default and Remedies

The Indenture will provide that each of the following is an "Event of Default":

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Exchange Notes;

(2) default for 30 days or more in the payment when due of accrued and unpaid interest on or with respect to the Exchange Notes;

(3) failure by Holdings, the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30.0% in principal amount of the then outstanding Exchange Notes to comply with any of its obligations, covenants or agreements (other than a default referred to in clause (1) or (2) above) contained in the Indenture, the Exchange Notes or the Collateral Documents;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by Holdings, the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary) or the payment of which is guaranteed by Holdings, the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary), other than Indebtedness owed to Holdings, the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Exchange Notes, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of

any other such Indebtedness in default for failure to pay principal at its stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate $100.0 million or more at any one time outstanding;

(5) failure by Holdings, the Issuer or any Restricted Subsidiary that is a Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $100.0 million (net of amounts covered by insurance policies), which final judgments remain unpaid, undischarged, unwaived and unstayed for a period of more than 90 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency with respect to Holdings, the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary), including as described below;

(7) the Guarantee of Holdings or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary) will for any reason (i) cease to be in full force and effect except as contemplated by the terms of the Indenture, (ii) be declared null and void in a final non-appealable judgment of a court of competent jurisdiction or (iii) any Financial Officer of any Guarantor that is Holdings or a Significant Subsidiary (or the responsible officers of any group of Restricted Subsidiaries that taken together (as of the latest consolidated financial statements of the Issuer made available to the Holders) would constitute a Significant Subsidiary), as the case may be, denies in writing that it has any further liability under its Guarantee or gives written notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture; or

(8) (i) the Liens created by the Collateral Documents shall at any time not constitute a valid and perfected Lien on any material portion of the Collateral intended to be covered thereby (unless perfection is not required by the Indenture or the Collateral Documents) or the repudiation or disaffirmation in writing by the Issuer or any Guarantor, or any Person acting on behalf of the Issuer or any Guarantor, of its obligations under the Collateral Documents or assertion by the Issuer or any Guarantor, or any Person acting on behalf of the Issuer or any Guarantor that any security interest with respect to the Collateral granted pursuant to the Collateral Documents is invalid and unenforceable, in each case, other than (A) in accordance with the terms of the relevant Collateral Document and the Indenture, (B) the satisfaction in full of all Obligations under the Indenture or (C) any loss of perfection that results from the failure of the Notes Collateral Agent to maintain possession of certificates delivered to it representing securities pledged under the Collateral Documents and (ii) such default continues for 30 days after receipt of written notice given by the Trustee or the Holders of not less than 30.0% in aggregate principal amount of the then outstanding Exchange Notes.

If an Event of Default (other than of a type specified in clause (6) above with respect to the Issuer) occurs and is continuing under the Indenture, (x) the Trustee by written notice to the Issuer or (y) the Holders of at least 30.0% in principal amount of the then total outstanding Exchange Notes by written notice to the Issuer and the Trustee may declare the principal, premium, if any, accrued and unpaid interest and any other monetary obligations on all the then outstanding Exchange Notes to be due and payable immediately.

If (x) Holdings, the Issuer or any Significant Subsidiary (including, in each case, the Board of Directors or other governing body thereof) takes any corporate, company or other entity action to effect or cause to be effected a filing under any Debtor Relief Law, voluntarily consents to the institution of bankruptcy or insolvency proceedings against it or voluntarily authorizes or consents to the filing by it of a petition or answer or consent seeking reorganization or relief under applicable Debtor Relief Laws prior to

June 15, 2029 (this clause (x), an “Approval Trigger Event”) or (y) unless clause (x) above has already occurred and triggered the Liquidated Damages Charge (as defined below) with respect to the Exchange Notes, any then-outstanding Exchange Notes become due and payable as a result of an acceleration thereof pursuant to clause (6) of the first paragraph of this section that occurs prior to June 15, 2029, (this clause (y), an “Acceleration Trigger Event” and, together with any Approval Trigger Event, an “LDC Trigger Event”), in each case of clauses (x) and (y), the Issuer shall pay a liquidated damages charge (the “Liquidated Damages Charge”) (which shall be due and payable in full at the time the applicable LDC Trigger Event occurs) equal to (i) if such LDC Trigger Event occurs at any time after the Issue Date and prior to June 15, 2027, the Applicable Premium calculated as of the time such LDC Trigger Event, (ii) on or after June 15, 2027 and prior to June 15, 2028, 106.375% of the principal amount of the Exchange Notes that are outstanding and subject to such LDC Trigger Event, and (iii) on or after June 15, 2028 and prior to June 15, 2029, 103.1875% of the principal amount of the Exchange Notes that are outstanding and subject to such LDC Trigger Event. The Indenture will include a customary liquidated damages stipulation with respect to the Liquidated Damages Charge.

Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section with respect to the Issuer, all outstanding Exchange Notes will become due and payable without further action or notice other than as described above pursuant to an LDC Trigger Event. The Indenture provides that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee will have no obligation to accelerate the Exchange Notes if in the best judgment of the Trustee acceleration is not in the best interests of the Holders of the Exchange Notes.

The Indenture will provide that the Holders of a majority of the aggregate principal amount of the then outstanding Exchange Notes, by written notice to the Trustee, may on behalf of the Holders of all of the Exchange Notes waive any existing Default and its consequences under the Indenture (except a continuing Default in the payment of interest on, premium, if any, or the principal of any Exchange Note held by a non-consenting Holder) and rescind any acceleration with respect to the Exchange Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction). Any time period in the Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction. In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Exchange Notes) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;

(2) the requisite holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured, waived or is no longer continuing.

In case an Event of Default occurs and is continuing, neither the Trustee nor the Notes Collateral Agent will be under any obligation to exercise any of the rights or powers under the Indenture or the Security Documents at the request or direction of any of the Holders unless the Holders have offered and, if requested, provided to the Trustee and the Notes Collateral Agent, if applicable, indemnity or security satisfactory to each of the Trustee and the Notes Collateral Agent, if applicable, against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or accrued and unpaid interest when due, no Holder may pursue any remedy with respect to the Indenture or the Exchange Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30.0% in principal amount of the total outstanding Exchange Notes have requested in writing the Trustee to pursue the remedy;

(3) Holders of the Exchange Notes have offered, and if requested, provided the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) Holders of a majority in principal amount of the total outstanding Exchange Notes have not given the Trustee a written direction that is inconsistent with such written request within such 60-day period.

Subject to certain restrictions, under the Indenture the Holders of a majority in principal amount of the total outstanding Exchange Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Notes Collateral Agent or of exercising any trust or power conferred on the Trustee. The Trustee or the Notes Collateral Agent, as applicable, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee or the Notes Collateral Agent in personal liability (it being understood that the Trustee does not have an affirmative duty to determine whether any action is prejudicial to any Holder).

The Indenture will provide that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required, within thirty (30) days, after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default.

Neither the Trustee nor the Notes Collateral Agent shall be deemed to have knowledge of a Default or an Event of Default (and shall not be required to take any action related to an Event of Default) unless and until a responsible officer of the Trustee or the Notes Collateral Agent, as applicable, has received written notice or obtained actual knowledge of such Default or Event of Default.

Limited Condition Transaction; Measuring Compliance

With respect to any (x) Investment or acquisition, in each case, for which the Issuer or any Subsidiary of the Issuer may not terminate its obligations due to a lack of financing for such Investment or acquisition (whether by merger, consolidation or other business combination or the acquisition of Capital Stock or otherwise) as applicable and (y) repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered, in each case for purposes of determining:

(a) whether any Indebtedness (including Acquired Indebtedness) that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(b) whether any Lien being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness or to secure any such Indebtedness is permitted to be incurred in accordance with the covenant described under the caption "—Certain Covenants—Liens" or the definition of "Permitted Liens;"

(c) whether any other transaction undertaken or proposed to be undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in the Indenture or the Exchange Notes; and

(d) any calculation of the Fixed Charge Coverage Ratio, First Lien Secured Net Leverage Ratio, Total Net Leverage Ratio, Senior Secured Net Leverage Ratio, Net Income, Consolidated Net Income and/or Adjusted EBITDA and, whether a Default or Event of Default exists in connection with the foregoing, at the option of the Issuer, the date that the definitive agreement for such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is entered into (the "Transaction Agreement Date") may be used as the applicable date of determination, as the case may be, in each case with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio" or "Adjusted EBITDA." For the avoidance of doubt, if the Issuer elects to use the Transaction Agreement Date as the applicable date of determination in accordance with the foregoing, (a) any fluctuation or change in the Fixed Charge Coverage Ratio, First Lien Secured Net Leverage Ratio, Total Net Leverage Ratio, Senior Secured Net Leverage Ratio, Net Income, Consolidated Net Income or Adjusted EBITDA of the Issuer, the target business, or assets to be acquired subsequent to the Transaction Agreement Date and prior to the consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining whether any Indebtedness or Lien that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred or in connection with compliance by the Issuer or any of the Restricted Subsidiaries with any other provision of the Indenture or the Exchange Notes or any other transaction undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and (b) until such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is consummated or such definitive agreements are terminated, such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness and Liens) will be given *pro forma* effect when determining compliance of other transactions (including the incurrence of Indebtedness and Liens unrelated to such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness) that are consummated after the Transaction Agreement Date and on or prior to the consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) will be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness. In addition, the Indenture will provide that compliance with any requirement relating to absence of Default or Event of Default may be determined as of the Transaction Agreement Date and not as of any later date as would otherwise be required under the Indenture.

In the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken on the same date that any other item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any other Lien is incurred or other transaction is undertaken, then the First Lien Secured Net Leverage Ratio, Fixed Charge Coverage Ratio, Total Net Leverage Ratio and Senior Secured Net Leverage Ratio will be calculated with respect to such incurrence, issuance or other transaction without regard to any other incurrence, issuance or transaction. Each item of Indebtedness, Disqualified Stock or Preferred Stock that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant First Lien Secured Net Leverage Ratio, Fixed Charge Coverage Ratio, Total Net Leverage Ratio and Senior Secured Net Leverage Ratio.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, incorporator, member, partner or equity holder of the Issuer or any Guarantor or any Parent Company (other than, with respect to members, partners and equity holders, the Issuer and the Guarantors) will have any liability for any obligations of the Issuer or the Guarantors under the Exchange Notes, the Guarantees, the Indenture or the Collateral Documents or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Exchange Notes waives and releases all such liability. The waiver and release

are part of the consideration for issuance of the Exchange Notes. Such waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Indenture will terminate (other than certain obligations) and will be released and the Liens, if any, on the Collateral securing the Exchange Notes will be released, upon payment in full of all of the Exchange Notes. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Exchange Notes and have each Guarantor's obligation discharged with respect to its Guarantee ("Legal Defeasance") and cure all then existing Events of Default except for:

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

(2) the Issuer's obligations with respect to Exchange Notes concerning issuing temporary Exchange Notes, registration of such Exchange Notes, mutilated, destroyed, lost or stolen Exchange Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

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

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with respect to substantially all of the restrictive covenants in the Indenture and have Liens, if any, on the Collateral securing the Exchange Notes released ("Covenant Defeasance"), and thereafter any omission to comply with such obligations will not constitute a Default with respect to the Exchange Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Exchange Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Exchange Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, U.S. dollar-denominated Government Securities, or a combination thereof, in such amounts as will be sufficient to pay the principal of, premium, if any, and interest due on the Exchange Notes on the stated maturity date or on the applicable redemption dates, as the case may be, of such principal, premium, if any, or interest on such Exchange Notes, and the Issuer must specify whether such Exchange Notes are being defeased to maturity or to a particular redemption date; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited will be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the "Applicable Premium Deficit") only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit will be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit will be applied toward such redemption;

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

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

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

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

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

(4) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens and the consummation of other transactions in connection therewith) will have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under the Senior Credit Facilities or any other material agreement, instrument or documents (other than the Indenture) to which, the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens and the consummation of other transactions in connection therewith);

(6) the Issuer will have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

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

Notwithstanding the foregoing, an Opinion of Counsel required by clause (2) of the immediately preceding paragraph with respect to Legal Defeasance need not be delivered if all of the Exchange Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable or (ii) will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Exchange Notes, and the Liens, if any, on the Collateral securing the Exchange Notes will be released, in each case, when either:

(1) all Exchange Notes theretofore authenticated and delivered, except lost, stolen or destroyed Exchange Notes that have been replaced or paid and Exchange Notes for whose payment

money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) (a) all Exchange Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of one or more notices of redemption or otherwise, will become due and payable within one year or may be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, U.S. dollar-denominated Government Securities, or a combination thereof, in such amounts as will be sufficient (without consideration of any reinvestment of interest) to pay and discharge the entire indebtedness on the Exchange Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption; *provided* that (i) upon any redemption that requires the payment of the Applicable Premium, the amount deposited will be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, and (ii) any Applicable Premium Deficit will be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit will be applied toward such redemption;

(b) the Issuer has paid or caused to be paid all sums payable by it under the Indenture; and

(c) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Exchange Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions and may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1) and (2))) to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any Guarantee, the Exchange Notes, the Collateral Documents or the Intercreditor Agreements may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Exchange Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Exchange Notes, and any existing Default or compliance with any provision of the Indenture, the Exchange Notes issued thereunder, the Collateral Documents or the Intercreditor Agreements may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Exchange Notes, other than Exchange Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of or tender offer or exchange offer or offer to purchase with respect to the Exchange Notes).

The Indenture will provide that, without the consent of each affected Holder (including, for the avoidance of doubt, any Exchange Notes held by Affiliates), an amendment or waiver may not, with respect to any Exchange Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Exchange Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Exchange Note or reduce the premium payable upon the redemption of such Exchange Notes on any date (other than

provisions relating to the covenants described above under "—Repurchase at the Option of Holders"); *provided*, any amendment to the notice requirements may be made with the consent of the Holders of a majority in aggregate principal amount of then-outstanding Exchange Notes;

(3) reduce the rate of or change the time for payment of interest on any Exchange Note;

(4) waive a Default in the payment of principal of or premium, if any, or interest on the Exchange Notes, except a rescission of acceleration of the Exchange Notes by the Holders of at least a majority in aggregate principal amount of the Exchange Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Guarantee which cannot be amended or modified without the consent of all affected Holders;

(5) make any Exchange Note payable in a currency other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults;

(7) make any change in these amendment and waiver provisions that is materially adverse to the Holders;

(8) make any change in the provisions of the Indenture relating to waivers of past Defaults or impair the legal rights of Holders expressly set forth in the Indenture to receive payments of principal of, premium on, if any, or interest, if any, on, the Exchange Notes;

(9) make any change to or modify the ranking of the Exchange Notes that would adversely affect the Holders; or

(10) except as expressly permitted by the Indenture, modify the Guarantees of any Significant Subsidiary, in any manner materially adverse to the Holders.

Notwithstanding the foregoing, no amendment or waiver may (A) make any change in any Collateral Document or the provisions in the Indenture dealing with Collateral or application of trust proceeds of the Collateral with the effect of releasing the Liens on all or substantially all of the Collateral which secure the Obligations in respect of the Exchange Notes without the consent of the Holders of at least 75.0% in aggregate principal amount of the Exchange Notes then outstanding, (B) change or alter the priority of the Liens securing the Obligations in respect of the Exchange Notes in any material portion of the Collateral in any way materially adverse, taken as a whole, to the Holders, without the consent of each affected Holder (including, for the avoidance of doubt, any Exchange Notes held by Affiliates) or (C) make any change or modification in any Collateral Document or the provisions in the Indenture that would authorize the incurrence of additional Indebtedness that would be issued under the Notes Documents for the sole purpose of influencing voting thresholds without the consent of the Holders of at least 66 - 2/3% in aggregate principal amount of the Exchange Notes then outstanding, other than, in each case, as provided under the terms of the Indenture, the Collateral Documents or the Intercreditor Agreements.

Additionally, the provisions of the two preceding paragraphs: (i) shall not apply following the filing of any petition in bankruptcy or for reorganization relating to the Issuer; (ii) shall not apply to or restrict the incurrence of Indebtedness to which the Liens securing the Obligations in respect of the Exchange Notes will be subordinated or the incurrence of Indebtedness to which the Obligations in respect of the Exchange Notes will be subordinated in right of payment (any such other Indebtedness or other obligations to which the Obligations in respect of the Exchange Notes are subordinated, the "Senior Debt"), if each directly and adversely affected Holder has been or will be offered an opportunity to fund or otherwise provide its pro rata share of the applicable Senior Debt; (iii) shall not override the permission for (x) any Indebtedness that is expressly permitted under the Indenture as in effect on the Issue Date to be senior to the Obligations in respect of the Exchange Notes and/or be secured by a Lien that is senior to the Liens securing the Obligations in respect of the Exchange Notes or (y) Indebtedness incurred pursuant to a bona fide revolving credit facility or any customary asset-based, factoring, securitization or

other similar facility the incurrence of which is approved by a majority of the Holders of the Exchange Notes then outstanding; and (iv) shall not apply to the incurrence of any "debtor-in-possession" facility.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under "—Certain Covenants" or action taken in compliance with the covenants in effect at the time of such action, shall be deemed to impair or affect any rights of any Holder to receive payment of principal of, or premium, if any, or interest on, the Exchange Notes or to institute suit for the enforcement of any payment on or with respect to such Holder's Exchange Notes.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee, the Indenture, the Collateral Documents or the Intercreditor Agreements to which it is a party) and the Trustee and the Notes Collateral Agent may amend or supplement any of the Indenture, any Guarantee, the Exchange Notes, the Collateral Documents or the Intercreditor Agreements without the consent of any Holder:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated Exchange Notes in addition to or in place of certificated Exchange Notes;

(3) to comply with the covenant relating to mergers, amalgamations, consolidations and sales of assets;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not materially adversely affect (as determined in good faith by the Issuer) the legal rights under the Indenture, the Collateral Documents or Intercreditor Agreements of any such Holder;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act, if applicable (it being agreed that the Indenture need not qualify under the Trust indenture Act);

(8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or Notes Collateral Agent thereunder pursuant to the requirements thereof;

(9) to add a Guarantor or co-obligor under the Indenture or to release a Guarantor in accordance with the terms of the Indenture;

(10) to conform the text of the Indenture, Guarantees, the Exchange Notes, the Collateral Documents or the Intercreditor Agreements to any provision of this "Description of Exchange Notes" to the extent that such provision in this "Description of Exchange Notes" was intended to be a verbatim recitation of a provision of the Indenture, Guarantee, the Exchange Notes, the Collateral Documents or the Intercreditor Agreements;

(11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Exchange Notes as permitted by the Indenture, including, to facilitate the issuance and administration of the Exchange Notes; *provided* that (a) compliance with the Indenture as so amended would not result in Exchange Notes being transferred in violation of the Securities Act or any applicable securities law and (b) such amendment does not materially and adversely affect the rights of Holders to transfer Exchange Notes;

(12) to provide for the issuance of Additional Notes in accordance with the terms of the Indenture;

(13) mortgage, pledge, hypothecate or grant a security interest in favor of the Notes Collateral Agent for the benefit of the Trustee and the Holders of the Exchange Notes as additional security for the payment and performance of the Issuer's and any Subsidiary Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Notes Collateral Agent or the Trustee in accordance with the terms of the Indenture or otherwise;

(14) to mortgage, pledge, hypothecate or grant any other Lien in favor of the Trustee or the Notes Collateral Agent for the benefit of the Holders, as additional security for the payment and performance of all or any portion of the Exchange Notes Obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a Lien is required to be granted to or for the benefit of the Trustee or the Notes Collateral Agent pursuant to the Indenture, any of the Collateral Documents or otherwise;

(15) to add Secured Parties or ABL Secured Parties to any Collateral Documents in accordance with the terms thereof;

(16) to enter into any intercreditor agreement having substantially similar terms with respect to the Holders as those set forth in one of the Intercreditor Agreements, taken as a whole, or any joinder thereto;

(17) in the case of any Collateral Document, to include therein any legend required to be set forth therein pursuant to the Intercreditor Agreements or to modify any such legend as required by the Intercreditor Agreements; or

(18) to provide for the succession of any parties to the Collateral Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of the Senior Credit Facilities or any other agreement that is not prohibited by the Indenture.

In addition, the holders will be deemed to have consented for purposes of the Collateral Documents and the Intercreditor Agreements to any of the following amendments and other modifications to the Collateral Documents or Intercreditor Agreements:

(1) (a) to add other parties (or any authorized agent thereof or trustee therefor) holding Term Priority Obligations that are incurred in compliance with the Indenture, the Collateral Documents and the Intercreditor Agreements and (b) to establish that the Liens on any Collateral securing Term Priority Obligations shall be *pari passu* with the Liens on such Collateral securing any other Term Priority Obligations, all on the terms provided for in the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and/or the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification;

(2) (a) to add other parties (or any authorized agent thereof or trustee therefor) holding Parity Lien Obligations that are incurred in compliance with the Indenture, the Collateral Documents and the Intercreditor Agreements and (b) to establish that the Liens on any Collateral securing Parity Lien Obligations shall be *pari passu* with the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations, all on the terms provided for in any pari passu intercreditor agreement, the Junior Lien Intercreditor Agreement and/or the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification;

(3) (a) to add other parties (or any authorized agent thereof or trustee therefor) holding Junior Lien Obligations that are incurred in compliance with the Indenture, the Collateral Documents and

the Intercreditor Agreements and (b) to establish that the Liens on any Collateral securing Junior Lien Obligations shall be junior to the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations, all on the terms provided for in the Junior Lien Intercreditor Agreement, any other junior lien intercreditor agreement and/or the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification;

(4) to establish that the Liens on any Collateral securing any Indebtedness that refinances or otherwise replaces Term Priority Obligations and is permitted to be incurred under the Indenture shall be *pari passu* with the Liens on such Collateral securing any other Term Priority Obligations (or, at the election of the Issuer, (x) junior to the Liens on such Collateral securing any other Term Priority Obligations and *pari passu* with the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations or (y) junior to the Liens on such Collateral securing any other Term Priority Obligations and the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations), all on the terms provided for in the Pari Passu Intercreditor Agreement, the Junior Lien Intercreditor Agreement and/or the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification;

(5) to establish that the Liens on any Collateral securing any Indebtedness that refinances or otherwise replaces the Exchange Notes Obligations or any other Parity Lien Obligations and is permitted to be incurred under the Indenture shall be *pari passu* with the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations (or, at the election of the Issuer, junior to the Liens on such Collateral securing the Exchange Notes Obligations and any other Parity Lien Obligations), all on the terms provided for in any pari passu intercreditor agreement, the Junior Lien Intercreditor Agreement and/or the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification;

(6) to establish that the Liens on any ABL Priority Collateral securing any Indebtedness that refinances or otherwise replaces ABL Credit Agreement Obligations and is permitted to be incurred under the Indenture shall be senior to the Liens on such ABL Priority Collateral securing the Exchange Notes Obligations or any other Parity Lien Obligations, all on the terms provided for in the ABL Intercreditor Agreement as in effect immediately prior to such amendment or other modification; and

(7) upon any cancellation or termination of the Senior Secured ABL Facility without a replacement thereof, to establish that the ABL Priority Collateral (in addition to the Term Priority Collateral) shall secure the Exchange Notes Obligations and any other Parity Lien Obligations on a second-priority basis, all on the terms provided for in any pari passu intercreditor agreement and the Junior Lien Intercreditor Agreement as in effect immediately prior to such amendment or other modification.

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

Notices

Notices given by publication or electronic delivery will be deemed given on the first date on which publication is made or electronic delivery made, and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing or transmitting. Notices given in accordance with the procedures of the DTC will be deemed given on the date sent to the DTC.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer or a Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be

permitted to engage in other transactions; *however*, if it acquires any conflicting interest, it must eliminate such conflict within 90 days or resign.

The Indenture will provide that the Holders of a majority in principal amount of the then-outstanding Exchange Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that if an Event of Default has occurred, is actually known to a responsible officer of the Trustee and is continuing, the Trustee is required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his or her own affairs. Neither the Trustee nor the Notes Collateral Agent is under any obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered, and if requested, provided to the Trustee and the Notes Collateral Agent, as applicable, security and indemnity satisfactory to the Trustee and the Notes Collateral Agent, as applicable, against any loss, liability or expense.

Neither the Trustee nor the Notes Collateral Agent (in any of its or their capacities) assumes any responsibility or liability for the accuracy, correctness, adequacy, or completeness of the information concerning the Issuer, Holdings and the Subsidiary Guarantors or their affiliates or any other party contained in this description or the related documents or for any failure by such parties or any other party to disclose events that may have occurred and may affect the significance, correctness, adequacy, completeness, or accuracy of such information. Each of the Trustee and the Notes Collateral Agent (in any of its or their capacities) will be entitled to those certain rights, privileges, immunities, indemnities, limitations of liability, and protections, as more fully set forth in the Indenture.

None of the Issuer, Holdings, the Subsidiary Guarantors, the Trustee or the Notes Collateral Agent (in any of its or their capacities), or the initial purchasers are responsible for the operations or procedures of DTC, for the performance of, or for any act or omission by, DTC. None of the Trustee, any paying agent or the Notes Collateral Agent shall be responsible for determining whether any Asset Sale has occurred and whether any Asset Sale Offer with respect to the Exchange Notes is required. None of the Trustee, any paying agent or the Notes Collateral Agent shall be responsible for determining whether any Change of Control has occurred and whether any Change of Control Offer with respect to the Exchange Notes is required. None of the Trustee, any paying agent or the Notes Collateral Agent shall be responsible for monitoring the ratings of the Issuer, Holdings and the Subsidiary Guarantors or their affiliates or any other party or the Exchange Notes or making any request upon any Rating Agency.

Governing Law

The Indenture, the Exchange Notes and any Guarantee will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. For purposes of the Indenture and this "Description of Exchange Notes," unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"2017 Transaction Agreement" means the Agreement and Plan of Merger, dated as of June 28, 2017, by and among Holdings, Arch Merger Sub Inc. and Staples, Inc., as amended and modified from time to time.

"ABL Collateral Agent" means Wells Fargo Bank, National Association, together with any successor thereto or assignee in respect thereto, in its capacity as collateral agent for the ABL Secured Parties.

"ABL Credit Agreement Obligations" has the meaning assigned to the term "Obligations" in the Senior Secured ABL Facility, together with any Refinancing thereof.

"ABL Priority Collateral" means, except as otherwise provided in the Senior Secured ABL Facility, all present and future right, title and interest of the Grantors in and to the following, whether now owned or hereafter acquired, existing or arising, and wherever located:

(a) (i) accounts (including credit card receivables), excluding any accounts arising out of the sale or other disposition of Term Priority Collateral, and (ii) all other rights to payment arising from services rendered or from the sale, lease, use or other disposition of inventory, whether such rights to payment constitute payment intangibles, letter-of-credit rights or any other classification of property, or are evidenced in whole or in part by instruments, chattel paper or documents;

(b) inventory and documents relating to inventory;

(c) all rights of an unpaid vendor with respect to inventory;

(d) deposit accounts, commodity accounts, securities accounts and lockboxes (in each case, other than any account holding the proceeds of any sale or other disposition of any Term Priority Collateral), including all money and certificated securities, uncertificated securities, securities entitlements and investment property credited thereto (in each case, other than capital stock of subsidiaries of the Grantors) or deposited therein (including all cash, marketable securities and other funds held in or on deposit in any deposit account, commodity account or securities account, in each case, other than any account holding the proceeds of any sale or other disposition of any Term Priority Collateral), and all cash and cash equivalents, including cash and cash equivalents securing reimbursement obligations in respect of letters of credit or other ABL Credit Agreement Obligations;

(e) instruments, chattel paper and general intangibles pertaining to the other items of property included within clauses (a), (b), (c), (d), (f) and (g) of this definition (other than any capital stock of subsidiaries of the Grantors and intellectual property);

(f) any Collateral granted to the ABL Collateral Agent by foreign subsidiaries of the Guarantors organized under the laws of Canada to secure any portion of the ABL Credit Agreement Obligations;

(g) books and records, supporting obligations, documents and related letters of credit, letter-of-credit rights, commercial tort claims or other claims and causes of action, in each case, to the extent arising out of, related to or given in exchange or settlement of any of the foregoing; and

(h) all substitutions, replacements, accessions, products and proceeds (including, without limitation, insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) of all or any of the foregoing.

"ABL Priority Credit Documents" means the Senior Secured ABL Facility and each of the other agreements, documents and instruments providing for or evidencing any other ABL Priority Obligation under the Senior Secured ABL Facility and any other document or instrument executed or delivered at any time in connection with any ABL Priority Obligation under the Senior Secured ABL Facility (including any intercreditor or joinder agreement among holders of ABL Priority Obligations but excluding documents governing the First Lien Secured Notes), to the extent such are effective at the relevant time, as each may be amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed from time to time.

"ABL Priority Documents" means the ABL Priority Credit Documents and all other documents governing ABL Priority Obligations, pursuant to which liens have been granted to secured ABL Priority Obligations and all other documents, instruments and agreements executed pursuant to any of the

foregoing.

"ABL Priority Liens" means all Liens that secure the ABL Priority Obligations.

"ABL Priority Obligations" means (i) any and all amounts payable under or in respect of any Senior Secured ABL Facility and the other ABL Priority Documents as amended, restated, supplemented, waived, replaced, restructured, repaid, refunded, refinanced or otherwise modified from time to time (including after termination of the Senior Secured ABL Facility), including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer whether or not a claim for Post-Petition Interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect of, in each case, to the extent secured by a Lien incurred or deemed incurred to secure Indebtedness under the Senior Secured ABL Facility constituting ABL Priority Obligations pursuant to clause (2) under heading "Liens" in this "Description of Exchange Notes" and (ii) all other Obligations of the Issuer or any of its Restricted Subsidiaries in respect of Hedging Obligations or Obligations in respect of cash management services in each case owing to a Person that is a holder of Indebtedness described in clause (i) above or an Affiliate of such holder at the time of entry into such Hedging Obligations or Obligations in respect of cash management services.

"ABL Secured Parties" means, at any time, the "Secured Parties" as defined in the ABL Credit Agreement.

"Acquired Indebtedness" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging, amalgamating or consolidating with or into, or becoming a Restricted Subsidiary of, such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Parity Lien Debt Documents" means, with respect to any series, issue or class of Parity Lien Indebtedness, the promissory notes, loan agreements, indentures, the collateral documents or other operative agreements evidencing or governing such Indebtedness.

"Additional Parity Lien Debt Parties" means, with respect to any series, issue or class of Parity Lien Indebtedness, the holders of such indebtedness, the representative with respect thereto, any trustee or agent therefor under any related Additional Parity Lien Debt Documents and the beneficiaries of each indemnification obligation undertaken by the Issuer or any Guarantor under any related Additional Parity Lien Debt Documents.

"Additional Priority Lien Debt Documents" means, with respect to any series, issue or class of Priority Lien Indebtedness, the promissory notes, loan agreements, indentures, the collateral documents or other operative agreements evidencing or governing such Indebtedness.

"Additional Priority Lien Debt Parties" means, with respect to any series, issue or class of Priority Lien Indebtedness, the holders of such indebtedness, the representative with respect thereto, any trustee or agent therefor under any related Additional Priority Lien Debt Documents and the beneficiaries of each indemnification obligation undertaken by the Issuer or any Guarantor under any related Additional Priority Lien Debt Documents.

"Additional Term Collateral Agent" means Person that serves as the collateral agent, collateral trustee or a similar representative for the holders of the applicable Additional Term Priority Obligations.

"Additional Term Priority Obligations" means all obligations of the Issuer and the other Grantors that shall have been designated as "Additional First Lien Debt" and "Other First Lien Obligations" pursuant to the Pari Passu Intercreditor Agreement, together with any Refinancing thereof.

"Adjusted EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period:

(1) increased (without duplication) by the following, in each case to the extent deducted (and not added back) in determining Consolidated Net Income for such period (other than (h), (l) and (m)):

(a) total interest expense and, to the extent not reflected in such total interest expense, any losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains on such Hedging Obligations or such derivative instruments, and bank and letter of credit fees and costs of surety bonds in connection with financing activities, together with items excluded from the definition of "Consolidated Interest Expense" pursuant to the definition thereof; *plus*

(b) provision for taxes based on income, profits, revenue or capital, including federal, foreign and state income, franchise, excise, value added and similar taxes, property taxes and similar taxes, and foreign withholding taxes paid or accrued during such period (including any future taxes or other levies that replace or are intended to be in lieu of taxes, and any penalties and interest related to taxes or arising from tax examinations), and any payments to a Parent Company in respect of such taxes permitted to be made under the Indenture; *plus*

(c) Consolidated Depreciation and Amortization Expense for such period; *plus*

(d) any other non-cash expenses, charges, losses or items including any write-offs or write-downs reducing Consolidated Net Income for such period (*provided*, if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, (A) the Issuer may determine not to add back such non-cash charge in the current period and (B) to the extent the Issuer does decide to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Adjusted EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); *plus*

(e) minority interest expense, the amount of any non-controlling interest consisting of income attributable to non-controlling interests of third parties in any non-wholly-owned Subsidiary deducted (and not added back) in such period to Consolidated Net Income, excluding cash distributions in respect thereof, and the amount of any reductions in arriving at Consolidated Net Income resulting from the application of Accounting Standards Codification Topic No. 810, *Consolidation; plus*

(f) (i) the amount of management, monitoring, consulting, transaction, advisory and other fees (including termination fees) and indemnities and expenses paid or accrued in such period under the Management Services Agreement or otherwise to the extent otherwise permitted under "—Certain Covenants—Transactions with Affiliates" and (ii) the amount of payments made to option holders of such Person or any Parent Company in connection with, or as a result of, any distribution being made to shareholders of such Person or its Parent Companies, which payments are being made to compensate such option holders as though they were shareholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(g) the amount of loss or discount on sale of receivables, Securitization Assets and related assets to any Securitization Subsidiary in connection with a Qualified Securitization Facility; *plus*

(h) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Adjusted EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Adjusted EBITDA pursuant to

clause (2) below for any previous period and not added back; *plus*

(i) any costs or expenses incurred pursuant to any management equity plan, stock option plan or any other management or employee benefit plan, agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of such Person or net cash proceeds of an issuance of Equity Interest of such Person (other than Disqualified Stock); *plus*

(j) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of *FASB Accounting Standards Codification Topic 715—Compensation—Retirement Benefits*, and any other items of a similar nature, *plus*

(k) any net loss from operations expected to be disposed of, abandoned or discontinued within twelve months after the end of such period; *plus*

(l) *pro forma* adjustments, including *pro forma* "run rate" cost savings, operating expense reductions and other synergies (in each case, net of amounts actually realized) related to acquisitions, dispositions and other specified transactions, or related to restructuring initiatives, cost savings initiatives and other initiatives that are reasonably identifiable and projected by the Issuer in good faith to result from actions that have either been taken, with respect to which substantial steps have been taken or that are expected to be taken within six fiscal quarters after the date of consummation of such acquisition, disposition or other specified transaction or the initiation of such restructuring initiative, cost savings initiative or other initiatives (it is understood and agreed that "run-rate" means the full recurring benefit for a period that is associated with any action taken, committed to be taken or with respect to which substantial steps have been taken or are expected to be taken); *provided* that the aggregate amount included in this clause (l), taken together with the aggregate amount of cost savings, operating expense reductions and other synergies and such other *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio shall not exceed 25.0% of Adjusted EBITDA of the Issuer (before giving effect to this clause (l) and such other *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio); *plus*

(m) any payments in the nature of compensation or expense reimbursement made to independent board members;

(n) costs, charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings initiatives and operating expense reductions, restructuring and similar charges, severance, relocation costs, integration and facilities and opening costs and other business optimization expenses, signing costs, retention or completion bonuses, transition costs, costs related to closure/consolidation of facilities, stores and curtailments or modifications to pension and post-retirement employee benefits plans (including any settlement of pension liabilities); *plus*

(o) adjustments of the nature used in connection with the calculation of "Pro Forma Adjusted EBITDA" as set forth in footnote (1) of "Summary Historical Financial Information" contained in the Offering Memorandum applied in good faith; and

(2) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(a) non-cash gains for such period (excluding any non-cash gain to the extent it represents the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income or Adjusted EBITDA in any prior period other than any such accrual or reserve that has been added back to Consolidated Net Income in calculating Adjusted EBITDA in accordance with this

definition), and

(b) the amount of any non-controlling interest consisting of loss attributable to non-controlling interests of third parties in any non-wholly-owned subsidiary added (and not deducted in such period from Consolidated Net Income).

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Applicable Premium" means, with respect to any Exchange Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(a) the present value at such Redemption Date calculated as of the date of the applicable redemption notice of (i) the redemption price of such Note at June 15, 2027 (each such redemption price being set forth in the table appearing above under "—Optional Redemption"), *plus* (ii) all required remaining scheduled interest payments due on such Note through June 15, 2027 (excluding accrued but unpaid interest to, but excluding, the Redemption Date), computed using a discount rate equal to the Treasury Rate as of such Redemption Date *plus* 50 basis points; over

(b) the then-outstanding principal amount of such Note on such Redemption Date, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer will designate; *provided*, such calculation will not be the duty or obligation of the Trustee.

"Asset Sale" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions of property or assets of the Issuer or any Restricted Subsidiary (each referred to in this definition as a "disposition"); or

(2) the issuance or sale of Equity Interests (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) of any Restricted Subsidiary (other than to the Issuer or another Restricted Subsidiary), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of (i) Cash Equivalents or Investment Grade Securities, (ii) obsolete, damaged or worn out property or assets in the ordinary course of business or consistent with past practice or industry practice or any disposition of inventory or goods (or other assets) held for sale or no longer used or useful in the ordinary course, (iii) assets no longer economically practicable, used or useful in the business of the Issuer and its Restricted Subsidiaries or commercially reasonable to maintain (as determined in good faith by the management of the Issuer), (iv) dispositions to landlords of improvements made to leased real property pursuant to customary terms of leases entered into in the ordinary course of business and (v) assets for purposes of charitable contributions or similar gifts to the

extent such assets are not material to the ability of the Issuer and its Restricted Subsidiaries, taken as a whole, to conduct its business in the ordinary course;

(b) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions described above under "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) any disposition in connection with the making of any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" or any Permitted Investment or any acquisition otherwise permitted by the Indenture;

(d) any disposition of property or assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than the greater of (i) $15.0 million and (ii) 1.5% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such disposition (or, at the Issuer's option, at the time of contractually agreeing to such Asset Sale);

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(f) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) (i) the lease, assignment or sub-lease, license or sublicense of any real or personal property in the ordinary course of business or consistent with past practice or industry practice and (ii) the exercise of termination rights with respect to any lease, sub-lease, license or sublicense or other agreement;

(h) any issuance, disposition or sale of Equity Interests in, or Indebtedness, assets or other securities of, an Unrestricted Subsidiary;

(i) foreclosures, condemnation, expropriation, eminent domain or any similar action with respect to assets or the granting of Liens not prohibited by the Indenture;

(j) sales of accounts receivable, or participations therein, or Securitization Assets or related assets in connection with any Qualified Securitization Facility or the disposition of an account receivable in connection with the collection or compromise thereof in the ordinary course of business or consistent with past practice or industry practice or in bankruptcy or similar proceedings;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including asset securitizations permitted by the Indenture;

(l) the sale, lease, assignment, license, sublease or discount of inventory, equipment, accounts receivable, notes receivable or other current assets in the ordinary course of business or consistent with past practice or industry practice or the conversion of accounts receivable to notes receivable or other dispositions of accounts receivable in connection with the collection thereof;

(m) the licensing or sub-licensing of intellectual property or other general intangibles in the ordinary course of business or consistent with past practice or industry practice;

(n) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business or consistent with past

practice or industry practice;

(o) the unwinding of any Hedging Obligations;

(p) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(q) the lapse or abandonment of intellectual property rights in the ordinary course of business or consistent with past practice or industry practice, which in the reasonable good faith determination of the Issuer are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(r) the granting of a Lien that is permitted under the covenant described above under "—Certain Covenants—Liens;"

(s) the issuance of directors' qualifying shares and shares of Capital Stock of Foreign Subsidiaries issued to foreign nationals as required by applicable law;

(t) the disposition of any assets (including Equity Interests) (i) acquired in a transaction permitted under the Indenture, which assets are not used or useful in the principal business of the Issuer and its Restricted Subsidiaries or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Issuer to consummate any acquisition permitted under the Indenture;

(u) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property;

(v) the settlement or early termination of any Permitted Bond Hedge Transaction and the settlement or early termination of any related Permitted Warrant Transaction;

(w) the sales of property or assets for an aggregate fair market value not to exceed $35.0 million since the Issue Date; and

(x) the disposition of property or assets or sale of Equity Interests in connection with the Divestment.

"Attributable Indebtedness" means, on any date, with respect to any Capitalized Lease Obligation of any Person, the amount of liability in respect of a capital lease ("finance lease" following the Issuer's adoption of Accounting Standards Codification Topic 842 Leases, ASC 842) that would at such time be required to be reflected as a capital lease liability on a balance sheet prepared in accordance with GAAP. Finance lease or similar obligations in respect of Sale and Lease-Back Transactions that would not constitute a finance lease following the Issuer's adoption of Accounting Standards Codification Topic 842 Leases, ASC 842, shall be deemed not to represent Capitalized Lease Obligations or Indebtedness.

"Bankruptcy Code" means Title II of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto.

"Board of Directors" means, 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 of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such Board of Directors. Unless otherwise provided, "Board of Directors" means the Board of Directors of the Issuer.

"Borrowing Base" shall have the definition assigned to such term in the Senior Secured ABL

Facility as such agreement is in effect on the Issue Date (and not giving effect to any subsequent amendments thereto).

"Business Day" means each day which is not a Legal Holiday.

"Canadian Retail" means Staples Canada ULC and the other entities affiliated with the Investor that operate the Canadian retail business of Staples.

"Canadian Retail Divestiture" means the sale by Staples to entities affiliated with the Investor of certain subsidiaries of Staples that operate the Canadian retail business of Staples in connection with the closing of the transactions contemplated by the 2017 Transaction Agreement.

"Capital Markets Indebtedness" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act, (b) a private placement to institutional investors that is resold in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC or (c) a private placement to institutional investors. For the avoidance of doubt, the term "Capital Markets Indebtedness" does not include any Indebtedness under commercial bank facilities, Indebtedness incurred in connection with a Sale and Lease-Back Transaction, Indebtedness incurred in the ordinary course of business of the Issuer, Capitalized Lease Obligations or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering."

"Capital Stock" means:

(1) in the case of a corporation, corporate stock or shares in the capital of such corporation;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; but excluding from all of the foregoing any debt securities convertible into or exchangeable for Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of liability in respect of a capital lease ("finance lease" following the Issuer's adoption of Accounting Standards Codification Topic 842 Leases, ASC 842) that would at such time be required to be capitalized and reflected as a capital lease on a balance sheet prepared in accordance with GAAP. Finance lease or similar obligations in respect of Sale and Lease-Back Transactions that would not constitute a finance lease following the Issuer's adoption of Accounting Standards Codification Topic 842 Leases, ASC 842, shall be deemed not to represent Capitalized Lease Obligations or Indebtedness.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"Captive Insurance Subsidiary" means any Subsidiary of the Issuer that is subject to regulation as an insurance company (or any Subsidiary thereof).

"Carveout Transactions" means the Canadian Retail Divestiture and the US Retail Divestiture.

"Cash Equivalents" means:

(1) United States dollars;

(2) (a) Euros, Yen, Canadian Dollars, Pounds Sterling or any national currency of any Participating Member State; or (b) in the case of any Foreign Subsidiary or any jurisdiction in which the Issuer or its Restricted Subsidiaries conducts business, such local currencies held by it from time to time in the ordinary course of business or consistent with past practice or industry practice;

(3) readily marketable direct obligations issued or directly and fully and unconditionally guaranteed or insured by the United States government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 36 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar time deposits with maturities of three years or less from the date of acquisition, demand deposits, bankers' acceptances with maturities not exceeding three years and overnight bank deposits, in each case with any domestic or foreign commercial bank having capital and surplus of not less than $500.0 million in the case of U.S. banks and $100.0 million (or the United States dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(5) repurchase obligations for underlying securities of the types described in clauses (3) and (4) above or clauses (7) and (8) below entered into with any financial institution or recognized securities dealer meeting the qualifications specified in clause (4) above;

(6) commercial paper and variable or fixed rate notes rated at least P-2 by Moody's or at least A-2 by S&P (or, if at any time neither Moody's nor S&P is rating such obligations, an equivalent rating from another nationally recognized statistical rating agency selected by the Issuer) and, in each case, maturing within 36 months after the date of acquisition;

(7) marketable short-term money market and similar liquid funds having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P is rating such obligations, an equivalent rating from another nationally recognized statistical rating agency selected by the Issuer);

(8) securities issued or directly and fully and unconditionally guaranteed by any state, commonwealth or territory of the United States or any political subdivision or taxing authority of any such state, commonwealth or territory or any public instrumentality thereof having maturities of not more than 36 months from the date of acquisition thereof;

(9) readily marketable direct obligations issued or directly and fully and unconditionally guaranteed by any foreign government or any political subdivision or public instrumentality thereof, in each case, having an Investment Grade Rating with maturities of 36 months or less from the date of acquisition;

(10) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's (or, if at any time neither Moody's nor S&P is rating such obligations, an equivalent rating from another nationally recognized statistical rating agency selected by the Issuer) with maturities of 24 months or less from the date of acquisition;

(11) Investments with average maturities of 36 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's (or, if at any time neither Moody's nor S&P is rating such obligations, an

equivalent rating from another nationally recognized statistical rating agency selected by the Issuer);

(12) investment funds investing substantially all of their assets in securities of the types described in clauses (1) through (11) above; and

(13) solely with respect to any Captive Insurance Subsidiary, any investment that the Captive Insurance Subsidiary is not prohibited to make in accordance with applicable law.

In the case of Investments by any Foreign Subsidiary or Investments made in a country outside the United States of America, Cash Equivalents will also include (i) investments of the type and maturity described in clauses (1) through (13) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (ii) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (13) and in this paragraph.

Notwithstanding the foregoing, Cash Equivalents will include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided*, such amounts, except amounts used to pay non-dollar denominated obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business, are converted into any currency listed in clause (1) or (2) above as promptly as practicable and in any event within ten (10) Business Days following the receipt of such amounts.

"Cash Management Obligations" means Obligations in respect of Cash Management Services.

"Cash Management Services" means any agreement or arrangement to provide cash management services, including treasury, depository, cash pooling arrangements, automated clearing house transfers, overdraft, credit card processing or credit or debit card, purchase card, electronic funds transfer and other cash management and similar arrangements.

"CFC" means a "controlled foreign corporation" within the meaning of Section 957(a) of the Internal Revenue Code of 1986, as amended.

"CFC Holdco" means a Domestic Subsidiary that has no material assets other than the Equity Interests in or indebtedness of one or more Foreign Subsidiaries that are CFCs, including the indirect ownership of such Equity Interests or indebtedness through one or more CFC Holdcos that have no other material assets.

"Change of Control" means:

(1) the Issuer becomes aware that (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or group (as such terms are used in Sections 13(d) or 14(d) of the Exchange Act as in effect on the Issue Date including any such group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act)), other than one or more Permitted Holders or a Parent Company, through one single transaction or a series of related transactions, is or becomes the "beneficial owner" (as defined in Rule 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that (x) so long as the Issuer is a Wholly-Owned Subsidiary of any Parent Company, no Person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such Person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Company (other than a Parent Company that is a Wholly-Owned Subsidiary of another Parent Company) and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in any Voting Stock of which any such Person is the beneficial owner;

(2) the sale, lease transfer or other disposition, in one or a series of related transactions, of

all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to a Person (other than the Issuer or any of its Restricted Subsidiaries or one or more Permitted Holders); or

(3) Holdings ceases to own, directly or indirectly, 100.0% of the outstanding Capital Stock of the Issuer unless in connection with the consummation of a Qualifying IPO by the Issuer or a Parent Company of the Issuer that immediately prior to the consummation thereof was, directly or indirectly, wholly-owned by Holdings.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred, (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity and (iv) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"Collateral Agents" means the Term Collateral Agent, the First Lien Secured Notes Collateral Agent and each Additional Term Collateral Agent.

"Collateral Documents" means, collectively, any security agreements, hypothecs, intellectual property security agreements, mortgages, collateral assignments, security agreement supplements, pledge agreements, bonds or any similar agreements, guarantees and each of the other agreements, instruments or documents that creates or purports to create a Lien or guarantee in favor of the Notes Collateral Agent for its benefit and the benefit of the Trustee and the Holders of the Exchange Notes, in all or any portion of the Collateral, as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed from time to time.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense of such Person and its Restricted Subsidiaries, including, the amortization of intangible assets, deferred financing fees, debt issuance costs, commissions, fees and expenses and amortization of Capitalized Software Expenditures of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers' acceptances, (c) non-cash interest payments, (d) the interest component of Capitalized Lease Obligations and (e) net payments, if any, pursuant to interest rate obligations under any Hedge Agreement with respect to Indebtedness); *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *less*

(3) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding (and excluding the effect of), without duplication,

(1) extraordinary, exceptional, non-recurring or unusual gains, losses, fees, costs, charges or expenses (including relating to any multi-year strategic initiatives and accruals and reserves in connection with such gains, losses, charges or expenses); restructuring costs, charges, accruals or reserves (including restructuring and integration costs related to acquisitions and adjustments to existing reserves, and in each case, whether or not classified as such under GAAP); costs and expenses related to any reconstruction, decommissioning, recommissioning or reconfiguration of facilities and fixed assets for alternative uses; Public Company Costs; costs and expenses related to the integration, consolidation, opening, pre-opening and closing of facilities and fixed assets; severance and relocation costs and expenses, one-time compensation costs and expenses, consulting fees, signing, retention or completion bonuses, and executive recruiting costs; costs and expenses incurred in connection with strategic initiatives; transition costs and duplicative running costs; costs and expenses incurred in connection with non-ordinary course product and intellectual property development; costs incurred in connection with acquisitions (or purchases of assets) prior to or after the Issue Date (including integration costs); business optimization expenses (including costs and expenses relating to business optimization programs, new systems design, retention charges, system establishment costs and implementation costs and project start-up costs), accruals and reserves; operating expenses attributable to the implementation of cost-savings initiatives; curtailments and modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments);

(2) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period whether effected through a cumulative effect adjustment or a retroactive application, in each case in accordance with GAAP;

(3) Transaction Expenses;

(4) any gain (loss) on asset sales, disposals or abandonments (other than asset sales, disposals or abandonments in the ordinary course of business or consistent with past practice or industry practice) or income (loss) from discontinued operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of);

(5) the Net Income for such period of any Person that is an Unrestricted Subsidiary, and, solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting; (*provided*, Consolidated Net Income of a Person will be increased by the amount of dividends or distributions or other payments that are actually paid in cash or Cash Equivalents (or to the extent converted into cash or Cash Equivalents) to such Person or a Restricted Subsidiary thereof in respect of such period);

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been

obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived (or the Issuer reasonably believes such restriction could be waived and is using commercially reasonable efforts to pursue such waiver); *provided*, Consolidated Net Income of a Person will be increased by the amount of dividends or other distributions or other payments actually paid in cash or Cash Equivalents (or to the extent converted into cash or Cash Equivalents), or the amount that could have been paid in cash or Cash Equivalents without violating any such restriction or requiring any such approval, to such Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(7) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) related to the application of recapitalization accounting or purchase accounting (including in the inventory, property and equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items);

(8) income (loss) from the early extinguishment or conversion of (a) Indebtedness, (b) Hedging Obligations or (c) other derivative instruments;

(9) any impairment charge or asset write-off or write-down in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP;

(10) (a) any equity based or non-cash compensation charge or expense, including any such charge or expense arising from grants of stock appreciation, equity incentive programs or similar rights, stock options, restricted stock or other rights to, and any cash charges associated with the rollover, acceleration, or payout of, Equity Interests by management of such Person or of a Restricted Subsidiary or any Parent Company, (b) noncash compensation expense resulting from the application of Accounting Standards Codification Topic No. 718, *Compensation—Stock Compensation* or Accounting Standards Codification Topic 505-50, *Equity-Based Payments to Non-Employees*, and (c) any income (loss) attributable to deferred compensation plans or trusts;

(11) any fees, expenses or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, disposition, incurrence or repayment of Indebtedness (including such fees, expenses or charges related to the offering and issuance of the Exchange Notes and the syndication and incurrence of any Credit Facilities), issuance of Equity Interests (including by any direct or indirect parent of the Issuer), recapitalization, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Exchange Notes and other securities and any Credit Facilities) and including, in each case, any such transaction whether consummated on, after or prior to the Issue Date and any such transaction undertaken but not completed, and any charges or nonrecurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful or consummated (including, for the avoidance of doubt, the effects of expensing all transaction related expenses in accordance with Accounting Standards Codification Topic No. 805, *Business Combinations*);

(12) accruals and reserves that are established or adjusted in connection with the Transactions, an Investment or an acquisition that are required to be established or adjusted as a result of the Transactions, such Investment or such acquisition, in each case accordance with GAAP;

(13) any expenses, charges or losses to the extent covered by insurance that are, directly or indirectly, reimbursed or reimbursable by a third party, and any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture;

(14) any non-cash gain (loss) attributable to the mark to market movement in the valuation of Hedging Obligations or other derivative instruments pursuant to *FASB Accounting Standards Codification Topic 815—Derivatives and Hedging* or mark to market movement of other financial instruments pursuant

to *FASB Accounting Standards Codification Topic 825—Financial Instruments*;

(15) any net unrealized gain or loss (after any offset) resulting in such period from currency transaction or translation gains or losses including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from (a) Hedging Obligations for currency exchange risk and (b) resulting from intercompany indebtedness) and any other foreign currency transaction or translation gains and losses, to the extent such gain or losses are non-cash items;

(16) any adjustments resulting from the application of Accounting Standards Codification Topic No. 460, *Guarantees*, or any comparable regulation;

(17) any non-cash rent expense;

(18) the amount of any management, monitoring, consulting, transaction and advisory fees and related expenses paid to the Investor (or any accruals relating to such fees and related expenses) during such period to the extent otherwise permitted by the covenant described under "—Certain Covenants—Transactions with Affiliates;"

(19) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures; and

(20) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, Consolidated Net Income will include the amount of proceeds received or receivable from business interruption insurance, the amount of any expenses or charges incurred by such Person or its Restricted Subsidiaries during such period that are, directly or indirectly, reimbursed or reimbursable by a third party, and amounts that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only (other than clause (c)(iv) of the first paragraph thereof), there will be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by such Person and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from such Person and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by such Person or any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (c)(iv) of the first paragraph thereof.

"Consolidated Total Debt" means, as of any date of determination, the aggregate principal amount of Indebtedness of the Issuer and its Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with the Transaction or any Permitted Acquisition), consisting of Indebtedness for borrowed money, Purchase Money Obligations, Capitalized Lease Obligations, debt obligations evidenced by notes or similar instruments and guarantees of Indebtedness listed above; *provided*, Consolidated Total Debt will not include Non-Recourse Indebtedness and Indebtedness in respect of any (1) letter of credit, except to the extent of obligations in respect of drawn standby letters of credit which have not been reimbursed within three (3) Business Days and (2) Hedging Obligations, except any unpaid termination payments thereunder. The U.S. dollar-equivalent principal amount of any Indebtedness denominated in a foreign currency will reflect the currency translation effects, determined in accordance with GAAP, of Hedging

Obligations for currency exchange risks with respect to the applicable currency in effect on the date of determination of the U.S. dollar-equivalent principal amount of such Indebtedness.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Controlled Investment Affiliate" means, as to any Person, any other Person, other than any Investor, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"Convertible Indebtedness" means Indebtedness of the Issuer (which may be guaranteed by the Guarantors) permitted to be incurred under the terms of the Indenture that is either (a) convertible into common stock of the Issuer (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock) or (b) sold as units with call options, warrants or rights to purchase (or substantially equivalent derivative transactions) that are exercisable for common stock of the Issuer and/or cash (in an amount determined by reference to the price of such common stock).

"Credit Facilities" means, with respect to the Issuer or any Restricted Subsidiary, one or more debt facilities, including the Senior Credit Facilities or other financing arrangements (including commercial paper facilities or indentures) providing for revolving credit loans, term loans, note issuances, letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and other agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof, in whole or in part, and any indentures or credit facilities or commercial paper facilities that replace, refund, supplement, extend, renew, restate, amend, modify or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such exchanges, replacement, refunding, supplemental, extended, renewed, restated, amended, modified or refinancing facility, arrangement or indenture that increases the amount permitted to be borrowed or issued thereunder or alters the maturity thereof (*provided*, such increase in borrowings or issuances is permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, trustee, lender or group of lenders or holders.

"Debtor Relief Laws" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency 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 that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Designated Junior Representative" means (a) with respect to the Term Priority Collateral, the ABL Collateral Agent and (b) with respect to the ABL Priority Collateral, the Controlling Term Loan Debt Agent (as defined in the ABL Credit Agreement).

"Designated Non-cash Consideration" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration by the Issuer, setting forth the basis of such valuation, *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of, or collection or payment on, such Designated Non-cash Consideration.

"Designated Parity Lien Representative" means (i) the Notes Collateral Agent, until such time as the Exchange Notes Obligations cease to be the only Parity Lien Indebtedness and (ii) thereafter, the Parity Lien Representative designated from time to time by the Parity Lien Majority Representatives in accordance with the Junior Lien Intercreditor Agreement.

"Designated Preferred Stock" means Preferred Stock of the Issuer, any Restricted Subsidiary thereof or any Parent Company (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate on or promptly after the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (c) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments."

"Designated Priority Lien Representative" means (i) the Term Collateral Agent, until Discharge of the Term Priority Credit Obligations, (ii) from and after Discharge of the Term Priority Credit Obligations until Discharge of the First Lien Secured Notes Obligations, the First Lien Secured Notes Collateral Agent, and (iii) thereafter, the Priority Lien Representative designated from time to time by the Priority Lien Majority Representatives in accordance with the Junior Lien Intercreditor Agreement.

"Designated Revolving Commitments" means any commitments to make loans or extend credit on a revolving basis to the Issuer or any Restricted Subsidiary by any Person other than the Issuer or any Restricted Subsidiary that have been designated in an Officer's Certificate delivered to the Trustee as "Designated Revolving Commitments" until such time as the Issuer subsequently delivers an Officer's Certificate to the Trustee to the effect that such commitments will no longer constitute "Designated Revolving Commitments;" *provided* that on the date such Designated Revolving Commitments are established, such Designated Revolving Commitments will be deemed an incurrence of Indebtedness on such date and will be deemed outstanding for purposes of calculating the Fixed Charge Coverage Ratio, Total Net Leverage Ratio and Senior Secured Net Leverage Ratio and the availability of any baskets hereunder on such date after giving *pro forma* effect to the incurrence of the entire committed amount of the Indebtedness thereunder (but without netting any cash proceeds thereof), in which case such committed amount under such Designated Revolving Commitments may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with the Fixed Charge Coverage Ratio, Total Net Leverage Ratio and Senior Secured Net Leverage Ratio. For the avoidance of doubt, in the case of any Designated Revolving Commitments permitted hereunder, the reference to the "incurrence" of Indebtedness shall refer to the date on which such Designated Revolving Commitments are established.

"Designated Senior Representative" means (a) with respect to the Term Priority Collateral, the Controlling Term Loan Debt Agent (as defined in the ABL Credit Agreement) and (b) with respect to the ABL Priority Collateral, the ABL Agent.

"Discharge" means, with respect to any First Lien - Second Lien Shared Collateral and any Series of Priority Lien Obligations, the date on which (i) such Series of Priority Lien Obligations has been paid in

full in cash (except for contingent indemnities and cost and reimbursement obligations to the extent no claim has been made) or, with respect to any hedge obligations or cash management obligations secured by the collateral documents for Series of Priority Lien Obligations, either (x) such hedge obligations or cash management obligations have been paid in full and are no longer secured by the First Lien – Second Lien Shared Collateral pursuant to the terms of the documentation governing such Priority Lien Obligations, (y) such hedge obligations or cash management obligations shall have been cash collateralized on terms satisfactory to each applicable counterparty (or other arrangements satisfactory to the applicable counterparty shall have been made) or (z) such hedge obligations or cash management obligations are no longer secured by the First Lien – Second Lien Shared Collateral pursuant to the terms of the documentation governing such Series of Priority Lien Obligations, (ii) any letters of credit issued pursuant to documentation governing such Series of Priority Lien Obligations shall either have expired or have been terminated (or have been (x) collateralized or back-stopped by a letter of credit or otherwise in a manner reasonably satisfactory to the relevant Priority Lien Secured Party who issued such letter of credit or (y) deemed reissued under another agreement in a manner reasonably acceptable to the Priority Lien Representative for such Series of Priority Lien Obligations and the relevant Priority Lien Secured Party who issued such letter of credit), (iii) all commitments under such Series of Priority Lien Obligations have terminated and (iv) such Series of Priority Lien Obligations is no longer secured by, and no longer required to be secured by, such First Lien – Second Lien Shared Collateral pursuant to the terms of the documentation governing such Series of Priority Lien Obligations. The term “Discharged” shall have a corresponding meaning.

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than for any Qualified Equity Interests or solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Exchange Notes or the date the Exchange Notes are no longer outstanding; *provided* that, if such Capital Stock is issued pursuant to any plan for the benefit of future, current or former employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer or its Subsidiaries or any Parent Company or by any such plan to such employees, directors, officers, members of management or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof), such Capital Stock will not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s, director’s, officer’s, management member’s or consultant’s termination, death or disability; *provided*, *further*, any Capital Stock held by any future, current or former employee, director, officer, member of management or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members or any permitted transferees thereof) of the Issuer, any of its Subsidiaries, any Parent Company, or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an “affiliate” by the Board of Directors (or the compensation committee thereof), in each case pursuant to any equity subscription or equity holders’ agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement will not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries or in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s, director’s, officer’s, management member’s or consultant’s termination, death or disability. For the purposes hereof, the aggregate principal amount of Disqualified Stock will be deemed to be equal to the greater of its voluntary or involuntary liquidation preference and maximum fixed repurchase price, determined on a consolidated basis in accordance with GAAP, and the “maximum fixed repurchase price” of any Disqualified Stock that does not have a fixed repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which the Consolidated Total Debt will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock.

"Divestment" has the meaning given to such term in the Offering Memorandum, which for the avoidance of doubt need not be consummated on or prior to the Issue Date.

"Domestic Subsidiary" means any direct or indirect Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia.

"EMU Legislation" means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"Equity Offering" means any public or private sale of common stock or Preferred Stock of the Issuer or any Parent Company (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Issuer's or any Parent Company's common stock registered on Form S-4 or Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale that constitutes an Excluded Contribution.

"Essendant" means Essendant Inc., a Delaware corporation, and its subsidiaries.

"Euros" means the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Notes Obligations" means the "Secured Obligations" as such term is defined in the Exchange Notes Security Agreement.

"Exchange Notes Secured Parties" means the "Secured Parties" as defined in the Exchange Notes Security Agreement.

"Exchange Notes Security Agreement" means the security agreement, dated as of the Issue Date, among the Issuer, the other Grantors party thereto, the Notes Collateral Agent and the other parties thereto, as amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time.

"Exchange Offer" has the meaning given to such term in the Offering Memorandum.

"Excluded Contribution" means net cash proceeds, the fair market value of marketable securities or the fair market value of Qualified Proceeds received by the Issuer from:

(1) contributions to its common equity capital;

(2) dividends, distributions, fees and other payments from any joint ventures that are not Restricted Subsidiaries; and

(3) the sale (other than to a Restricted Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case, designated as Excluded Contributions pursuant to an Officer's Certificate.

"Excluded Proceeds" means with respect to any Asset Sale, Net Proceeds from an Asset Sale to the extent the Net Proceeds resulted from an Asset Sale of ABL Priority Collateral.

"Excluded Subsidiary" means (1) any Subsidiary that is not a Wholly-Owned Subsidiary of the Issuer or a Guarantor (other than (i) any Subsidiary that becomes a non-Wholly-Owned Subsidiary after the Issue Date as a result of a distribution, dividend or other disposition of less than a majority of the Equity Interests of such Subsidiary to an Affiliate of Holdings (other than pursuant to a bona fide joint venture transaction that is otherwise permitted under the Indenture), (ii) any transaction which is entered into primarily in contemplation of such Subsidiary's ceasing to be a Guarantor, or (iii) the disposition or issuance of Equity Interests of such Subsidiary for less than the fair market value of such Equity Interests as reasonably determined by the Issuer), (2) any Foreign Subsidiary, (3) any Domestic Subsidiary that is a CFC Holdco or a Subsidiary of (i) a Foreign Subsidiary, (ii) a CFC or (iii) a CFC Holdco, (4) any Subsidiary, including any regulated entity that is subject to net worth or net capital or similar capital and surplus restrictions, that is prohibited or restricted by applicable law, accounting policies or by contractual obligation existing on the Issue Date (or, with respect to any Subsidiary acquired by the Issuer or a Restricted Subsidiary after the Issue Date (and so long as such contractual obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so acquired) from providing a Guarantee, or if such Guarantee would require governmental (including regulatory) or third party consent, approval, license or authorization, unless such consent. approval license or authorization has been received, or is received after commercially reasonable efforts to obtain the same, (5) any special purpose securitization vehicle (or similar entity), including any Securitization Subsidiary, (6) any Captive Insurance Subsidiary, (7) any not-for-profit Subsidiary, (8) any Subsidiary that is not a Significant Subsidiary, (9) any other Subsidiary with respect to which, in the reasonable judgment of the Issuer, the burden or cost (including any adverse tax consequences) of providing the Guarantee is excessive in relation to the benefits to be obtained by the Holders therefrom, (10) any Securitization Subsidiary, (11) each Unrestricted Subsidiary and (12) any special purpose entity formed for the primary purpose to hold a leasehold interest in real property that is subject to a Sale and Lease-Back Transaction, and any successors or assigns thereof, and any such special purpose tenant entities formed in connection with any Sale and Lease-Back Transaction; *provided*, that any such Subsidiary that is an Excluded Subsidiary pursuant to clause (8) or (9) above will cease to be an Excluded Subsidiary at any time such Subsidiary guarantees Indebtedness under a Credit Facility or Capital Markets Indebtedness of the Issuer or any other Guarantor.

"Existing Unsecured Notes" means the Issuer's 10.750% Senior Notes due 2027.

"fair market value" means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Issuer in good faith.

"Financial Officer" means the chief financial officer, accounting officer, treasurer, controller or other senior financial or accounting officer or officer of equivalent duties and responsibilities of the Issuer, as appropriate.

"First Lien - Second Lien Shared Collateral" means "Shared Collateral" as defined in the Junior Lien Intercreditor Agreement.

"First Lien Secured Net Leverage Ratio" means, with respect to any Test Period, the ratio of (a) Consolidated Total Debt outstanding on the last day of such Test Period that is secured by a first priority Lien on any property of the Issuer or any Restricted Subsidiary that constitutes Collateral (other than property or assets held in a defeasance or similar trust or arrangement (including escrow arrangements) for the benefit of the Indebtedness secured thereby) minus an aggregate amount of cash and Cash Equivalents included in the consolidated balance sheet of the Issuer as of such date, excluding cash and Cash Equivalents which are listed as "Restricted" on such balance sheet, to (b) Adjusted EBITDA of the Issuer for such Test Period, in each case on a pro forma basis with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Fixed Charge

Coverage Ratio.

"First Lien Secured Notes" means the Issuer's new senior secured notes to be issued on or prior to the consummation of the Exchange Offer as described in the Offering Memorandum.

"First Lien Secured Notes Collateral Agent" means the notes collateral agent for the First Lien Secured Notes.

"First Lien Secured Notes Indenture" means the indenture governing the First Lien Secured Notes, as amended, supplemented or otherwise modified from time to time.

"First Lien Secured Notes Issue Date" means the date on which the First Lien Secured Notes are initially issued pursuant to the First Lien Secured Notes Indenture.

"First Lien Secured Notes Obligations" means the "Secured Obligations" as such term is defined in the First Lien Secured Notes Security Agreement.

"First Lien Secured Notes Secured Parties" means the "Secured Parties" as defined in the First Lien Secured Notes Security Agreement.

"First Lien Secured Notes Security Agreement" means the security agreement, dated as of the First Lien Secured Notes Issue Date, among the Issuer, the other Grantors party thereto, the First Lien Secured Notes Collateral Agent and the other parties thereto, as amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time.

"First Lien Secured Notes Trustee" means the trustee of the First Lien Secured Notes.

"Fitch" means Fitch Ratings, Inc. and any successor to its rating agency business.

"Fixed Charge Coverage Ratio" means, with respect to any Test Period, the ratio of (1) Adjusted EBITDA of the Issuer for such Test Period to (2) the Fixed Charges of the Issuer for such Test Period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility or line of credit unless such Indebtedness has been permanently repaid and not replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock or establishes or eliminates any Designated Revolving Commitments, in each case, subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the most recently ended Test Period (and (1) for the purposes of the numerator of the Total Net Leverage Ratio and the Senior Secured Net Leverage Ratio, as if the same had occurred on the last day of the most recently ended Test Period and (2) for all purposes, as if Indebtedness in the full amount of any undrawn Designated Revolving Commitments had been incurred thereunder throughout such period); *provided*, *however*, that at the election of the Issuer, the *pro forma* calculation will not give effect to any Indebtedness incurred on such determination date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", other than Indebtedness incurred under clauses 1(b), 1(c) or 14(i) thereto.

For purposes of making the computation referred to above, any Specified Transaction that has been made by the Issuer or any Restricted Subsidiary during any Test Period or subsequent to such Test Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date will be calculated on a *pro forma* basis assuming that all such Specified Transactions (and the change in any

associated fixed charge obligations and the change in Adjusted EBITDA resulting therefrom) had occurred on the first day of the Test Period. If since the beginning of such Test Period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Issuer or any Restricted Subsidiary since the beginning of such Test Period will have made any Specified Transaction that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect thereto for such Test Period as if such Specified Transaction had occurred at the beginning of the most recently ended Test Period.

For purposes of this definition in the Indenture, whenever *pro forma* effect is to be given to any Specified Transaction (including the Transactions), the *pro forma* calculations will be made in good faith by a Financial Officer of the Issuer and may include, for the avoidance of doubt, the amount of "run-rate" cost savings, synergies and operating expense reductions resulting from or related to any such Specified Transaction (including the Transactions) to the extent set forth in clause (1)(l) of the definition of "Adjusted EBITDA." For the purposes of the Indenture, "*run-rate*" means the full recurring benefit for a period that is associated with any action taken, committed to be taken, or with respect to which substantial steps have been taken or are expected to be taken (including any savings expected to result from the elimination of a public target's compliance costs with public company requirements), net of the amount of actual benefits realized during such period from such actions.

If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness will be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation will be deemed to accrue at an interest rate reasonably determined by a Financial Officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate. For purposes of this definition in the Indenture, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve-month period immediately prior to the date of determination in a manner consistent with that used in calculating Adjusted EBITDA of the Issuer for the applicable Test Period.

"Fixed Charges" means, with respect to any Person for any period, the sum of, without duplication:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other cash distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other cash distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

"Foreign Subsidiary" means any direct or indirect Restricted Subsidiary of the Issuer that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date. At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP will thereafter be construed to mean IFRS (except as otherwise provided in the Indenture); *provided*, any such election, once made, will be irrevocable; *provided*, *further*, any calculation or determination in the Indenture that requires the application of GAAP for periods that include

fiscal quarters ended prior to the Issuer's election to apply IFRS will remain as previously calculated or determined in accordance with GAAP. The Issuer will give notice of any such election made in accordance with this definition to the Trustee. Notwithstanding any other provision contained herein the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations and Attributable Indebtedness shall be determined in accordance with the definition of Capitalized Lease Obligations and Attributable Indebtedness, respectively.

"Government Securities" means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, that, in either case, are not callable or redeemable at the option of the issuers thereof, and will also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"Grantors" means the Issuer, the Guarantors and any future Guarantor who becomes a party to the Exchange Notes Security Agreement.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business or consistent with past practice or industry practice), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"Guarantee" means the guarantee by any Guarantor of the Issuer's Obligations under the Indenture and the Exchange Notes.

"Guarantor" means, collectively, Holdings (or any successor thereto) and each Restricted Subsidiary of the Issuer, if any, that Guarantees the Exchange Notes in accordance with the terms of the Indenture.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer, modification or mitigation of interest rate, currency, commodity risks or equity risks either generally or under specific contingencies. For the avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"Holder" means the Person in whose name an Exchange Note is registered on the registrar's books.

"Holdings" means Arch Parent Inc., a Delaware corporation.

"IFRS" means the international financial reporting standards and interpretations issued by the International Accounting Standards Board.

"Immediate Family Members" means with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including, in each case, adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"Indebtedness" means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

a. in respect of borrowed money;

b. evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

c. representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations) due more than twelve months after such property is acquired, except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business or consistent with past practice or industry practice, (ii) any earn-out obligations until such obligation is reflected as a liability on the balance sheet (excluding any footnotes thereto) of such Person in accordance with GAAP and is not paid within 60 days after becoming due and payable and (iii) accruals for payroll and other liabilities accrued in the ordinary course of business; or

d. representing the net obligations under any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness (other than obligations in respect of letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided*, Indebtedness of any Parent Company appearing upon the balance sheet of the Issuer solely by reason of push-down accounting under GAAP will be excluded.

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations of the type referred to in clause (1)of a third Person (whether or not such items would appear upon the balance sheet of such obligor or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business or consistent with past practice or industry practice; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person; *provided*, the amount of such Indebtedness will be the lesser of (i) the fair market value of such asset at such date of determination and (ii) the amount of such Indebtedness of such other Person;

provided, notwithstanding the foregoing, Indebtedness will be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business or consistent with past practice or industry practice, (b) reimbursement obligations under commercial letters of credit (provided, unreimbursed amounts under letters of credit will be counted as Indebtedness three (3) Business Days

after such amount is drawn), (c) obligations under or in respect of Qualified Securitization Facilities; (d) accrued expenses, (e) deferred or prepaid revenues and (f) asset retirement obligations and obligations in respect of reclamation and workers compensation (including pensions and retiree medical care); provided, further, Indebtedness will be calculated without giving effect to the effects of Accounting Standards Codification Topic No. 815, Derivatives and Hedging, and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Independent Assets or Operations" means, with respect to any Parent Company, that Parent Company's total assets, revenues, income from continuing operations before income taxes and cash flows from operating activities (excluding in each case amounts related to its investment in the Issuer and the Restricted Subsidiaries), determined in accordance with GAAP and as shown on the most recent balance sheet of such Parent Company, is more than 3.0% of such Parent Company's corresponding consolidated amount.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"Intercreditor Agreements" means each of the Pari Passu Intercreditor Agreement, the ABL Intercreditor Agreement and the Junior Lien Intercreditor Agreement, as the context may require.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P, or BBB- (or the equivalent) by Fitch, or an equivalent rating from any other Rating Agency selected by the Issuer.

"Investment Grade Securities" means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or debt instruments constituting loans or advances among the Issuer and its Subsidiaries;

(3) investments in any fund that invests at least 95% of its assets in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, credit card and debit card receivables, trade credit, advances to customers, commission, travel and similar advances to employees, directors, officers, members of management, manufacturers and consultants, in each case made in the ordinary course of business or consistent with past practice or industry practice), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investments" will include the portion (proportionate to the Issuer's Equity Interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, upon a redesignation of such Subsidiary

as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; *minus*

(b) the portion (proportionate to the Issuer's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer.

The amount of any Investment outstanding at any time will be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Issuer or a Restricted Subsidiary in respect of such Investment.

"Investment Grade Status" shall occur when the Exchange Notes receive an Investment Grade Rating from any two of Moody's, S&P or Fitch, or the equivalent of such rating by such rating organization, or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Rating Agency selected by the Issuer.

"Investor" means Sycamore Partners Management L.P. and any of its respective Affiliates as of the Issue Date and funds or partnerships managed or advised by any of them as of the Issue Date (in each case, the "Issue Date Investor") or any of their respective Affiliates (so long as such Affiliate is managed or advised by, directly or indirectly, an Issue Date Investor) but not including, however, any portfolio company of any of the foregoing. "Issue Date" means the Settlement Date for the Exchange Offer as described in the Offering Memorandum.

"Junior Lien Intercreditor Agreement" means the Term Intercreditor Agreement, dated the Issue Date, by and among the Issuer, the other Grantors party thereto, the Notes Collateral Agent, the Term Collateral Agent and the First Lien Secured Notes Collateral Agent.

"Junior Lien Obligations" means any Indebtedness (other than intercompany Indebtedness owing to the Issuer or its Subsidiaries) of the Issuer or any Guarantor that is (i) secured by Liens on the Collateral that rank junior to the Liens on the Collateral that secure the Exchange Notes, (ii) permitted to be incurred and so secured under the covenants described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens;" (iii) permitted to be incurred and so secured under each applicable Priority Lien Document and Parity Lien Document, and (iv) has a final maturity equal to or later than, and a Weighted Average Life to Maturity equal to or greater than, the final maturity of the Exchange Notes.

"Junior Liens" means (a) in respect of the ABL Priority Collateral, the Term Priority Liens thereon, the Liens thereon securing the Exchange Notes and any Lien that is *pari passu* with or junior in priority to the Term Priority Liens thereon or the Liens thereon securing the Exchange Notes, and (b) in respect of the Term Priority Collateral, the ABL Priority Liens thereon and any Lien that is *pari passu* with or junior in priority to the Liens thereon securing the ABL Priority Liens thereon.

"Junior Secured Obligations" means (a) with respect to the Term Priority Collateral, the ABL Credit Agreement Obligations and any Obligations that are secured by a Lien thereon that is *pari passu* with or junior in priority to the Liens thereon securing the ABL Credit Agreement Obligations and (b) with respect to ABL Priority Collateral, the Exchange Notes Obligations, the Term Priority Obligations and any Obligations that are secured by a Lien thereon that is *pari passu* with or junior in priority to the Liens thereon securing the Exchange Notes Obligations or the Term Priority Obligations.

"Legal Holiday" means a Saturday, a Sunday or a day on which commercial banking institutions

are not required to be open in the State of New York or in the jurisdiction of the place of payment.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest and any authorized filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided*, in no event will an operating lease be deemed to constitute a Lien.

"Management Services Agreement" means the Advisory Services Agreement dated as of September 12, 2017.

"Management Stockholders" means the members of management (and their Controlled Investment Affiliates and Immediate Family Members and any permitted transferees thereof) of the Issuer (or a Parent Company) who are holders of Equity Interests of any Parent Company on the Issue Date.

"Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common Equity Interests of the Issuer or the applicable Parent Company, as applicable, on the date of the declaration of a Restricted Payment permitted pursuant to clause (8) of the second paragraph under "—Certain Covenants—Limitation on Restricted Payments" multiplied by (ii) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"Net Proceeds" means the aggregate cash and Cash Equivalent proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale, including any Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, payments made in order to obtain a necessary consent or required by applicable law, brokerage and sales commissions, all dividends, distributions or other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of any such Asset Sale by a Restricted Subsidiary, the amount of any purchase price or similar adjustment claimed by any Person to be owed by the Issuer or any Restricted Subsidiary, until such time as such claim will have been settled or otherwise finally resolved, or paid or payable by the Issuer or any Restricted Subsidiary, in either case in respect of such Asset Sale, any relocation expenses incurred as a result thereof, costs and expenses in connection with unwinding any Hedging Obligation in connection therewith, other fees and expenses, including title and recordation expenses, taxes paid or payable as a result thereof or any transactions occurring or deemed to occur to effectuate a payment under the Indenture, amounts required to be applied to the repayment of principal, premium, if any, and interest on Indebtedness (other than Subordinated Indebtedness) or amounts required to be applied to the repayments of Indebtedness secured by a Lien on such assets and required (other than required by clause (1) of the second paragraph of "—Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any Restricted Subsidiary after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"Non-Recourse Indebtedness" means Indebtedness that is non-recourse to the Issuer and the Restricted Subsidiaries.

"Notes Documents" means the Exchange Notes, the Guarantees, the Indenture and the Security Documents, together.

"Obligations" means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"Officer" means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, assistant Treasurer or the Secretary or assistant Secretary of the Issuer, as the case may be.

"Officer's Certificate" means a certificate signed on behalf of a Person by an Officer of such Person. Unless otherwise indicated, Officer shall refer to an Officer of the Issuer.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. Counsel may be an employee of or counsel to the Issuer.

"ordinary course of business" means activity conducted in the ordinary course of business of the Issuer and any Restricted Subsidiary, including without limitation the expansion, remodeling, acquisition, modernization, construction, improvement and repair of distribution centers of Staples operated, or expected to be operated, by the Issuer or a Restricted Subsidiary, and financing transactions in connection therewith (including Sale and Lease Back Transactions).

"Parent Company" means any Person so long as such Person directly or indirectly holds 100.0% of the total voting power of the Capital Stock of the Issuer, and at the time such Person acquired such voting power, no Person and no group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision), including any such group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) (other than any Permitted Holder), will have beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of 50.0% or more of the total voting power of the Voting Stock of such Person.

"Pari Passu Intercreditor Agreement" means the Pari Passu Intercreditor Agreement, dated the First Lien Secured Notes Issue Date, by and among the Issuer, the other Grantors party thereto, the Term Collateral Agent, the administrative agent for the Senior Secured Term Loan Facility, the First Lien Secured Notes Collateral Agent and the First Lien Secured Notes Trustee.

"Parity Lien" means a Lien granted, or purported to be granted, by the Issuer or any other Grantor in favor of any Parity Lien Collateral Agent, at any time, upon any property of the Issuer or any other Grantor to secure Parity Lien Obligations.

"Parity Lien Collateral Agent" means each of (i) the Notes Collateral Agent and (ii) each collateral agent or other representative of lenders or holders of Parity Lien Obligations designated pursuant to the terms of the Parity Lien Documents and the Junior Lien Intercreditor Agreement from time to time.

"Parity Lien Documents" means, collectively, the Notes Documents and any additional indenture,

supplemental indenture, credit agreement or other agreement governing each other Series of Parity Lien Obligations and the security documents applicable thereto (other than any security documents that do not secure Parity Lien Obligations).

"Parity Lien Indebtedness" means:

(1) the Exchange Notes and Guarantees thereof;

(2) any other Indebtedness (other than intercompany Indebtedness owing to the Issuer or its Subsidiaries) of the Issuer or any Guarantor that is (i) secured equally and ratably with the Exchange Notes or any other Parity Lien Indebtedness (but without regard to control of remedies), (ii) permitted to be incurred and so secured under the covenants described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens;" (iii) permitted to be incurred and so secured under each applicable Priority Lien Document and the Notes Documents, and (iv) has a final maturity equal to or later than, and a Weighted Average Life to Maturity equal to or greater than, the final maturity of the Exchange Notes.

"Parity Lien Majority Representatives" means Parity Lien Representatives representing at least a majority of the then aggregate amount of Parity Lien Obligations for borrowed money that agree to vote together.

"Parity Lien Obligations" mean, collectively, (i) the Exchange Notes Obligations and (ii) Parity Lien Indebtedness and all other Obligations in respect thereof.

"Parity Lien Representative" means (i) in the case of the Exchange Notes Obligations, the Notes Collateral Agent and (ii) in the case of any other Parity Lien Indebtedness and the Parity Lien Secured Parties thereunder, the trustee, administrative agent, collateral agent, security agent or similar agent under such Parity Lien Indebtedness that is named as the representative in respect of such Parity Lien Indebtedness.

"Parity Lien Secured Parties" means (a) the Exchange Notes Secured Parties and (b) any Additional Parity Lien Debt Parties.

"Participating Member State" means each state so described in any EMU Legislation.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and Cash Equivalents between the Issuer or any Restricted Subsidiary and another Person; *provided*, any cash or Cash Equivalents received must be applied in accordance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales."

"Permitted Bond Hedge Transaction" means any call or capped call option (or substantively equivalent derivative transaction) on the Issuer's common stock purchased by the Issuer in connection with the issuance of any Convertible Indebtedness; *provided* that the purchase price for such Permitted Bond Hedge Transaction, less the proceeds received by the Issuer from the sale of any related Permitted Warrant Transaction, does not exceed the net proceeds received by the Issuer from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"Permitted Convertible Indebtedness Call Transaction" means any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"Permitted Holder" means (1) any of the Investor, other investors that, directly or indirectly, beneficially own Capital Stock in Holdings on the Issue Date and Management Stockholders and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) of which any of the foregoing are members; provided, in the case of such group and without giving effect to the existence

of such group or any other group, such Investor and Management Stockholders, collectively, have beneficial ownership of more than 50.0% of the total voting power of the Voting Stock of the Issuer or any Permitted Parent, (2) 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 the Issuer or any Permitted Parent. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which any required Change of Control Offer is made in accordance with the requirements of the Indenture (or would have required a Change of Control Offer in the absence of the waiver of such requirement by Holders in accordance with the provisions of the Indenture) will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Incremental Amount" means the sum of:

(1) the greater of (a) $250.0 million and (b) 25.0% of the Issuer's Adjusted EBITDA (as measured pursuant to the Senior Secured Term Loan Facility in place as of the Issue Date) for the most recently ended Test Period, *plus*

(2) such additional amount that would not result in the Issuer's First Lien Secured Net Leverage Ratio exceeding (i) 3.70:1.00 or (ii) the First Lien Secured Net Leverage Ratio for the Issuer immediately prior to the consummation of a transaction if the Indebtedness under this clause (ii) is used to acquire any Person if as a result of such transaction such Person (A) becomes a Restricted Subsidiary or (B) is amalgamated, merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary, *provided* that all Indebtedness incurred under this clause (2) shall be deemed to be included in clause (a) in the definition of "First Lien Secured Net Leverage Ratio," whether or not such Indebtedness is secured;

in each case, determined as of the most recently ended Test Period (or in the case of Indebtedness under Designated Revolving Commitments, on the date such Designated Revolving Commitments are established after giving *pro forma* effect to the incurrence of the entire committed amount of the Indebtedness thereunder, in which case such committed amount under such Designated Revolving Commitments may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this sentence) and on a *pro forma* basis, including a *pro forma* application of the net proceeds therefrom, as if the additional Indebtedness incurred pursuant to clause (1) had been incurred and the application of the proceeds therefrom has occurred at the beginning of such Test Period. For the avoidance of doubt, if the Issuer incurs Indebtedness pursuant to clause (1) above on the same date that it incurs Indebtedness pursuant to clause (2) above, then the First Lien Secured Net Leverage Ratio will be calculated without regard to any incurrence of Indebtedness pursuant to clause (1) above.

"Permitted Investments" means:

(1) any Investment in the Issuer or any Restricted Subsidiary (including guarantees of obligations of its Restricted Subsidiaries);

(2) any Investment in Cash Equivalents or Investment Grade Securities and Investments that were Cash Equivalents or Investment Grade Securities when made;

(3) any Investment by the Issuer or any Restricted Subsidiary in a Person (directly or through entities that will be Restricted Subsidiaries but that are not required pursuant to the terms of the Indenture to become Guarantors) if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is amalgamated, merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary, and, in each case, any Investment held by such Person; *provided*, such Investment was not acquired by such Person in contemplation of such

acquisition, merger, amalgamation, consolidation, transfer or conveyance;

(4) any Investment in securities or other assets not constituting Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions described under "—Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date; *provided*, the amount of any such Investment or binding commitment may be increased, extended, modified, replaced, reinvested or renewed, (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;

(6) any Investment acquired by the Issuer or any Restricted Subsidiary:

(a) in exchange for any other Investment, accounts receivable or indorsements for collection or deposit held by the Issuer or any Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of, or settlement of delinquent accounts and disputes with or judgments against, the issuer of such other Investment or accounts receivable (including any trade creditor or customer);

(b) in satisfaction of judgments against other Persons;

(c) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; or

(d) as a result of the settlement, compromise or resolution of (A) litigation, arbitration or other disputes or (B) obligations of trade creditors or customers that were incurred in the ordinary course of business or consistent with past practice or industry practice of the Issuer or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer.

(7) Hedging Obligations permitted under clause (10) of the covenant described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(8) any Investment (other than for the primary purposes of consummating a liability management transaction not offered to all noteholders on a ratable basis) in a Similar Business taken together with all other Investments made pursuant to this clause (8) and clause (23) below that are at that time outstanding, not to exceed $100.0 million (with the amount of each Investment being measured at the time made and without giving effect to subsequent changes in value, but subject to adjustment as set forth in the definition of Investment);

(9) Investments the payment for which consists of Equity Interests (other than Disqualified Stock) of the Issuer or any Parent Company; provided, such Equity Interests will not increase the amount available for Restricted Payments under clause (c) of the first paragraph under the covenant described in "—Certain Covenants—Limitation on Restricted Payments;"

(10) guarantees of Indebtedness permitted under the covenant described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," performance guarantees and Contingent Obligations incurred in the ordinary course of business or consistent with past practice or industry practice and the creation of liens on the assets of the Issuer or

any Restricted Subsidiary in compliance with the covenant described under "—Certain Covenants—Liens;"

(11) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (5), (9), (15) and (22) of such paragraph);

(12) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or similar assets or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(13) Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of Cash Equivalents or marketable securities), not to exceed the greater of (a) $85.0 million and (b) 10.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value, but subject to adjustment as set forth in the definition of "Investment"); *provided*, *however*, if any Investment pursuant to this clause (13) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment will thereafter be deemed to have been made pursuant to clause (1) above and will cease to have been made pursuant to this clause (13) for so long as such Person continues to be a Restricted Subsidiary;

(14) Investments in or relating to a Securitization Subsidiary that, in the good faith determination of the Issuer, are necessary or advisable to effect any Qualified Securitization Facility (including distributions or payments of Securitization Fees) or any repurchase obligation in connection therewith (including the contribution or lending of Cash Equivalents to Subsidiaries to finance the purchase of such assets from the Issuer or any Restricted Subsidiary or to otherwise fund required reserves);

(15) loans and advances to, or guarantees of Indebtedness of, officers, directors, employees, consultants and members of management not in excess of $30.0 million outstanding at any one time, in the aggregate;

(16) loans and advances to employees, directors, officers, members of management and consultants for business-related travel expenses, moving expenses, payroll advances and other similar expenses or payroll expenses, in each case incurred in the ordinary course of business or consistent with past practice or consistent with industry practice or to future, present and former employees, directors, officers, members of management and consultants (and their Controlled Investment Affiliates and Immediate Family Members) to fund such Person's purchase of Equity Interests of the Issuer or any Parent Company;

(17) advances, loans or extensions of trade credit or prepayments to suppliers or loans or advances made to distributors, in each case, in the ordinary course of business or consistent with past practice or consistent with industry practice by the Issuer or any Restricted Subsidiary;

(18) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business or consistent with past practice or industry practice;

(19) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice or industry practice;

(20) Investments made in the ordinary course of business or consistent with past practice or industry practice in connection with obtaining, maintaining or renewing client contacts and loans or advances made to distributors;

(21) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice or industry practice;

(22) the purchase or other acquisition of any Indebtedness of the Issuer or any Restricted Subsidiary to the extent otherwise permitted hereunder (excluding, for the avoidance of doubt, the Existing Unsecured Notes that remain outstanding after consummation of the Exchange Offer and Sponsor Exchange, any additional Existing Unsecured Notes and any Indebtedness not secured by a Lien that refinances or replaces the Existing Unsecured Notes);

(23) Investments (other than for the primary purposes of consummating a liability management transaction not offered to all noteholders on a ratable basis) in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Permitted Investments made pursuant to this clause (23) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of, or have not been subsequently sold or transferred for, Cash Equivalents or marketable securities, not to exceed $100.0 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value, but subject to adjustment as set forth in the definition of "Investment"); *provided*, *however*, if any Investment pursuant to this clause (23) is made in any Person that is an Unrestricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment will thereafter be deemed to have been made pursuant to clause (1) above and will cease to have been made pursuant to this clause (23) for so long as such Person continues to be a Restricted Subsidiary;

(24) Investments in the ordinary course of business or consistent with past practice or industry practice consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers;

(25) any Investment by any Captive Insurance Subsidiary in connection with its provision of insurance to the Issuer or any of its Subsidiaries, which Investment is made in the ordinary course of business or consistent with past practice or industry practice of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(26) Investments made as part of, to effect or resulting from, the Transactions;

(27) Investments of assets relating to non-qualified deferred payment plans in the ordinary course of business or consistent with past practice or industry practice;

(28) intercompany current liabilities owed to Unrestricted Subsidiaries or joint ventures incurred in the ordinary course of business or consistent with past practice or industry practice in connection with the cash management operations of the Issuer and its Subsidiaries;

(29) acquisitions of obligations of one or more directors, officers or other employees or consultants or independent contractors of any Parent Company, the Issuer, or any Subsidiary of the Issuer in connection with such director's, officer's, employee's consultant's or independent contractor's acquisition of Equity Interests of the Issuer or any direct or indirect parent of the Issuer, to the extent no cash is actually advanced by the Issuer or any Restricted Subsidiary to such directors, officers, employees, consultants or independent contractors in connection with the acquisition of any such obligations;

(30) Investments constituting promissory notes or other non-cash proceeds of dispositions of assets to the extent permitted under "—Repurchase at the Option of Holders—Asset Sales;"

(31) Investments resulting from pledges and deposits permitted pursuant to the definition of "Permitted Liens;"

(32) loans and advances to any direct or indirect parent of the Issuer in lieu of and not in excess of the amount of (after giving effect to any other loans, advances or Restricted Payments in respect thereof) Restricted Payments to the extent permitted to be made in cash to such parent in accordance with the covenant described under "—Certain Covenants—Limitation on Restricted Payments" at such time, such Investment being treated for purposes of the applicable clause of the covenant described under "—Certain Covenants—Limitation on Restricted Payments," including any limitations, as if a Restricted Payment were made pursuant to such applicable clause;

(33) any other Investments if on a *pro forma* basis after giving effect to such Investment, the Total Net Leverage Ratio would be equal to or less than 2.75:1.00; and

(34) Permitted Bond Hedge Transactions.

For purposes of determining compliance with this definition, (A) an Investment need not be incurred solely by reference to one category of Permitted Investments described in this definition but is permitted to be incurred in part under any combination thereof and of any other available exemption and (B) in the event that an Investment (or any portion thereof) meets the criteria of one or more of clauses (1) through (32) and (34) of the definition of Permitted Investments, the Issuer will, in its sole discretion, classify or reclassify such Investment (or any portion thereof) in any manner that complies with clauses (1) through (32) and (34) of this definition and the covenant described under "—Certain Covenants—Limitation on Restricted Payments" (other than to clause (17) of the second paragraph thereto).

"Permitted Liens" means, with respect to any Person:

(1) Liens, pledges or deposits by such Person (A) made in connection with workmen's compensation laws, unemployment insurance, health, disability or employee benefits, other social security laws or similar legislation or regulations, (B) insurance-related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) securing reimbursement or indemnification obligations of (including obligations in respect of letters of credit, bank guarantees or similar instruments for the benefit of) insurance carriers providing property, casualty or liability insurance, or otherwise supporting the payment of items set forth in the foregoing clause (A), or (C) bids, tenders, contracts, statutory obligations, surety, indemnity, warranty, release, appeal or similar bonds, or with regard to other regulatory requirements, completion guarantees, stay, customs and appeal bonds, performance bonds, bankers' acceptance facilities, and other obligations of like nature (including those to secure health, safety and environmental obligations) (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for the payment of rent, contested taxes or import duties and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, in each case incurred in the ordinary course of business or consistent with past practice or industry practice;

(2) Liens imposed by law, such as landlords', carriers', warehousemen's, materialmen's, repairmen's, construction and mechanics' Liens and other similar Liens and (i) for sums not yet overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or (ii) being contested in good faith by appropriate actions or other Liens arising out of or securing judgments or awards against such Person with respect to which such Person will then be proceeding with an appeal or other proceedings for review if such Liens are adequately bonded or adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or not yet payable or not subject to penalties for nonpayment or which are being contested in good faith by appropriate actions if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(4) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds, instruments or obligations or with respect to regulatory requirements or letters of credit or bankers' acceptance issued, and completion guarantees provided for, in each ease, issued pursuant to the request of and for the account of such Person in the ordinary course of its business or consistent with past practice or industry practice;

(5) survey exceptions, encumbrances, ground leases, easements, restrictions, protrusions, encroachments or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties that were not incurred in connection with Indebtedness and that do not in the aggregate materially impair their use in the operation of the business of such Person and exceptions on title policies insuring liens granted on Mortgaged Properties (as defined in the Senior Credit Facilities);

(6) Liens securing obligations in respect of Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (4), (6), (13), (15), (23), (24) (but only Liens securing such Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to such clause (24) if such Liens are on assets owned by Persons other than the Issuer and the Guarantors), and (26) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that (a) Liens securing obligations relating to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (13) relate only to obligations relating to Refinancing Indebtedness that is secured by Liens on the same assets as the assets securing the Refinanced Debt (as defined in the definition of Refinancing Indebtedness), *plus* improvements, accessions, proceeds or dividends or distributions in respect thereof and after-acquired property, or serves to refund, refinance, extend, replace, renew or defease Indebtedness, Disqualified Stock or Preferred Stock incurred under clause (4) or (13) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (b) Liens securing obligations relating to Indebtedness permitted to be incurred pursuant to clauses (23) and (24) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets of Subsidiaries that are not Guarantors and (c) Liens securing obligations in respect of Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (4) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets so purchased, replaced, leased or improved and proceeds and products thereof; *provided further* that individual financings of assets provided by a counterparty may be cross-collateralized to other financings of assets provided by such counterparty;

(7) Liens existing, or provided for under binding contracts existing, on the Issue Date;

(8) Liens on property or shares of stock or other assets of a Person at the time such Person becomes a Subsidiary; *provided*, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided*, *further*, 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 and after-acquired property) that secured the obligations to which such Liens relate;

(9) Liens on property or other assets at the time the Issuer or a Restricted Subsidiary acquired the property or such other assets, including any acquisition by means of a merger,

amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary; *provided*, such Liens are not created or incurred in connection with, or in contemplation of, such acquisition, amalgamation, merger or consolidation; *provided*, *further*, 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 and after acquired-property) that secured the obligations to which such Liens relate;

(10) Liens securing obligations in respect of Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(11) Liens securing (x) Hedging Obligations and (y) obligations in respect of Cash Management Services;

(12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's accounts payable or similar obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, subleases, licenses or sublicenses (or other agreement under which the Issuer or any Restricted Subsidiary has granted rights to end users to access and use the Issuer's or any Restricted Subsidiary's products, technologies or services) that do not materially interfere with the business of the Issuer and its Restricted Subsidiaries, taken as a whole, and the customary rights reserved or vested in any Person by the terms of any lease, sublease, license, sublicense, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(14) Liens arising from Uniform Commercial Code (or equivalent statutes) financing statement filings regarding operating leases, consignments or accounts entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business or consistent with past practice or industry practice or purported Liens evidenced by the filing of precautionary Uniform Commercial Code (or equivalent statutes) financing statements or similar public filings;

(15) Liens in favor of the Issuer or any Subsidiary Guarantor;

(16) Liens on equipment or vehicles of the Issuer or any Restricted Subsidiary granted in the ordinary course of business or consistent with past practice or industry practice;

(17) Liens on accounts receivable, Securitization Assets and related assets incurred in connection with a Qualified Securitization Facility;

(18) Liens to secure any modification, refinancing, refunding, extension, renewal or replacement (or successive modification, refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness, Disqualified Stock or Preferred Stock secured by any Lien referred to in clauses (6), (7), (8), (9) or (39) of this definition; *provided* that (a) such new Lien will be limited to all or part of the same property (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof and after-acquired property) that secured the original Lien (*plus* improvements and accessions on such property) and proceeds and products thereof, (b) such new Lien shall have a Lien priority equal to or junior to the original Lien; and (c) the Indebtedness, Disqualified Stock or Preferred Stock secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8), (9) or (39) at the time the original Lien became a Permitted Lien under the Indenture, *plus* (ii) an amount necessary to pay any fees and expenses (including original issue discount, upfront fees, defeasance costs, underwriting discounts or similar fees) and premiums (including tender premiums and accrued and unpaid interest), related to such refinancing, refunding, extension, renewal or replacement;

(19) deposits made or other security provided to secure liability to insurance brokers, carriers, underwriters or self-insurance arrangements, including Liens or insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(20) other Liens securing obligations in an aggregate principal amount at any one time outstanding not to exceed the greater of (a) $75.0 million and (b) 8.0% of Adjusted EBITDA of the Issuer for the most recently ended Test Period on the date of such incurrence; *provided* that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will enter into, (x) to the extent executed in connection with any incurrence of Indebtedness secured by Liens on Collateral that (i) are intended to rank equally in priority to the Liens on the ABL Priority Collateral securing the ABL Obligations and (ii) are intended to rank junior in priority to the Liens on the Term Priority Collateral securing the First Lien Secured Notes, the ABL Intercreditor Agreement, (y) to the extent executed in connection with any incurrence of Indebtedness secured by Liens on the Term Priority Collateral intended to rank equal in priority with the Term Priority Credit Obligations and the First Lien Secured Notes Obligations, the Pari Passu Intercreditor Agreement, and (z) to the extent executed in connection with any incurrence of Indebtedness secured by Liens on the Collateral that are intended to rank *pari passu* with or junior in priority to the Liens on the Collateral securing the Exchange Notes (but without regard to control of remedies), the Junior Lien Intercreditor Agreement;

(21) 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;

(22) (i) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business or consistent with past practice or industry practice, (ii) Liens arising out of conditional sale, title retention or similar arrangements for the sale of goods in the ordinary course of business or consistent with past practice or industry practice and (iii) Liens arising by operation of law under Article 2 of the Uniform Commercial Code;

(23) Liens securing judgments for the payment of money not constituting an Event of Default under clause (5) under "—Events of Default and Remedies;"

(24) Liens (a) of a collection bank arising under Section 4-208 or 4-210 of the Uniform Commercial Code on items in the course of collection, (b) attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business or consistent with past practice or industry practice, and (c) in favor of banking or other institutions or other electronic payment service providers arising as a matter of law or under general terms and conditions encumbering deposits or margin deposits or other funds maintained with such institution (including the right of set off) and which are within the general parameters customary in the banking industry;

(25) Liens deemed to exist in connection with Investments in repurchase agreements permitted under the Indenture; *provided* that such Liens do not extend to assets other than those that are subject to such repurchase agreements;

(26) Liens that are contractual rights of set-off (a) relating to the establishment of depository relations with banks or other deposit-taking financial institutions or other electronic payment service providers and not given in connection with the issuance of Indebtedness, (b) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business or consistent with past practice or industry practice of the Issuer and its Restricted Subsidiaries or (c) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice or industry practice;

(27) Liens on cash proceeds (as defined in Article 9 of the Uniform Commercial Code) of assets sold that were subject to a Lien permitted hereunder;

(28) any encumbrance or restriction (including put, call arrangements, tag, drag, right of first refusal and similar rights) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(29) Liens (a) on cash advances or cash earnest money deposits in favor of the seller of any property to be acquired in an Investment permitted under the Indenture to be applied against the purchase price for such Investment and (b) consisting of a letter of intent or an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under "—Repurchase at the Option of Holders—Asset Sales," in each case, solely to the extent such Investment or sale, disposition, transfer or lease, as the case may be, would have been permitted on the date of the creation of such Lien;

(30) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Issuer or any of its Subsidiaries are located;

(31) Liens in connection with a Sale and Lease-Back Transaction on assets subject to such Sale and Lease-Back Transaction;

(32) Liens on Capital Stock or other securities of an Unrestricted Subsidiary;

(33) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under leases or licenses entered into by the Issuer or any of the Restricted Subsidiaries in the ordinary course of business or consistent with past practice or industry practice;

(34) deposits of cash with the owner or lessor of premises leased and operated by the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice or industry practice of the Issuer and such Subsidiary to secure the performance of the Issuer's or such Subsidiary's obligations under the terms of the lease for such premises;

(35) rights of set-off, banker's liens, netting arrangements and other Liens arising by operation of law or by the terms of documents of banks or other financial institutions in relation to the maintenance of administration of deposit accounts, securities accounts, cash management arrangements or in connection with the issuance of letters of credit, bank guarantees or other similar instruments;

(36) Liens on cash and Permitted Investments used to satisfy or discharge Indebtedness; *provided*, such satisfaction or discharge is permitted under the Indenture;

(37) receipt of progress payments and advances from customers in the ordinary course of business or consistent with past practice or industry practice to the extent the same creates a Lien on the related inventory and proceeds thereof;

(38) agreements to subordinate any interest of the Issuer or any Restricted Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Issuer or any Restricted Subsidiary pursuant to an agreement entered into in the ordinary course of business or consistent with past practice or industry practice;

(39) Liens arising pursuant to Section 107(l) of the Comprehensive Environmental Response, Compensation and Liability Act or similar provision of any environmental law;

(40) Liens disclosed by the title insurance policies delivered on or prior to the Issue Date and any replacement, extension or renewal of any such Lien (to the extent the Indebtedness and other obligations secured by such replacement, extension or renewal Liens are permitted by the Indenture); *provided* that such replacement, extension or renewal Liens do not cover any property other than the property that was subject to such Liens prior to such replacement, extension or renewal;

(41) rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the Issuer or any of its Restricted Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(42) restrictive covenants affecting the use to which real property may be put; *provided* that the covenants are complied with;

(43) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business or consistent with past practice or industry practice; and

(44) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements and contract zoning agreements.

For purposes of determining compliance with this definition, (A) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but is permitted to be incurred in part under any combination thereof and of any other available exemption and (B) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer will, in its sole discretion, be entitled to divide, classify or reclassify, in whole or in part, any such Lien (or any portion thereof) among one or more such categories or clauses in any manner that complies with this definition.

If any Liens securing obligations are incurred to refinance Liens securing obligations initially incurred in reliance on a basket measured by reference to a percentage of Adjusted EBITDA, and such refinancing would cause the percentage of Adjusted EBITDA to be exceeded if calculated based on the Adjusted EBITDA on the date of such refinancing, such percentage of Adjusted EBITDA will not be deemed to be exceeded to the extent the principal amount of such obligations secured by such newly incurred Lien does not exceed the principal amount of such obligations secured by such Liens being refinanced, *plus* the related costs incurred or payable in connection with such refinancing and if any Liens securing obligations are incurred to refinance Liens securing obligations initially incurred in reliance on a basket measured by a fixed dollar amount, such fixed dollar basket will be deemed to be exceeded to the extent the principal amount of such obligations secured by such Liens being refinanced, *plus* the related costs incurred or payable in connection with such refinancing.

For purposes of this definition, the term “Indebtedness” will be deemed to include interest on such Indebtedness.

“Permitted Parent” means any direct or indirect parent of the Issuer that at the time it became a parent of the Issuer was a Permitted Holder pursuant to clause (1) of the definition thereof.

“Permitted Warrant Transaction” means any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on the Issuer’s or a Parent Company’s common stock sold by the Issuer or a Parent Company substantially concurrently with any purchase by the Issuer of a related Permitted Bond Hedge Transaction.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Preferred Stock” means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

“Priority Lien” means a Lien granted, or purported to be granted, by the Issuer or any other Grantor in favor of a Priority Lien Collateral Agent, at any time, upon any property of the Issuer or any

other Grantor to secure Priority Lien Obligations.

"Priority Lien Collateral Agent" means, each of (i) the Term Collateral Agent, (ii) the ABL Collateral Agent, (iii) the First Lien Secured Notes Collateral Agent, and (iv) each collateral agent or other representative of lenders or holders of Priority Lien Obligations designated pursuant to the terms of the Priority Lien Documents and the Pari Passu Intercreditor Agreement from time to time.

"Priority Lien Documents" means, collectively, the First Lien Secured Notes Indenture, the Term Priority Credit Documents, the ABL Priority Credit Documents and any additional indenture, supplemental indenture, credit agreement or other agreement governing each other series of Priority Lien Obligations and the collateral documents applicable thereto (other than any security documents that do not secure Priority Lien Obligations).

"Priority Lien Indebtedness" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities;

(2) the First Lien Secured Notes and the guarantees thereof;

(3) any other Indebtedness (other than intercompany Indebtedness owing to the Issuer or its Subsidiaries) of the Issuer or any Guarantor that is (i) secured equally and ratably with any Priority Lien Indebtedness (but without regard to control of remedies), (ii) permitted to be incurred and so secured under the covenants described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens;" (iii) permitted to be incurred and so secured under each applicable Priority Lien Document and the Notes Documents, and (iv) has a final maturity equal to or later than, and a Weighted Average Life to Maturity equal to or greater than, the final maturity of the First Lien Secured Notes.

"Priority Lien Obligations" means, collectively, the Priority Lien Indebtedness and all other Obligations in respect thereof together with Hedging Obligations and Obligations in respect of Cash Management Services, in each case to the extent that such Obligations are secured by Priority Liens."

"Priority Lien Representative" means (i) in the case of any Term Priority Credit Obligations or the Term Credit Agreement Secured Parties, the Term Collateral Agent and (ii) in the case of any other Priority Lien Indebtedness and the Additional Priority Lien Debt Parties thereunder, the trustee, administrative agent, collateral agent, security agent or similar agent under such Priority Lien Indebtedness that is named as the representative in respect of such Priority Lien Indebtedness.

"Priority Lien Secured Parties" means (a) the Term Credit Agreement Secured Parties, (b) the First Lien Secured Notes Secured Parties and (c) any Additional Priority Lien Debt Parties.

"Public Company Costs" means the initial costs relating to establishing compliance with the Sarbanes-Oxley Act of 2002, as amended, and other expenses arising out of or incidental to the Issuer's or its Restricted Subsidiaries' initial establishment of compliance with the obligations of a reporting company, including costs, fees and expenses (including legal, accounting and other professional fees) relating to compliance with provisions of the Securities Act and the Exchange Act.

"Purchase Money Obligations" means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement or property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise.

"Qualified Holding Company Debt" means unsecured Indebtedness of Holdings that

(1) is not subject to any guarantee by any Subsidiary of Holdings (including the Issuer);

(2) will not mature prior to the date that is six (6) months after the maturity date of the Exchange Notes in effect on the date of issuance or incurrence thereof;

(3) has no scheduled amortization or scheduled payments of principal and is not subject to mandatory redemption, repurchase, prepayment or sinking fund obligation (it being understood that such Indebtedness may have mandatory prepayment, repurchase or redemption provisions satisfying the requirements of clause (5) below);

(4) does not require any payments in cash of interest or other amounts in respect of the principal thereof prior to the later to occur of (i) the date that is four (4) years from the date of the issuance or incurrence thereof and (ii) the date that is 180 days after the maturity date of the Exchange Notes in effect on the date of such issuance or incurrence; and

(5) has mandatory prepayment, repurchase or redemption, covenant, default and remedy provisions customary for senior discount notes of an issuer that is the parent of an issuer of secured notes, and in any event, with respect to covenant, default and remedy provisions, no more restrictive (taken as a whole) than those set forth in the Indenture (other than provisions customary for senior discount notes of a holding company),

provided that any such Indebtedness shall constitute Qualified Holding Company Debt only if immediately after giving effect to the issuance or incurrence thereof and the use of proceeds thereof, no Event of Default shall have occurred and be continuing.

“Qualified Proceeds” means the fair market value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

“Qualified Securitization Facility” means any Securitization Facility (1) constituting a securitization financing facility that meets the following conditions: (a) the Board of Directors will have determined in good faith that such Securitization Facility (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the applicable Restricted Subsidiary or Securitization Subsidiary and (b) all sales and/or contributions of Securitization Assets and related assets to the applicable Person or Securitization Subsidiary are made at fair market value (as determined in good faith by the Issuer) or (2) constituting a receivables financing facility.

“Qualifying IPO” means any transaction or series of transactions that results in any common equity interests of the Issuer (or a Parent Company) being publicly traded on any United States national securities exchange, or any analogous exchange in Canada, Ireland, the United Kingdom or any country of the European Union.

“Rating Agencies” means Moody’s, S&P and Fitch or if any or all of Moody’s, S&P or Fitch are not make a rating on the Exchange Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which will be substituted for Moody’s, S&P and/or Fitch, as the case may be.

“Refinancing Indebtedness” means (x) Indebtedness incurred by the Issuer or any Restricted Subsidiary, (y) Disqualified Stock issued by the Issuer or any Restricted Subsidiary or (z) Preferred Stock issued by any Restricted Subsidiary which, in each case, serves to extend, replace, refund, refinance, renew or defease any Indebtedness, Disqualified Stock or Preferred Stock, including Refinancing Indebtedness, so long as:

(1) (a) the principal amount (or accreted value, if applicable) of such new Indebtedness, the amount of such new Preferred Stock or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable) the Indebtedness, the amount of

Preferred Stock or the liquidation preference of Disqualified Stock, as applicable, being refinanced (*plus* the full amount of any undrawn commitments), *plus* (b) any accrued and unpaid interest on, the Indebtedness, the amount of, any accrued and unpaid dividends on, the Preferred Stock or the liquidation preference of the Disqualified Stock, *plus* any accrued and unpaid dividends on, the Disqualified Stock being so extended, replaced, refunded, refinanced, renewed or defeased (such Indebtedness, Disqualified Stock or Preferred Stock, the “Refinanced Debt”), *plus* (c) the amount of any tender premium or penalty or premium required to be paid under the terms of the instrument or documents governing such Refinanced Debt and any defeasance costs and any fees and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with the issuance of such new Indebtedness, Preferred Stock or Disqualified Stock or the extension, replacement, refunding, refinancing, renewal or defeasance of such Refinanced Debt (such amounts in clause (b) and (c), the “Incremental Amounts”);

(2) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being extended, replaced, refunded, refinanced, renewed or defeased;

(3) such Refinancing Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Indebtedness, Preferred Stock or Disqualified Stock being so extended, replaced, refunded, refinanced, renewed or defeased (or, if earlier, the date that is 91 days after the maturity date of the Exchange Notes); and

(4) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases (i) Subordinated Indebtedness (other than Subordinated Indebtedness assumed or acquired in an acquisition and not created in contemplation thereof), such Refinancing Indebtedness is subordinated in right of payment to the Exchange Notes or the Guarantee thereof at least to the same extent as the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, or (iii) Secured Indebtedness, the Liens securing such Refinancing Indebtedness have a Lien priority equal to or junior to the Liens securing such Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased.

Refinancing Indebtedness will not include:

(a) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness or Disqualified Stock of the Issuer;

(b) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Guarantor; or

(c) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

and, *provided*, *further*, (x) clauses (2) and (3) of this definition will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of any Indebtedness, Disqualified Stock and Preferred Stock, other than Indebtedness, Disqualified Stock and Preferred Stock incurred under clauses (2) and (3) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” and any Subordinated Indebtedness (other than Subordinated Indebtedness assumed or acquired in an Investment or acquisition and not created in contemplation thereof) and (y) Refinancing Indebtedness may be incurred in the form of a customary “bridge” or other interim credit facility intended to be refinanced or replaced with long-term indebtedness which does not satisfy the requirements of clauses (2) and (3) above so long as, subject to customary conditions, as determined in good faith by the Issuer, such “bridge” or other interim indebtedness will either be automatically converted into or required to be

exchanged for permanent financing which satisfies the requirements of clauses (2) and (3) of this definition.

"Related Business Assets" means assets (other than Cash Equivalents) used or useful in a Similar Business; *provided*, any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person is or would become a Restricted Subsidiary.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided*, upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary will be included in the definition of "Restricted Subsidiary." Wherever the term "Restricted Subsidiary" is used herein with respect to any Subsidiary of a referenced Person that is not the Issuer, then it will be construed to mean a Person that would be a Restricted Subsidiary of the Issuer on a *pro forma* basis following consummation of one or a series of related transactions involving such referenced Person and the Issuer (but for which transactions may include a designation of a Subsidiary of such Person as an Unrestricted Subsidiary on a *pro forma* basis in accordance with the Indenture).

"S&P" means S&P Global Inc., and any successor to its rating agency business.

"Sale and Lease-Back Transaction" means any arrangement providing for the leasing by the Issuer or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a Person other than the Issuer or any Restricted Subsidiary in contemplation of such leasing. The net proceeds of any Sale and Lease-Back Transaction will be determined giving effect to transaction expenses and the tax effect of such transactions (including taxes paid or payable and tax attributes used as a result of such transactions).

"SEC" means the U.S. Securities and Exchange Commission or any successor thereto.

"Secured Indebtedness" means any Indebtedness of the Issuer or any Restricted Subsidiary secured by a Lien.

"Secured Parties" means (a) the Term Credit Agreement Secured Parties, (b) the First Lien Secured Notes Secured Parties, (c) the Exchange Notes Secured Parties, (d) any Additional Priority Lien Debt Parties and (e) any Additional Parity Lien Debt Parties.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Securitization Assets" means (a) the accounts receivable, royalty or other revenue streams and other rights to payment and other assets related thereto subject to a Qualified Securitization Facility and the proceeds thereof and (b) contract rights, lockbox accounts and records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in a securitization financing.

"Securitization Facility" means any transaction or series of securitization financings that may be entered into by the Issuer or any Restricted Subsidiary pursuant to which the Issuer or any such Restricted Subsidiary may sell, convey or otherwise transfer, or may grant a security interest in, Securitization Assets to either (a) a Person that is not the Issuer or a Restricted Subsidiary or (b) a Securitization Subsidiary that in turn sells such Securitization Assets to a Person that is not the Issuer or a Restricted Subsidiary, or may grant a security interest in, any Securitization Assets of the Issuer or any of its Subsidiaries.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid to a Person that is not a Securitization Subsidiary in connection with, any Qualified Securitization Facility.

"Securitization Subsidiary" means any Subsidiary formed for the purpose of, and that solely engages only in one or more Qualified Securitization Facilities and other activities reasonably related thereto.

"Security Documents" means the Exchange Notes Security Agreement, the Intercreditor Agreements, and each of the Collateral Documents, as amended, modified, restated, supplemented or replaced from time to time.

"Senior Credit Facilities" means, collectively, (i) the senior secured term loan facility (the "Senior Secured Term Loan Facility") under that certain Credit Agreement, to be dated on or about the First Lien Secured Notes Issue Date, by and among the Issuer, Arch Parent Inc., UBS AG, Stamford Branch, as the administrative agent, and the lenders and other entities party thereto and (ii) the senior secured asset based lending facility (the "Senior Secured ABL Facility") under that certain ABL Credit Agreement, dated September 12, 2017 (the "ABL Credit Agreement"), by and among the Issuer, Arch Parent Inc., Wells Fargo Bank, National Association as administrative agent, and the lenders and other entities party thereto, in each case, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, refinancings or replacements thereof and any one or more indentures or credit facilities or commercial paper facilities with banks or other institutional lenders, or investors, whether or not secured, that replace, refund, supplement or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof (*provided*, such increase in borrowings is permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above) or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, trustee, lender or group of lenders or holders.

"Senior Indebtedness" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities, the First Lien Secured Notes, the Exchange Notes, any Existing Unsecured Notes that remain outstanding after the consummation of the Exchange Offer and the Sponsor Exchange, and the related guarantees of the First Lien Secured Notes, the Exchange Notes and the Existing Unsecured Notes (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all (a) Hedging Obligations (and guarantees thereof) and (b) obligations in respect of Cash Management Services (and guarantees thereof) owing to a lender under the Senior Credit Facilities or any Affiliate of such lender (or any Person that was a lender or an Affiliate of such lender at the time the applicable agreement giving rise to such Hedging Obligation was entered into); *provided*, such Hedging Obligations and obligations in respect of Cash Management Services, as the case may be, are permitted to be incurred under the terms of the Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Exchange Notes or any related Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3);

provided, Senior Indebtedness will not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business or consistent with past practice or industry practice;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in any respect to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Indenture.

"Senior Liens" means (a) in respect of the ABL Priority Collateral, the ABL Priority Liens on such Collateral, and (b) in respect of the Term Priority Collateral, the Term Priority Liens, the Liens securing the Exchange Notes and any Lien that is *pari passu* with the Liens securing the Exchange Notes (but without regard to control of remedies), in each case, on such Collateral.

"Senior Representative" means (a) with respect to the Term Priority Collateral, each Term Loan Debt Agent and (b) with respect to the ABL Priority Collateral, the ABL Agent.

"Senior Secured Net Leverage Ratio" means, with respect to any Test Period, the ratio of (a) Consolidated Total Debt (other than any Indebtedness of a Restricted Subsidiary that is not a Guarantor and that is not secured by any assets of the Issuer or any Restricted Subsidiary) outstanding on the last day of such Test Period that is secured by a Lien on any property of the Issuer or any Restricted Subsidiary (other than property or assets held in a defeasance or similar trust or arrangement (including escrow arrangements) for the benefit of the Indebtedness secured thereby) *minus* an aggregate amount of cash and Cash Equivalents included in the consolidated balance sheet of the Issuer as of such date, excluding cash and Cash Equivalents which are listed as "Restricted" on such balance sheet, to (b) Adjusted EBITDA of the Issuer for such Test Period, in each case on a *pro forma* basis with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio.

"Senior Secured Obligations" means (a) with respect to the Term Priority Collateral, the Term Priority Obligations, the Exchange Notes Obligations, and any Obligations that are secured by a Lien that is *pari passu* with the Liens securing the Exchange Notes (but without regard to control of remedies), in each case, on such Collateral, (b) with respect to the First Lien Secured Notes, the First Lien Secured Notes Obligations and (c) with respect to the ABL Priority Collateral, the ABL Credit Agreement Obligations.

"Senior Secured Obligations Secured Parties" means (a) with respect to the Term Priority Collateral, the Term Credit Agreement Secured Parties and the First Lien Secured Notes Secured Parties, and (b) with respect to the ABL Priority Collateral, the ABL Secured Parties, the Term Credit Agreement Secured Parties and the First Lien Secured Notes Secured Parties.

"Series" means (a) with respect to Priority Lien Obligations, (i) the Indebtedness of the Issuer and the Guarantors outstanding under the Senior Secured Term Loan Facility, (ii) the Indebtedness of the Issuer and the Guarantors in respect of the First Lien Secured Notes and (iii) each other series, issue or class of Priority Lien Obligations, (b) with respect to Parity Lien Obligations, (i) the Indebtedness of the Issuer and the Guarantors in respect of the Exchange Notes and (iii) each other series, issue or class of Parity Lien Obligations and (c) with respect to Junior Lien Obligations, each series, issue or class of

Junior Lien Obligations.

"Settlement" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"Settlement Indebtedness" means any payment or reimbursement obligation in respect of a Settlement Payment.

"Settlement Payment" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02(w)(2) of Regulation S-X of the SEC, as such regulation is in effect on the Issue Date; *provided* that, notwithstanding the foregoing, in no event will (i) any Securitization Subsidiary, or (ii) any special purpose vehicle that borrows mortgage debt secured by any facilities and has no other activities be considered a Significant Subsidiary for purposes of clauses (4) or (5) under the first paragraph of "—Events of Default and Remedies."

"Similar Business" means (1) any business conducted or proposed to be conducted by the Issuer or any Restricted Subsidiary on the Issue Date or (2) any business or other activities that are reasonably similar, ancillary, incidental, complementary or related to (including non-core incidental businesses acquired in connection with any Permitted Investment), or a reasonable extension, development or expansion of, the businesses in which the Issuer and its Restricted Subsidiaries conduct or propose to conduct on the Issue Date.

"Specified Transaction" means (i) solely for the purposes of determining the applicable cash balance, any contribution of capital, including as a result of an Equity Offering, to the Issuer, in each case, in connection with an acquisition or Investment, (ii) any designation of operations or assets of the Issuer or a Restricted Subsidiary as discontinued operations (as defined under GAAP), (iii) any Investment that results in a Person becoming a Restricted Subsidiary, (iv) any designation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary in compliance with the Indenture, (v) any purchase or other acquisition of a business of any Person, of assets constituting a business unit, line of business or division of any Person, (vi) any Asset Sale (a) that results in a Restricted Subsidiary ceasing to be a Subsidiary of the Issuer or (b) of a business, business unit, line of business or division of the Issuer or a Restricted Subsidiary, in each case whether by merger, amalgamation, consolidation or otherwise, (vii) any operational changes identified by the Issuer that have been made by the Issuer or any Restricted Subsidiary during the Test Period or (viii) other Restricted Payment that by the terms of the Indenture requires a financial ratio to be calculated on a pro forma basis.

"Sponsor Exchange" has the meaning given to such term in the Offering Memorandum.

"Subordinated Indebtedness" means, with respect to the Exchange Notes,

(1) any Indebtedness of the Issuer that is by its terms subordinated in right of payment to the Exchange Notes, and

(2) any Indebtedness of any Guarantor that is by its terms subordinated in right of payment to the Guarantee of such entity of the Exchange Notes.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50.0% of the total voting power of

shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, members of management or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(b) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" refer to a Subsidiary or Subsidiaries of the Issuer.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Term Collateral Agent" means UBS AG, Stamford Branch, together with any successor thereto or assignee in respect thereto, in its capacity as collateral agent for the Term Credit Agreement Secured Parties.

"Term Credit Agreement Secured Parties" has the meaning assigned to the term "Secured Parties" in the Senior Secured Term Loan Facility.

"Term Loan Debt Agents" means the Term Collateral Agent and each Additional Term Collateral Agent.

"Term Priority Collateral" means all real property, equipment, intellectual property (excluding, for the avoidance of doubt, general intangibles consisting of credit card receivables), capital stock of subsidiaries of the Grantors, and all other assets and property of any Grantors, whether real, personal or mixed (other than ABL Priority Collateral); *provided* that in no event shall Term Priority Collateral include any Collateral granted to the ABL Collateral Agent by the foreign subsidiaries of the Grantors organized under the laws of Canada to secure any portion of the ABL Credit Agreement Obligations.

"Term Priority Credit Documents" means the Senior Secured Term Loan Facility and each of the other agreements, documents and instruments providing for or evidencing any other Term Priority Obligation under the Senior Secured Term Loan Facility and any other document or instrument executed or delivered at any time in connection with any Term Priority Obligation under the Senior Secured Term Loan Facility (including any intercreditor or joinder agreement among holders of Term Priority Obligations but excluding documents governing the First Lien Secured Notes), to the extent such are effective at the relevant time, as each may be amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed from time to time.

"Term Priority Credit Obligations" means (i) any and all amounts payable under or in respect of any Senior Secured Term Loan Facility and the other Term Priority Credit Documents as amended, restated, supplemented, waived, replaced, restructured, repaid, refunded, refinanced or otherwise modified from time to time (including after termination of the Senior Secured Term Loan Facility), including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer whether or not a claim for Post-Petition Interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees

and all other amounts payable thereunder or in respect of, in each case, to the extent secured by a Lien incurred or deemed incurred to secure Indebtedness under the Senior Secured Term Loan Facility constituting Term Priority Obligations pursuant to clause (2) under heading "Liens" in this "Description of Exchange Notes" and (ii) all other Obligations of the Issuer or any of its Restricted Subsidiaries in respect of Hedging Obligations or Obligations in respect of cash management services in each case owing to a Person that is a holder of Indebtedness described in clause (i) above or an Affiliate of such holder at the time of entry into such Hedging Obligations or Obligations in respect of cash management services.

"Term Priority Documents" means the Term Priority Credit Documents, the First Lien Secured Notes Indenture and all other documents governing Term Priority Obligations, pursuant to which liens have been granted to secured Term Priority Obligations and all other documents, instruments and agreements executed pursuant to any of the foregoing.

"Term Priority Liens" means all Liens that secure the Term Priority Obligations.

"Term Priority Obligations" means (a) all the Term Priority Credit Obligations, (b) all the First Lien Secured Notes Obligations and (c) all the Additional Term Priority Obligations.

"Test Period" in effect at any time means the Issuer's most recently ended four consecutive fiscal quarters for which internal financial statements are available (as determined in good faith by the Issuer); *provided*, prior to the first date on which financial statements have been furnished, the Test Period in effect will be the period of four consecutive fiscal quarters of the Issuer ended February 3, 2024.

"Total Net Leverage Ratio" means, with respect to any Test Period, the ratio of (a) Consolidated Total Debt outstanding on the last day of such Test Period *minus* an aggregate amount of cash and Cash Equivalents included in the consolidated balance sheet of the Issuer as of such date, excluding cash and Cash Equivalents which are listed as "Restricted" on such balance sheet, to (b) Adjusted EBITDA of the Issuer for such Test Period, in each case on a *pro forma* basis with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"Transaction Expenses" means any fees, expenses, costs or charges incurred or paid by the Investor, any Parent Company, the Issuer or any Restricted Subsidiary in connection with the Transactions, including expenses in connection with hedging transactions, if any, payments to officers, employees and directors as change of control payments, severance payments, special or retention bonuses and charges for repurchase or rollover of, or modifications to, stock options and/or restricted stock.

"Transactions" has the meaning given to such term in the Offering Memorandum and includes the payment of Transaction Expenses.

"Treasury Rate" means, as of any Redemption Date, the yield to maturity as of the earlier (a) such Redemption Date or (b) the date on which such Exchange Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Selected Interest Rates (Daily) – H.15 release that has become publicly available at least two Business Days prior to the Redemption Date (or, if such release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to June 15, 2027; *provided*, if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-777bbbb).

"UCC" means Uniform Commercial Code as in effect from time to time in the relevant jurisdiction.

"Uniform Commercial Code" means the Uniform Commercial Code or any successor provision thereof as the same may from time to time be in effect in the State of New York.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless at the time of such designation, such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); *provided*:

(1) such designation complies with the covenants described under "—Certain Covenants—Limitation on Restricted Payments;" and

(2) each of (a) the Subsidiary to be so designated and (b) its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than Equity Interests in an Unrestricted Subsidiary).

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, immediately after giving effect to such designation, no Default will have occurred and be continuing and either:

(1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or

(2) the Fixed Charge Coverage Ratio for the Issuer would be equal to or greater than such ratio for the Issuer immediately prior to such designation, in each case, on a *pro forma* basis taking into account such designation.

"U.S. Retail" means USR Parent Inc. and the other entities affiliated with the Investor that operate the US retail business of Staples.

"US Retail Divestiture" means the sale by Staples Inc. to entities affiliated with the Investor of certain subsidiaries of Staples that operate the US retail business of Staples in connection with the closing of the transactions contemplated by the 2017 Transaction Agreement.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient (in number of years) obtained by dividing:

(1) the sum of the products obtained by multiplying (i) the number of years (calculated to the

nearest one-twenty-fifth) from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock, by (ii) the amount of such payment; by

(2) the sum of all such payments;

provided, for purposes of determining the Weighted Average Life to Maturity of any Indebtedness that is being extended, replaced, refunded, refinanced, renewed or defeased (the "Applicable Indebtedness"), the effects of any amortization or prepayments made on such Applicable Indebtedness prior to the date of the applicable extension, replacement, refunding, refinancing, renewal or defeasance will be disregarded.

"Wholly-Owned Restricted Subsidiary" is any Wholly-Owned Subsidiary that is a Restricted Subsidiary.

"Wholly-Owned Subsidiary" of any Person means a Subsidiary of such Person, 100.0% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares of Capital Stock of Foreign Subsidiaries issued to foreign nationals as required under applicable law) is at the time owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

Book Entry, Delivery and Form

The Exchange Notes are being offered to persons reasonably believed to be QIBs in reliance on Rule 144A ("Rule 144A Notes") and non-U.S. persons, in transactions outside the United States, in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, all the Exchange Notes will be issued in registered, global form in minimum denominations of $2,000 and integral multiples of $1.00 in excess of $2,000. Exchange Notes will be issued at the Settlement Date.

Rule 144A Notes initially will be represented by one or more global notes in registered form without interest coupons (collectively, "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more temporary global notes in registered form without interest coupons (collectively, "Regulation S Temporary Global Notes"). Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Distribution Compliance Period"), beneficial interests in the Regulation S Temporary Global Notes may be held only through the Euroclear, as operator of the Euroclear System and Clearstream (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below under "—Exchanges Among Global Notes." Within a reasonable time period after the expiration of the Distribution Compliance Period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (collectively, the "Regulation S Permanent Global Notes" and, together with the Regulation S Temporary Global Notes, the "Regulation S Global Notes") upon delivery to DTC of certification of compliance with the transfer restrictions applicable to the Exchange Notes and in reliance on Regulation S as provided in the Exchange Notes Indenture.

The Rule 144A Global Notes and Regulation S Global Notes are collectively referred to herein as "Global Notes."

Rule 144A Global Notes and Regulation S Temporary Global Notes will be deposited upon issuance with Computershare Trust Company, National Association, as the Exchange Notes Trustee, as custodian for DTC and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in Rule 144A Global Notes may not be exchanged for beneficial interests in Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges Among Global Notes." Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Except in the limited circumstances described below, beneficial interests in Global Notes may not be exchanged for notes in certificated form and owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of notes in certificated form. See "—Exchange of Global Notes for Certificated Notes."

Global Notes (including beneficial interests in the Exchange Notes they represent) will be subject to certain restrictions on transfer and will bear restrictive legends as described under "Transfer Restrictions." In addition, transfers of beneficial interests in Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. None of the Issuer, the Exchange Notes Trustee or its or their agents take any responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that it is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member

of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (collectively, the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Direct Participants may beneficially own securities held by or on behalf of DTC only through the Direct Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Direct Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Rule 144A Global Notes and the Regulation S Temporary Global Notes, DTC will credit the accounts of Direct Participants designated by the Dealer Managers with portions of the principal amount of the Rule 144A Global Notes and the Regulation S Temporary Global Notes; and

(2) ownership of these interests in Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Direct Participants) or by the Direct Participants and the Indirect Participants (with respect to other owners of beneficial interests in Global Notes).

Investors in Rule 144A Global Notes who are Direct Participants may hold their interests therein directly through DTC. Investors in Rule 144A Global Notes who are not Direct Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Direct Participants in DTC. All interests in a Global Note may be subject to the procedures and requirements of DTC. Investors in Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Distribution Compliance Period (but not earlier), investors may also hold interests in Regulation S Global Notes through Direct Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream, which in turn hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Interests in a Global Note held through Euroclear or Clearstream may be subject to the procedures and requirements of those systems (as well as to the procedures and requirements of DTC). The laws of some states require that certain persons take physical delivery in definitive form of securities that they own and the ability to transfer beneficial interests in a Global Note to persons that are subject to those requirements will be limited to that extent. Because DTC can act only on behalf of Direct Participants, which in turn act on behalf of Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in Global Notes will not have notes registered in their names, will not receive physical delivery of definitive notes in registered certificated form ("Certificated Notes") and will not be considered the registered owners or "Holders" thereof under the Exchange Notes Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the Exchange Notes Indenture. Under the terms of the Exchange Notes Indenture, the Issuer, the Exchange Notes Trustee, the Exchange Notes Collateral Agent, the registrar, the paying agent and the transfer agent (together with the registrar and the paying agent, the "Agents") will treat the persons in whose names the Exchange Notes, including the Global Notes, are registered as the owners of such notes for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Exchange Notes Trustee, the Agents nor any agent of the Issuer, the Exchange Notes Trustee or any Agent has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Direct Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Direct Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Direct Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Exchange Notes (including principal and interest), is to credit the accounts of the relevant Direct Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Direct Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Direct Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Direct Participants or the Indirect Participants and will not be the responsibility of DTC, the Exchange Notes Trustee, the Agents or the Issuer. None of the Issuer, the Exchange Notes Trustee or the Agents will be liable for any delay by DTC or any of its Direct Participants in identifying the beneficial owners of any notes, and the Issuer and the Exchange Notes Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between Direct Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Exchange Notes described herein, cross-market transfers between the Direct Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of notes only at the direction of one or more Direct Participants to whose account DTC has credited the interests in the Global Notes and only in respect of the portion of the aggregate principal amount of the Exchange Notes as to which that Direct Participant or those Direct Participants has or have given the relevant direction. However, if there is an Event of Default under the Exchange Notes, DTC reserves the right to exchange the Global Notes in respect of such notes for legended notes in certificated form, and to

distribute such notes to its Direct Participants. Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in Global Notes among Direct Participants, they are under no obligation to perform or to continue to perform such procedures, and may discontinue or change such procedures at any time.

None of the Issuer, the Exchange Notes Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear, Clearstream or their respective Direct Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for a Certificated Note if:

- DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the applicable Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in each case, a successor depositary is not appointed;

- the Issuer, at its option, notifies the Exchange Notes Trustee in writing that the Issuer elects to cause the issuance of Certificated Notes; *provided* that in no event shall Regulation S Temporary Global Notes be exchanged for Certificated Notes prior to (a) the expiration of the Distribution Compliance Period and (b) the receipt of any certificates required under the provisions of Regulation S); or

- there has occurred and is continuing an event of default with respect to such notes and DTC has requested the issuance of Certificated Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Exchange Notes Trustee by or on behalf of DTC in accordance with the Exchange Notes Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in a Global Note will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

In connection with any proposed transfer of beneficial interests in a Global Note to Certificated Notes, there shall be provided to the Exchange Notes Trustee all information necessary to allow the Exchange Notes Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code (as defined herein). The Exchange Notes Trustee may rely on the information provided to it any shall have no responsibility to verify or ensure the accuracy of such information.

Exchange of Certificated Notes for Global Notes

If Certificated Notes are issued in the future, they will not be exchangeable for beneficial interests in any Global Note unless the transferor first delivers to the Issuer and the Exchange Notes Trustee a written certificate (in the form provided in the Exchange Notes Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Exchange Notes being transferred. See “Transfer Restrictions.”

Exchanges Among Global Notes

Beneficial interests in a Regulation S Temporary Global Note may be exchanged for beneficial interests in a Regulation S Permanent Global Note only after the expiration of the Distribution Compliance

Period and then only upon provision of the certification described above under "—Certifications by Holders of the Regulation S Temporary Global Notes."

Prior to the expiration of the Distribution Compliance Period, beneficial interests in a Regulation S Global Note may be exchanged for beneficial interests in a Rule 144A Global Note only if:

- such exchange occurs in connection with a transfer of the Exchange Notes pursuant to Rule 144A; and
- the transferor first delivers to the Issuer and the Exchange Notes Trustee a written certificate (in the form provided in the Exchange Notes Indenture) to the effect that the Exchange Notes are being transferred:
- to a person who (i) the transferor reasonably believes to be a QIB within the meaning of Rule 144A and (ii) is purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A; and
- in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Issuer and the Exchange Notes Trustee a written certificate (in the form provided in the Exchange Notes Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between a Regulation S Global Note and a Rule 144A Global Note will be effected in DTC by means of an instruction originated by the DTC Direct Participant through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect the changes in the principal amounts of the Regulation S Global Note and the Rule 144A Global Note, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in the original Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in the other Global Note for so long as it remains such an interest.

Same Day Settlement and Payment

The Issuer will make payments in respect of notes represented by Global Notes, including payments of principal, premium, if any, and interest by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. The Issuer will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Certificated Notes or, if no such account is specified, by mailing a check to such Holder's registered address. Notes represented by Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, credits of interests in the Global Notes received in Euroclear or Clearstream as a result of a transaction with a Direct Participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such

credits or any transactions involving interest in such Global Notes settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such business day. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear participant or a Clearstream participant to a Direct Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Transfer Restrictions

The Exchange Notes and the guarantees are subject to restrictions on transfer as summarized below. Holders of the Old Notes that exchange their Old Notes for the Exchange Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Exchange Notes. By submitting or sending an Agent's Message in connection with the tender of the Old Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Dealer Managers:

(1) You acknowledge that:

- the Exchange Notes and the related guarantees have not been and will not be registered under the Securities Act, or the securities laws of any state or any other jurisdiction and the Issuer is under no obligation to so register the Exchange Notes; and

- unless so registered, the Exchange Notes may not be offered, sold, pledged or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (5) below. Accordingly, the Exchange Notes are being offered and issued only (i) to persons reasonably believed to be QIBs in a private transaction in reliance on an exemption from the registration requirements of the Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) outside the United States to persons other than U.S. persons who will be required to make certain representations to the Issuer and others prior to the investment in the Exchange Notes in reliance on Regulation S under the Securities Act.

(2) You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in material respects with the SEC rules and regulations that would apply to an offering document relating to a registered public offering of securities.

(3) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a QIB and are purchasing notes for your own account or for the account of another QIB, and you are aware that the Exchange Notes are being offered to you in reliance on Rule 144A; or

- you are not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing the Exchange Notes in an offshore transaction outside of the United States in accordance with Regulation S.

(4) You acknowledge that neither the Issuer nor the Dealer Managers nor any person representing us or the Dealer Managers have made any representation to you with respect to us or the offering of the Exchange Notes, other than the information contained in this Offering Memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Dealer Managers as to the accuracy or completeness of such materials. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Exchange Offer, the Consent Solicitation and the Exchange Notes. You agree that you have had access to such financial and other information concerning us, the Exchange Offer, the Consent Solicitation, the Exchange Notes and the related guarantees as you have deemed necessary in connection with your decision to acquire the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and deliver the Consent in the Consent Solicitation, including an opportunity to ask questions of and request information from us.

(5) You represent that you are acquiring the Exchange Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Exchange Notes and the related guarantees in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Exchange Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are acquiring the Exchange Notes, and each subsequent holder of the Exchange Notes by its acceptance of the Exchange Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Exchange Notes may be offered, sold, pledged or otherwise transferred only:

(a) to the Issuer or any of its subsidiaries;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Exchange Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a QIB that is purchasing the Exchange Notes for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales to non-U.S. persons that occur outside the United States in an offshore transaction in compliance with and within the meaning of Regulation S; or

(e) under any other available exemption from the registration requirements of the Securities Act; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control and in compliance with any applicable state securities laws.

You also acknowledge that to the extent that you hold the Exchange Notes through an interest in a Global Note, the Resale Restriction Period may continue until one year after the Issuer, or any affiliate of the Issuer, was the owner of such note or an interest in such Global Note, and so may continue indefinitely.

You also acknowledge that:

- the above restrictions on resale will apply from the Settlement Date until the date that is one year (in the case of Rule 144A notes) after the later of the date the Exchange Notes were issued, the date of issuance of any additional notes and the last date that the Issuer or any of its affiliates were the owner of the Exchange Notes or any predecessor of the Exchange Notes or 40 days (in the case of Regulation S notes) after the later of the date the Exchange Notes were issued, the date of issuance of any additional notes and when the Exchange Notes or any predecessor of the Exchange Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends; and

- the Issuer and the Exchange Notes Trustee reserve the right to require in connection with any offer, sale or other transfer of notes under clauses (c), (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Exchange Notes Trustee; and

- each Exchange Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")), OR (B) IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON (OTHER THAN A DISTRIBUTOR) AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES:* ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [*IN THE CASE OF REGULATION S NOTES:* 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATIONS], ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S OR THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION OF THIS SECURITY (INCLUDING ANY INTEREST HEREIN), THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY (OR ANY INTEREST HEREIN) CONSTITUTES ASSETS OF ANY (A) EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR (C) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLANS, ACCOUNTS AND ARRANGEMENTS (EACH, A "PLAN") OR (2) (A) THE ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN) BY SUCH HOLDER WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAWS, AND (B) NONE OF THE ISSUER, GUARANTORS OR ANY DEALER MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES (EACH, A "TRANSACTION PARTY") IS ACTING AS A FIDUCIARY TO ANY PLAN WITH

RESPECT TO THE DECISION TO ACQUIRE OR HOLD THIS SECURITY OR IS UNDERTAKING TO PROVIDE INVESTMENT ADVICE OR GIVE ADVICE OR RECOMMENDATIONS IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO ACQUIRE OR HOLD THIS SECURITY, IN EACH CASE, UNLESS, SOLELY WITH RESPECT TO AN ACQUISITION IN WHICH AN AFFILIATE OF A TRANSACTION PARTY ACTS AS A FIDUCIARY TO THE ACQUIRER, A STATUTORY OR ADMINISTRATIVE EXEMPTION APPLIES (ALL OF THE APPLICABLE CONDITIONS OF WHICH ARE SATISFIED) OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED.

(6) You acknowledge that we, the Dealer Managers, and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by delivery of the Agent's Message is no longer accurate, you will promptly notify the Issuer and the Dealer Managers. If you are acquiring any Exchange Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(7) You represent and warrant that either (i) no portion of the assets used by you to acquire or hold the Exchange Notes (or any interest therein) constitutes assets of any Plan or (ii) (a) your acquisition and holding of the Exchange Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws, and (b) none of the Transaction Parties is acting as a fiduciary to any Plan with respect to the decision to acquire the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and deliver the Consent in the Consent Solicitation or hold the Exchange Notes, or is undertaking to provide investment advice or give advice or recommendations in a fiduciary capacity with respect to the decision to acquire or hold the Exchange Notes, unless, solely with respect to an acquisition in which an affiliate of a Transaction Party acts as a fiduciary to the acquirer, a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited.

(8) You agree that you will give to each person to whom you transfer the Exchange Notes offered hereby notice of any restrictions on transfer of such notes, including those described in this Offering Memorandum and the Exchange Notes Indenture. You acknowledge that no representation is being made as to the availability of the exemption from registration provided by Rule 144A for the resale of the Exchange Notes.

(9) You acknowledge that the Exchange Notes Trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Exchange Notes Trustee that the restrictions set forth herein have been complied with.

(10) You hereby confirm that (a) you have such knowledge and experience in financial and business matters, that you are capable of evaluating the merits and risks of purchasing the Exchange Notes and that you and any accounts for which you are acting are each able to bear the economic risks of your or their investment and (b) you are not acquiring the Exchange Notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; provided that the disposition of your property and the property of any accounts for which you are acting as fiduciary will remain at all times within your control.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below, and collectively, the "Holders") relating to the exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer (the "Exchange"), the Consent Solicitation, and the ownership and disposition of the Exchange Notes acquired pursuant to the Exchange Offer, but does not purport to be a complete analysis of all potential U.S. federal income tax considerations. This summary is based on the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the U.S. Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the U.S. Internal Revenue Service ("IRS") and other applicable authorities, all as in effect as of the date of this document, and all of which are subject to change. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax considerations discussed below. We have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will not challenge any of the conclusions set forth herein or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary assumes that Holders own their Old Notes and will own Exchange Notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment) and, with respect to holders of Exchange Notes, applies only to holders of Exchange Notes who received their Exchange Notes in exchange for Old Notes pursuant to the Exchange Offer. This summary is general in nature and does not purport to deal with all aspects of U.S. federal income taxation or other tax considerations that might be relevant to Holders in light of their particular circumstances or status, nor does it address tax considerations applicable to Holders that may be subject to special treatment under the U.S. federal income tax laws, such as banks or other financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in currencies or securities that use a mark-to-market method of tax accounting, U.S. expatriates, non-U.S. trusts and estates that have U.S. beneficiaries, U.S. Holders that hold notes through a non-U.S. broker or other U.S. intermediary, "controlled foreign corporations," "passive foreign investment companies," governments and their controlled entities, persons subject to the personal holding company or accumulated earnings rules, taxpayers subject to the anti-inversion rules, U.S. Holders whose Exchange would be subject to the "wash sale" rules, taxpayers subject to alternative minimum tax and persons subject to special tax accounting rules as a result of any item of gross income with respect to notes being taken into account in an "applicable financial statement" (as defined in section 451 of the Code). This summary also does not discuss notes held as part of a hedge, straddle, synthetic security or other integrated transaction, or situations in which the "functional currency" of a U.S. Holder is not the United States dollar. Moreover, this summary does not discuss any consequences resulting from the Medicare tax on net investment income or the effect of any applicable federal estate or gift, state, local or non-U.S. tax laws. Finally, this summary does not discuss any terms contained in the Support Agreement entered into between the Issuer and the Supporting Noteholders.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes participated in the Exchange Offer, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partner and such partnership. An entity or arrangement classified as a partnership for U.S. federal income tax purposes, and beneficial owners of any such entity or arrangement, that holds Old Notes or will hold Exchange Notes should consult its tax advisors regarding the tax consequences of the Exchange Offer and the ownership and disposition of Exchange Notes acquired pursuant to the Exchange Offer.

THIS SUMMARY IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. YOU SHOULD CONSULT YOUR TAX ADVISOR WITH REGARD TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS, AS WELL AS THE APPLICATION OF

NON-INCOME TAX LAWS AND THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION.

Treatment of the Early Exchange Consideration

The difference between the Early Exchange Consideration and the Late Exchange Consideration is limited to the principal amount of Exchange Notes that will be exchanged for each $1,000 principal amount of Old Notes and the option to elect for partial cash consideration in the Early Exchange Consideration. While it is not free from doubt, we do not intend to treat the difference in the amount of consideration or the option to elect for partial cash consideration as a separate fee received for early participation in the Exchange Offer. Instead, we intend to treat such difference as additional consideration for tendered Old Notes in the Exchange which generally would be taken into account in determining such U.S. Holder's amount realized on the exchange of such Old Notes for Exchange Notes as described below under "—Tax Consequences to Tendering U.S. Holders—Tax Consequences to U.S. Holders That Participate in the Exchange Offer." There can be no assurance, however, that the IRS will not successfully challenge that position. If this position were challenged by the IRS, or an applicable withholding agent disagreed with our position, a U.S. Holder (as defined below) may be treated as a receiving a separate fee taxable as ordinary income and a Non-U.S. Holder (as defined below) may be subject to U.S. federal withholding tax in respect of the incremental amount of Exchange Notes. The remainder of this discussion assumes that our treatment of the Early Exchange Consideration is correct.

Effect of Certain Contingencies on the Exchange Notes

In certain circumstances we may be obligated to pay amounts in excess of stated interest or principal on the Exchange Notes (e.g., as described under "Description of Exchange Notes—Change in Control"). Although the issue is not free from doubt, we intend to take the position that the possibility of such payments with respect to the Exchange Notes does not result in the Exchange Notes being treated as contingent payment debt instruments under the applicable U.S. Treasury regulations. Our position that the Exchange Notes are not contingent payment debt instruments is binding on a holder, unless the holder explicitly discloses to the IRS on its tax return that it is taking a different position. However, this determination is inherently factual and we can give you no assurance that our position would be sustained if challenged by the IRS. If the IRS takes a contrary position, a Holder of an Exchange Note treated as a contingent payment debt instrument may be required to accrue interest income based upon a "comparable yield" (as defined in the U.S. Treasury regulations) determined at the time of issuance of the Exchange Note, which may be at a rate in excess of the stated interest and any otherwise applicable OID, with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Exchange Note would be treated as interest income rather than as capital gain. This summary assumes that the Exchange Notes will not be considered contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application of the contingent payment debt regulations to the Exchange Notes and the consequences thereof.

Tax Consequences to Tendering U.S. Holders

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of an Old Note that is, or is treated as, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- an entity treated as a corporation created or organized under the laws of the United States or any state thereof of the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons has the authority to control all of its substantial decisions, or (ii) a valid election is in place under applicable U.S. Treasury regulations to treat such trust as a domestic trust.

Tax Consequences to U.S. Holders That Participate in the Exchange Offer

The Exchange will constitute a disposition of the Old Notes for U.S. federal income tax purposes if the Exchange results in a "significant modification" of the Old Notes within the meaning of applicable U.S. Treasury regulations (which will be taxable, unless treated as a recapitalization, as discussed further below) and/or if a U.S. Holder received cash in the Early Exchange Consideration. Under U.S. federal income tax law, a modification of a debt instrument (whether effected pursuant to an amendment to the terms of a debt instrument or an actual exchange of an existing debt instrument for a new debt instrument) is a significant modification of the existing debt instrument and results in an exchange of the existing debt instrument for a new debt instrument for U.S. federal income tax purposes if, based on all the facts and circumstances and taking into account all modifications of the existing debt instruments collectively, the legal rights and obligations that are altered and the degree to which they are altered are "economically significant."

Notwithstanding this general rule, the U.S. Treasury regulations provide that a modification that results in an increase or decrease in yield of a debt instrument that is greater than a specified threshold is a significant modification. Additionally, a change in the timing of payments under a debt instrument, such as extending the maturity date of the debt, will cause a significant modification where the change causes a material deferral of scheduled payments. Based on the difference in economic terms of the Old Notes and the Exchange Notes, including an increase in yield and the extension of the maturity date of the Old Notes, we intend to take the position, and the remainder of this discussion assumes, that the Exchange will constitute a significant modification for U.S. federal income tax purposes.

The Exchange will qualify as a recapitalization for U.S. federal income tax purposes if both the Old Notes and the Exchange Notes are treated as "securities" issued by the same corporation for purposes of the provisions of the Code governing reorganizations. Neither the Code nor the U.S. Treasury regulations defines the term "security," and whether the Old Notes or Exchange Notes qualify as "securities" will depend on the terms and conditions of, and other facts and circumstances relating to such notes and upon the application of numerous judicial decisions. Most authorities have held that the term to maturity of a debt instrument is one of the most significant factors in determining whether it is a "security." In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. The Old Notes had an initial term of eight years and the Exchange Notes will have an initial term of five and a half years. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Although the matter is not free from doubt, we intend to take the position that the exchange of Old Notes for Exchange Notes will be treated a recapitalization and not as a taxable exchange for U.S. federal income tax purposes. The remainder of this discussion assumes that the exchange of Old Notes for Exchange Notes will be considered a recapitalization.

If the Exchange of an Old Note for a Exchange Note pursuant to the Exchange Offer is treated as a recapitalization for U.S. federal income tax purposes, a U.S. Holder would not recognize loss on the exchange and would recognize gain equal to the lesser of (i) the amount of cash consideration received in the Exchange Offer ("boot") and (ii) the gain realized by the U.S. Holder (i.e., the excess of the "issue price" (as defined below) of the Exchange Notes plus the amount of any cash consideration received over the U.S. Holder's adjusted tax basis in the Old Notes surrendered in the Exchange). Notwithstanding the previous sentence, cash received in the Exchange Offer that is attributable to accrued but unpaid interest in respect of the Old Notes that was not previously included in the U.S. Holder's income will be taxed as

ordinary interest income. The adjusted tax basis of an Old Note generally will equal a U.S. Holder's purchase price for the Old Note, increased by any original issue discount previously accrued and any market discount previously included in income, and reduced by any amortizable bond premium previously amortized and any payments previously received that do not constitute "qualified stated interest." Except as provided below with respect to accrued market discount, any such gain recognized will be long-term capital gain if the U.S. Holder held the Old Notes for more than one year at the time of the Exchange. Long-term capital gains of a non-corporate taxpayer may be taxed at a preferential rate. The deductibility of capital losses is subject to limitations. A U.S. Holder's holding period for the Exchange Notes received will include the period of time during which the U.S. Holder held the corresponding Old Notes, and a U.S. Holder's initial tax basis in the Exchange Notes will equal the adjusted tax basis in the Old Notes immediately prior to the Exchange, decreased by the amount of any boot received and increased by the amount of gain, if any, recognized by the U.S. Holder in respect of the Exchange.

An exception to the capital gain treatment described above may apply to a U.S. Holder who purchased an Old Note at a "market discount." A U.S. Holder has market discount on its Old Notes if they were purchased for an amount less than their stated redemption price at maturity, subject to a statutory *de minimis* exception. In general, unless a U.S. Holder has elected to include market discount in income currently as it accrues, a portion of the gain, if any, recognized on the exchange of Old Notes having market discount for Exchange Notes up to the amount of such accrued market discount (determined on a straight-line basis or, at the election of the U.S. Holder, on a constant-yield basis) will be treated as ordinary income and will not receive capital gain treatment. Any unrecognized accrued market discount on the Old Notes remaining after the Exchange would generally carry over to the Exchange Notes, although some of the un-accrued market discount may effectively be converted into original issue discount. The application of the market discount rules to recapitalizations in certain scenarios is unclear. U.S. Holders who acquired their Old Notes other than at original issuance should consult their tax advisors regarding the possible application of the market discount rules of the Code to the Exchange.

If, contrary to our expectations, the Exchange does not qualify as a recapitalization and is treated as a taxable exchange for U.S. federal income tax purposes, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between the amount realized on the Exchange and the U.S. Holder's adjusted tax basis in the Old Notes exchanged therefor. A U.S. Holder's adjusted tax basis in an Old Note generally would equal the U.S. Holder's initial cost of the Old Note, increased by any market discount previously included in income by the U.S. Holder (including in the year of the exchange), and decreased by the amount of any bond premium previously amortized by the U.S. Holder. The amount realized will be equal to the "issue price" (defined below) of the Exchange Notes (as discussed below in "—Ownership of the Exchange Notes by U.S. Holders—Issue Price") increased by any cash consideration received in the Exchange. For these purposes, the amount realized does not include any amount attributable to accrued interest on the Old Notes that has not previously been included in income, which will be taxed as ordinary interest income. A U.S. Holder's holding period for its Exchange Notes would commence on the date immediately following the date of the Exchange. The U.S. Holder's initial tax basis in its Exchange Notes would be the "issue price" of the Exchange Notes received (as discussed below in "—Ownership of the Exchange Notes by U.S. Holders—Issue Price"). Any gain recognized by the U.S. Holder (except to the extent treated as ordinary income under the market discount rules) generally would be capital gain and would be long-term capital gain if the U.S. Holder has held the Old Notes for more than one year on the date of the Exchange. Except as provided above with respect to accrued market discount, any such gain recognized will be long-term capital gain if the U.S. Holder held the Old Notes for more than one year at the time of the Exchange. Long-term capital gains of a non-corporate taxpayer may be taxed at a preferential rate. The deductibility of capital losses is subject to limitations.

Ownership of the Exchange Notes by U.S. Holders

Issue Price

The determination of the "issue price" of the Exchange Notes received in the Exchange will depend on whether such Exchange Notes (or the Old Notes) are treated as traded on an established

securities market ("***publicly traded***") under the applicable U.S. Treasury regulations. In general, an issue of debt instruments will be treated as publicly traded if there is a sale price or one or more firm or indicative quotes available for such debt instrument within certain time periods prescribed by the U.S Treasury regulations. If the Exchange Notes are treated as publicly traded for U.S. federal income tax purposes, the issue price of the Exchange Notes will equal the fair market value of the Exchange Notes, determined by (x) actual sale prices, to the extent there are any; (y) if there are no sale prices, firm quotes; and (z) if there are no firm quotes, indicative quotes, unless such indicative quotes are not fairly reflective of the fair market value as of the issuance date, in which case another methodology to determine fair market value would be utilized. If the Exchange Notes are not publicly traded and the Old Notes are treated as publicly traded for U.S. federal income tax purposes, the issue price of the Exchange Notes will equal the fair market value of the Old Notes surrendered in exchange therefor on the Settlement Date, based on the same hierarchy of sale prices, quotes, or other valuation determinations, as the case may be. If neither the Exchange Notes nor the Old Notes are treated as publicly traded for U.S. federal income tax purposes, the issue price of the Exchange Notes will be their stated principal amount. While not free from doubt, we believe it is reasonably likely that the Exchange Notes will be treated as publicly traded for U.S. federal income tax purposes (or if not, that the Old Notes will be so treated), in part because the Old Notes would be treated as publicly traded under these rules as of the date of this Offering Memorandum in light of available pricing information. If that is the case, the issue price of the Exchange Notes will be determined by their fair market value, as described above. After consummation of the Exchange Offer, we will make available the issue price of the Exchange Notes in connection with the Exchange Offer. You may obtain the issue price of the Exchange Notes by submitting a written request for such information to Staples, Inc., 500 Staples Drive, P.O. Box 9271, Framingham, Massachusetts 01701 United States, Attn: Cristina Gonzalez, Chief Legal Officer, or via email at: Cristina.Gonzalez@Staples.com.

Payments of interest

Except as described below with respect to OID, qualified stated interest ("QSI") on the Exchange Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest is generally QSI if it is unconditionally payable in cash or other property (other than debt instruments of the Issuer) at fixed intervals of one year or less during the entire term of the instrument.

OID

To the extent the issue price of the Exchange Notes is less than the stated principal amount of such Exchange Notes by more than a statutory de minimis amount, the Exchange Notes will be treated as issued with OID for U.S. federal income tax purposes. A U.S. Holder (whether a cash or accrual method taxpayer) generally will be required to include the OID in gross income (as ordinary income) as the OID accrues (on a constant yield to maturity basis), in advance of the holder's receipt of cash payments attributable to this OID. See discussion below regarding acquisition premium and amortizable bond premium for rules that could reduce or eliminate the amount of OID that may be includable in gross income. The rules regarding OID are complex. You should consult your own tax advisors regarding the consequences of OID, including the amount of OID that you would include in gross income for a taxable year.

Market Discount

If a U.S. Holder's tax basis in the Exchange Notes received in the Exchange is less than the issue price of the Exchange Notes, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than the statutorily defined de minimis amount or the Exchange Notes are received in an exchange treated as a recapitalization for Old Notes that were not purchased with market discount, in which case the market discount will be treated as zero. In addition, as noted above under "Tax Consequences to Tendering U.S. Holders—Tax Consequences to U.S. Holders Who Participate in the Exchange Offer," to the extent the Exchange is treated as a

recapitalization and a U.S. Holder had accrued market discount with respect to its Old Notes at the time of the Exchange, (i) any unrecognized accrued market discount not previously included in income on the Old Notes remaining after the Exchange would generally carry over to the Exchange Notes and (ii) such U.S. Holder would also be treated as having market discount on the Exchange Notes to the extent such U.S. Holder acquired Old Notes after their original issuance at a "market discount" and such U.S. Holder's initial tax basis in the Exchange Notes is less than their issue price by more than a de minimis amount.

If the Exchange Notes have market discount, a U.S. Holder generally will be required to treat any principal payment, any payment that is not stated interest or any gain on the sale or other taxable disposition of such Exchange Notes as ordinary income to the extent of the market discount accrued on such notes at the time of the payment or disposition unless the U.S. Holder has previously included this market discount in income. If a U.S. Holder disposes of Exchange Notes with respect to which there is market discount in one of certain nontaxable transactions, accrued market discount will be includible as ordinary income as if the U.S. Holder had sold such notes in a taxable transaction at their then fair market value. In addition, a U.S. Holder may be required to defer, until the maturity of the Exchange Notes or their earlier disposition (including in one of certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such notes.

Acquisition Premium

If immediately after the Exchange, a U.S. Holder's tax basis in the Exchange Notes received in the Exchange is greater than the issue price but less than or equal to the stated redemption price at maturity of such notes, the holder will be considered to have acquired such notes with "acquisition premium." Under the acquisition premium rules, the amount of OID, if any, that the holder must include in gross income with respect to such notes for any taxable year will be reduced by the portion of acquisition premium properly allocable to such taxable year.

Amortizable Bond Premium

If, immediately after the Exchange, a U.S. Holder has an adjusted tax basis in the Exchange Notes in excess of the stated redemption price at maturity of such notes, then such notes will be treated as acquired by such U.S. Holder with "bond premium." In this case, such holder would not be required to include any OID in gross income in respect of such notes. In addition, subject to the limitation noted below, such U.S. Holder generally may elect to amortize such bond premium as an offset to cash interest on such notes, using a constant yield method prescribed under applicable U.S. Treasury regulations, over the remaining term of such notes. Because of the optional redemption feature of the Exchange Notes, any value of the amortizable bond premium may be adversely affected. U.S. Holders should consult their tax advisors regarding the availability of an election to amortize bond premium for U.S. federal income tax purposes and the extent to which any amortization deductions may be deferred or limited because of our right to call the Exchange Notes at a premium to their stated principal amount.

If a U.S. Holder elects to amortize bond premium, such holder must reduce its basis in the Exchange Notes by the amount of the premium amortized. Once such holder makes an election to amortize bond premium for one taxable premium bond, the election applies to all taxable premium bonds owned by such holder during that tax year and all subsequent tax years. If a U.S. Holder makes a constant yield election (as described under "OID," above) for Exchange Notes with amortizable bond premium, that election will result in a deemed election to amortize bond premium for all of the U.S. Holder's debt instruments with amortizable bond premium, and may be revoked only with the permission of the IRS with respect to debt instruments acquired after revocation.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange, retirement, redemption or other taxable disposition of the Exchange Notes, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between (i) the amount realized on such disposition (other than any amounts attributable to accrued but unpaid

interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the Exchange Notes immediately before the disposition. A U.S. Holder's adjusted tax basis generally will be equal to the holder's initial tax basis in the Exchange Notes, increased by any market discount and OID previously included in such holder's gross income and decreased by any bond premium amortized by such holder with respect to such notes. Except to the extent of any accrued market discount on the Exchange Notes (or carried over from the Old Notes) with respect to which any gain will be treated as ordinary income, as described above under "Tax Consequences to U.S. Holders Who Participate in the Exchange Offer" and "Ownership of the Exchange Notes by U.S. Holders—Market Discount," a U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss to the extent the U.S. Holder's holding period for such notes (including the holding period for the Old Notes exchanged therefor to the extent the Exchange qualified as a recapitalization with respect to such Old Notes) is more than one year. Such capital gain or loss will be short-term capital gain or loss to the extent the U.S. Holder's holding period for such notes is one year or less. Certain non-corporate U.S. Holders are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Information reporting and backup withholding

In general, information reporting will apply to the payment of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note, as well as any OID, to U.S. Holders other than exempt recipients. Additionally, the payor of such payments (which may be us or an intermediate payor) may be required to impose backup withholding on such payments at a rate of 24% unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Each U.S. Holder may provide its correct taxpayer identification number and certify that such U.S. Holder is not subject to backup withholding by completing IRS Form W-9. Backup withholding is not an additional tax, and the amount of any backup withholding from such payments may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Tax Consequences to Tendering Non-U.S. Holders

For purposes of this discussion, the term "Non-U.S. Holder" means a beneficial owner of an Old Note that is an individual, corporation, estate or trust and that is not a U.S. Holder.

Tax Consequences to Non-U.S. Holders That Participate in the Exchange Offer

The determination of whether an exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer is a taxable event, is treated as a fully taxable disposition or qualifies as a recapitalization for U.S. federal income tax purposes for Non-U.S. Holders is subject to the same rules as for U.S. Holders as described above under "*—Tax Consequences to U.S. Holders That Participate in the Exchange Offer.*" A Non-U.S. Holder will generally not be subject to tax on any gain recognized on the exchange of Old Notes for Exchange Notes (and partial cash consideration if elected in the Early Exchange Consideration), except to the extent described below under "—Ownership of the Exchange Notes by Non-U.S. Holders" and "—Sale, Exchange or Other Taxable Disposition," treating the references therein to the Exchange Notes as references to the Old Notes. Amounts attributable to accrued but unpaid interest on the Old Notes will be treated as ordinary interest income and will generally be subject to the rules described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Payments on the Exchange Notes," treating the reference therein to the Exchange Notes as references to the Old Notes.

Ownership of the Exchange Notes by Non-U.S. Holders

Payments on the Exchange Notes

Subject to the discussions of backup withholding and FATCA below, payments of interest (including OID) to a Non-U.S. Holder that are not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- the Non-U.S. Holder is not a "controlled foreign corporation" related to us, actually or constructively through stock ownership;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- either (a) the Non-U.S. Holder provides an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder or (b) the Non-U.S. Holder holds the Exchange Notes through certain foreign intermediaries and satisfy the certification requirements of applicable U.S. Treasury regulations.

If a Non-U.S. Holder does not qualify for an exemption from withholding tax under the preceding paragraph, interest (including OID) on the Exchange Notes paid to a Non-U.S. Holder, which interest (including OID) is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder, will generally be subject to withholding of U.S. federal income tax at a 30% rate unless reduced under an applicable income tax treaty and the Non-U.S. Holder claims the benefit of that treaty by providing an applicable IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest (including OID) paid to a Non-U.S. Holder on the Exchange Notes or any gain recognized by a Non-U.S. Holder on an exchange of such notes (including, in the Exchange Offer, with respect to any cash elected to be received as part of the Early Exchange Consideration), 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 amounts are attributable), then the Non-U.S. Holder will be subject to U.S. federal income tax on such amounts generally in the same manner as if such Non-U.S. Holder were a U.S. Holder. In addition, if the Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, the Non-U.S. Holder may be subject to a branch profits tax on its effectively connected earnings and profits, subject to adjustments, at a rate of 30% (or such lower rate specified by an applicable income tax treaty).

Sale, Exchange or Other Taxable Disposition

Subject to the discussions of backup withholding and FATCA below, a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of the Exchange Notes (other than any amount representing accrued but unpaid interest on such notes, which is subject to the rules discussed above under "—Ownership of the Exchange Notes by Non-U.S. Holders—Payments on the Exchange Notes") unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the Non-U.S. Holder, or

- in the case of a Non-U.S. Holder that is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, then unless an applicable income tax treaty provides otherwise, the holder will be taxed on the net gain derived from the disposition of the Exchange Notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above.

If an individual Non-U.S. Holder falls under the second of these exceptions, the holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which the gain derived from the disposition exceeds certain capital losses of such holder allocable to sources within the United States for the taxable year of the sale or disposition.

Information Reporting and Backup Withholding

The amount of interest on the Exchange Notes paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the Non-U.S. Holder is resident.

Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E or applicable successor form) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding tax with respect to interest payments on, and the proceeds from a disposition of, Exchange Notes unless the applicable withholding agent knows or has reason to know that the holder is a U.S. person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of such notes are as follows:

- If the proceeds are paid to or through the United States office of a broker, a Non-U.S. Holder generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E or applicable successor form) or otherwise establishes an exemption.

- If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and does not have certain specified U.S. connections (a "U.S. Related Person"), a Non-U.S. Holder will not be subject to backup withholding or information reporting.

- If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. Related Person, a Non-U.S. Holder generally will be subject to information reporting (but generally not backup withholding) unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E or applicable successor form) 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 credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current U.S. Treasury regulations.

FATCA

Under sections 1471 to 1474 of the Code (commonly referred to as "FATCA"), U.S. federal withholding tax of 30% is generally imposed on interest income (including OID) paid on a debt obligation issued by a United States corporation, to (i) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner, as defined in the Code), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country, or (ii) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10% of the entity, or such entity otherwise qualifies for an exemption from these rules. An intergovernmental agreement between the United States and the applicable foreign country, or future U.S. Treasury regulations or other guidance, may modify these requirements.

Withholding under FATCA generally will apply to payments of interest (including OID) on the Exchange Notes regardless of when such payments are made. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of a note, proposed U.S. Treasury regulations would eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed U.S. Treasury regulations until final U.S. Treasury regulations are issued. Holders should consult with their own tax advisors regarding the application of FATCA to their investment in such notes.

Tax Consequences of the Consent Solicitation

The U.S. federal income tax consequences to a Holder that does not participate in the Exchange will depend on whether the Proposed Amendments are adopted and, if so, whether such adoption results in a "significant modification" of the Old Notes, and thus a deemed exchange of the Old Notes for "new" notes for U.S. federal income tax purposes. Under applicable U.S. Treasury regulations, the modification of a debt instrument generally is a significant modification if, based on the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are "economically significant." A modification of a debt instrument will not result in a deemed exchange unless such modification is a significant modification. The applicable U.S. Treasury regulations provide that a modification of a debt instrument that adds, deletes or alters "customary accounting or financial covenants" is not a significant modification.

Although the issue is not free from doubt, the Issuer intends to take the position that the Proposed Amendments, taken together, are not "economically significant" and, consequently, the adoption of the Proposed Amendments will not cause a significant modification to the terms of the Old Notes for U.S. federal income tax purposes and thus will not cause a deemed exchange of the Old Notes. In particular, this position is based on, among other factors, the Issuer's assessment that certain of the Proposed Amendments should be treated as a modification of a customary accounting or financial covenant under the applicable U.S. Treasury regulations. Assuming that the adoption of the Proposed Amendments does not cause a deemed exchange, then (i) a Holder would not recognize any gain or loss, for U.S. federal income tax purposes, as a result of such adoption, regardless of whether the Holder is a consenting holder, and (ii) a Holder would have the same adjusted tax basis, accrued market discount (if any), and holding period with respect to its Old Notes that such Holder had immediately before the adoption of the Proposed Amendments.

Although, as discussed above, the Issuer intends to take the position that the adoption of the Proposed Amendments will not cause a deemed exchange of the Old Notes, there can be no assurance that the IRS or a court would agree with such conclusion. If the adoption of the Proposed Amendments does give rise to a significant modification, the adoption of the Proposed Amendments would result in a "deemed" exchange of the Old Notes for U.S. federal income tax purposes. This deemed exchange would be taxable to a U.S. Holder of Old Notes for U.S. federal income tax purposes unless such exchange qualifies as a recapitalization as discussed above. The U.S. federal income tax consequences of a deemed exchange are complex and could include recognition of taxable gain or loss to Holders. Holders should consult their own tax advisors as to the specific U.S. federal, state, local, and non-U.S. tax consequences of a deemed exchange upon the adoption of the Proposed Amendments.

Certain Considerations for ERISA and Other U.S. Benefit Plan Investors

The following is a summary of certain considerations associated with the acquisition (including the exchange of Old Notes for Exchange Notes) and holding of the Exchange Notes by employee benefit plans that are subject to Title I of ERISA, plans, individual retirement accounts ("IRAs") and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of any such plans, accounts and arrangements (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice to an ERISA Plan for a fee or other compensation (direct or indirect), is generally considered to be a fiduciary of the ERISA Plan.

When considering an investment in the Exchange Notes of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any applicable Similar Laws.

Each Plan should consider the fact that none of the Issuer, Guarantors or the Dealer Managers or any of their respective affiliates (collectively, the "Transaction Parties") is acting, or will act, as a fiduciary to any ERISA Plan with respect to the decision to acquire the Exchange Notes (including through the exchange of Old Notes for Exchange Notes) or hold the Exchange Notes (unless, solely with respect to an acquisition in which an affiliate of a Transaction Party acts as a fiduciary to the acquirer, a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited). Except as provided in the immediately preceding sentence, the Transaction Parties are not undertaking to provide investment advice or recommendations based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to acquire the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) or hold the Exchange Notes and are not undertaking to provide investment advice or recommendations, or to give advice or recommendations in a fiduciary capacity, with respect to such decision. The decision to acquire the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and hold the Exchange Notes must be made solely by each prospective Plan acquirer on an arm's length basis.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person, including a fiduciary, of an ERISA Plan who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The acquisition of the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and/or holding of the Exchange Notes by an ERISA Plan with respect to which a Transaction Party is considered a party in interest or a disqualified person may constitute or result in a

direct or indirect prohibited transaction in violation of Section 406 of ERISA and/or Section 4975 of the Code, unless the Exchange Notes are acquired and held in accordance with an applicable statutory, class or individual prohibited transaction exemption. The U.S. Department of Labor has issued prohibited transaction class exemptions (“PTCEs”) that may apply to the acquisition of the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and holding of the Exchange Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code exempts certain transactions (including, without limitation, a sale and purchase of securities) between a Plan and a party in interest so long as (i) such party in interest is treated as such solely by reason of providing services to the Plan, (ii) such party in interest is not a fiduciary which renders investment advice, or has or exercises discretionary authority or control, with respect to the plan assets involved in such transaction, or an affiliate of any such person and (iii) the Plan neither receives less than nor pays more than “adequate consideration” (as defined in such Sections) in connection with such transaction. There can be no assurance that any prohibited transaction exemption will be available with respect to transactions involving the Exchange Notes or that all of the conditions of these or any other exemptions will be satisfied. Even if the conditions specified in one or more exemptions are met, the scope of the relief provided by an exemption may not cover all acts which might be construed as prohibited transactions.

Plans that are “governmental plans” (as defined in Section 3(32) of ERISA) are not generally subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar prohibitions under Similar Laws.

Because of the foregoing, any person investing “plan assets” of any Plan may not acquire the Exchange Notes (including through the exchange of Old Notes for Exchange Notes) or hold Exchange Notes, unless such acquisition and holding will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering investing in the Exchange Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable.

Representation

Accordingly, by acquiring an Exchange Note, or any interest therein, each acquirer and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such acquirer or transferee to acquire or hold the Exchange Note (or any interest therein) constitutes assets of any Plan; or (ii) (a) the acquisition and holding of the Exchange Note (or any interest therein) by such acquirer or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any violation of Similar Laws and (b) none of the Transaction Parties is acting as a fiduciary to any Plan with respect to the decision to acquire the Exchange Notes (including through an exchange of Old Notes for Exchange Notes) and deliver the Consent in the Consent Solicitation or hold the Exchange Notes or is undertaking to provide investment advice or give advice or recommendations in a fiduciary capacity with respect to the decision to acquire or hold the Exchange Notes, in each case, unless, solely with respect to an acquisition in which an affiliate of a Transaction Party acts as a fiduciary to the acquirer, a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited.

Independent Registered Public Accounting Firm

The financial statements of Staples, Inc. and subsidiaries as of February 3, 2024 and January 28, 2023 and for each of the three years in the period ended February 3, 2024, included in this Offering Memorandum, have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their report appearing herein.

Legal Matters

Certain legal matters with respect to the Exchange Notes will be passed upon for us by Kirkland & Ellis LLP, Los Angeles, California. Certain legal matters in connection with the offering of the Exchange Notes will be passed upon for the Dealer Managers by Latham & Watkins LLP, New York, New York.

Proposed Amendments

We are proposing to amend a number of provisions of the Old Notes Indenture. In order to be adopted, the Proposed Amendments must be consented to by the Eligible Holders of at least a majority in aggregate principal amount of the Old Notes outstanding. Any Old Notes owned by the Issuer, the Old Notes Guarantors or any of their affiliates will be disregarded and deemed to be not outstanding in determining whether the Requisite Consents have been obtained. As of the date of this Offering Memorandum, Eligible Holders who have expressed their intention to participate in the Exchange Offer collectively hold a majority of the aggregate outstanding principal amount of the Old Notes (excluding Old Notes held by the Sponsor Noteholders) have signed the Support Agreement pursuant to which they have agreed to validly tender (and not validly withdraw) their Old Notes in the applicable Exchange Offer and provide their Consents to the Proposed Amendments in the Consent Solicitation. See "Offering Memorandum Summary—Recent Developments and Concurrent Transactions—Support Agreement."

The Proposed Amendments would eliminate substantially all of the restrictive covenants and certain of the default provisions, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including eliminating any requirement to provide collateral or guarantees in the future with respect to the Old Notes.

This section sets forth a brief description of the Proposed Amendments. The summary is qualified in its entirety by reference to the full and complete provisions contained in the Old Notes Indenture and the proposed Old Notes Supplemental Indenture.

The Proposed Amendments would delete the covenants and certain other provisions listed below and references thereto in their entirety from the Old Notes Indenture, as well as the defined terms and other references related to such covenants and provisions to the extent such defined terms and other references are no longer used in the Old Notes Indenture. **In addition, the Proposed Amendments would add an agreement to the Old Notes Indenture that holders of Old Notes will raise no objection to and will waive any claim such holder of Old Notes may now or hereafter have to any damages arising out of or in connection with the Proposed Amendments.**

Provision Deleted	Indenture Section	Effect of Amendment
Reports and Other Information..	§4.03	The elimination of the "Reports and Other Information" covenant would terminate the obligation of the Issuer to deliver quarterly, annual and current reports to the holders of the Old Notes and participate in quarterly conference calls to discuss operating results and other related matters.
Compliance Certificate	§4.04	The elimination of the "Compliance Certificate" covenant would terminate the obligation of the Issuer to deliver to the Old Notes Trustee (i) an annual compliance certificate to certify the Issuer's compliance with certain covenants under the Old Notes Indenture and (ii) an officer's certificate with respect any defaults under the Old Notes Indenture.
Taxes..	§4.05	The elimination of the "Taxes" covenant would terminate the obligation of the Issuer to pay or discharge, prior to delinquency, all material taxes, lawful assessments, and governmental levies except such as are contested in good faith.

Provision Deleted	Indenture Section	Effect of Amendment
Stay, Extension and Usury Laws	§4.06	The elimination of the "Stay, Extension and Usury Laws" covenant would terminate the obligation of the Issuer to refrain from claiming or taking the benefit or advantage of any stay, extension or usury law that may affect the covenants or the performance of the Old Notes Indenture.
Limitation on Restricted Payments	§4.07	The elimination of the "Limitation on Restricted Payments" covenant would terminate the restrictions on the ability of the Issuer and its restricted subsidiaries to make certain restricted payments, such as dividends, and investments, including any restrictions on the Issuer's ability to designate subsidiaries as unrestricted subsidiaries.
Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries..............................	§4.08	The elimination of the "Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" covenant would terminate the obligation of the Issuer and its restricted subsidiaries to not create or assume consensual restrictions on the ability of restricted subsidiaries to pay dividends or make distributions to, pay interest on indebtedness owed to, make loans to or transfer property to, the Issuer or another restricted subsidiary.
Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock	§4.09	The elimination of the "Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" covenant would terminate the restrictions on the ability of the Issuer and its restricted subsidiaries to incur additional indebtedness and issue any shares of disqualified stock and preferred stock.
Asset Sales	§4.10	The elimination of the "Asset Sales" covenant would terminate certain requirements with respect to asset sales.
Transactions with Affiliates........	§4.11	The elimination of the "Transactions with Affiliates" covenant would permit transactions with affiliates without regard to the terms of such transactions.
Liens..	§4.12	The elimination of the "Liens" covenant would terminate the obligation of the Issuer and its restricted subsidiaries to not create or assume any liens on assets except for certain liens which are permitted.
Offer to Repurchase Upon Change of Control.....................	§4.14	The elimination of the "Offer to Repurchase Upon Change of Control" covenant would terminate the obligation of the Issuer to offer to repurchase the Old Notes upon the occurrence of a change of control.
Limitation on Guarantees of Indebtedness by Restricted Subsidiaries..............................	§4.15	The elimination of the "Limitation on Guarantees of Indebtedness by Restricted Subsidiaries" covenant would terminate the obligation of the Issuer to make certain of its subsidiaries guarantors under the Old Notes Indenture.

Provision Deleted	Indenture Section	Effect of Amendment
Suspension of Covenants	§4.16 (a)(ii),(b)-(f)	The elimination of certain clauses of the "Covenant Suspension" covenant terminates certain requirements by the Issuer with respect to the suspension of certain covenants under the Old Notes Indenture.
Merger, Amalgamation, Consolidation or Sale of Assets	§5.01(a)(1)(c)-(e), and §5.01 (b)(1)(C)	The elimination of certain clauses of the "Merger, Amalgamation, Consolidation or Sale of Assets" covenant would terminate certain requirements in connection with mergers, amalgamations or transfers of all or substantially all assets of the Issuer and the Old Notes Guarantors.
Events of Default	§6.01(3)-(5)	The elimination of certain clauses of the "Events of Default" section would remove all enumerated Events of Default permitting acceleration other than Events of Default relating to the failure to make interest, principal or premium payments on the Old Notes.
Conditions to Legal or Covenant Defeasance..............	§8.04(2)-(6)	The elimination of certain clauses of the "Conditions to Legal or Covenant Defeasance" provision would eliminate certain conditions to legal defeasance and covenant defeasance.

The Proposed Amendments with respect to the Old Notes Indenture constitute a single proposal and tendering and consenting holders must consent to such Proposed Amendments as an entirety and may not consent selectively with respect to either the Proposed Amendments or specific items or parts thereof.

If you tender any of your Old Notes in the Exchange Offer, you will, by the act of tendering, be consenting to the Proposed Amendments with respect to the related Old Notes Indenture and directing the Old Notes Trustee to execute and deliver the Old Notes Supplemental Indenture.

In order to amend the Old Notes Indenture, the Requisite Consents must be received and we, the Exchange Notes Guarantors and the Old Notes Trustee must execute the Old Notes Supplemental Indenture. We intend to cause the Exchange Agent to deliver the Requisite Consents to the Old Notes Trustee promptly after they have been obtained. The Old Notes Supplemental Indenture will be executed and delivered on or promptly following receipt of the Requisite Consents, but will not become operative until the Settlement Date.

Regardless of whether the Proposed Amendments become operative, the Old Notes that are not exchanged in the Exchange Offer and the Sponsor Exchange will remain outstanding in accordance with all other terms of the Old Notes and the Old Notes Indenture. The changes included in the Proposed Amendments will not alter our obligation to pay the principal or interest on the Old Notes or alter the stated interest rate, maturity date or redemption provisions, unless all of the outstanding Old Notes are accepted in the Exchange Offer. If the Requisite Consents are obtained and the Old Notes Supplemental Indenture becomes effective, non-consenting holders will be bound by the Proposed Amendments once they become operative, which will occur on the Settlement Date.

Assuming the Proposed Amendments become effective and operative, we will not be subject to certain restrictive covenants currently in the Old Notes Indenture. As a result, any Old Notes not tendered by holders in the Exchange Offer would no longer be entitled to the benefit of substantially all of the restrictive covenants, defaults and certain other provisions presently contained in the Old Notes Indenture. The Proposed Amendments would also eliminate any requirement to provide collateral or

guarantees in the future with respect to the Old Notes. The non-tendered Old Notes will be effectively subordinated to the Exchange Notes to the extent of the value of the collateral securing the Exchange Notes and will not benefit from any security interest in such collateral.

Consequences of Failure to Participate in the Exchange Offer and Consent Solicitation

If you do not tender your Old Notes in the Exchange Offer and the Proposed Amendments become operative, you will be bound by the amendments even if you did not consent to them. See “Risk Factors—Risks Related to Holders of Old Notes Not Tendered in the Exchange Offer.”

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets at February 3, 2024 and January 28, 2023	F-4
Consolidated Statements of Loss for the years ended February 3, 2024, January 28, 2023 and January 29, 2022	F-5
Consolidated Statements of Comprehensive Loss for the years ended February 3, 2024, January 28, 2023 and January 29, 2022	F-6
Consolidated Statements of Stockholders' Deficit at February 3, 2024, January 28, 2023, January 29, 2022 and January 30, 2021	F-7
Consolidated Statements of Cash Flows for the years ended February 3, 2024, January 28, 2023 and January 29, 2022	F-8
Notes to Consolidated Financial Statements	F-10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors of Staples, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Staples, Inc. and subsidiaries (the Company) as of February 3, 2024 and January 28, 2023, the related consolidated statements of loss, comprehensive loss, stockholder's deficit, and cash flows for each of the three years in the period ended February 3, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for each of the three years in the period ended February 3, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the board of directors and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Goodwill and Intangible Assets

Description of the Matter

At February 3, 2024, the Company's goodwill was $1,786 million, and their indefinite lived trade name intangible assets were $1,138 million. As discussed in Notes B and F to the consolidated financial statements, goodwill and indefinite lived tradename intangible assets are tested for impairment each year and more frequently if circumstances indicate a possible impairment. The Company generally estimates the fair value of its reporting units using a combination of the discounted cash flow method and guideline public company

method. The Company generally estimates the fair value of its indefinite lived trade name intangible assets using the relief from royalty method.

Auditing management's goodwill and indefinite lived trade name intangible assets impairment tests was complex and highly judgmental. The complexity and judgement involved was due to the significant estimation required in determining the fair value of the reporting units and indefinite lived trade name intangible assets. In particular, the determination of the fair value of those reporting units, and indefinite lived trade name intangible assets, using the income approach requires management to make significant assumptions related to discount rates and expected sales growth rates, among others, which are all affected by expectations of future market and economic conditions.

How We Addressed the Matter in Our Audit	To test the estimated fair value of the Company's reporting units, and indefinite lived trade name intangible assets, we performed audit procedures that included, among others, assessing the methodologies used, testing the significant assumptions described above, and evaluating the completeness and accuracy of the underlying data used by the Company in its analyses. For example, we compared the significant assumptions used by management to current industry and economic trends and evaluated whether changes to the Company's business model would affect the significant assumptions. We compared the projected financial information used to historical results to corroborate the accuracy of management's estimates and performed sensitivity analyses of the significant assumptions to evaluate the changes in the fair value of those reporting units and indefinite lived trade name intangible assets that would result from changes in the assumptions. In performing our testing, we utilized internal valuation professionals to assist us in evaluating the Company's valuation models and related significant assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1986.
Boston, Massachusetts
March 25, 2024

STAPLES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollar Amounts in Millions, Except Share Data)

	February 3, 2024	January 28, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 133	$ 263
Receivables, net	1,138	1,156
Merchandise inventories, net	757	830
Prepaid expenses and other current assets	159	158
Due from related parties, net	54	58
Total current assets	2,241	2,465
Property and equipment, net	404	360
Operating lease right-of-use assets	482	502
Intangible assets, net	2,252	2,354
Goodwill	1,786	1,783
Other assets	200	192
Due from Essendant, non-current	75	75
Total assets	$ 7,440	$ 7,731
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable	$ 1,121	$ 1,105
Accrued expenses and other current liabilities	586	615
Debt maturing within one year	548	19
Due to related party, net	16	36
Operating lease liabilities, current	70	72
Total current liabilities	2,341	1,847
Long-term debt	4,725	5,489
Long-term debt due to related party	92	13
Operating lease liabilities, non-current	436	446
Deferred tax liabilities	325	346
Other long-term obligations	141	141
Total liabilities	8,060	8,282
Equity:		
Common stock, $0.01 par value, 1,000 shares authorized, issued and outstanding at February 3, 2024 and January 28, 2023	—	—
Additional paid-in capital	356	353
Accumulated other comprehensive income	3	5
Accumulated deficit	(979)	(909)
Total stockholder's deficit	(620)	(551)
Total liabilities and stockholder's deficit	$ 7,440	$ 7,731

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Loss
(Dollar Amounts in Millions)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Sales	$ 10,234	$ 10,172	$ 9,739
Sales - Related parties	264	306	351
Total sales	10,498	10,478	10,090
Cost of goods sold and occupancy costs	8,033	8,143	7,862
Cost of goods sold - Related parties	233	285	343
Total cost of goods sold	8,266	8,428	8,205
Gross profit	2,232	2,050	1,885
Operating expenses:			
Selling, general, and administrative	1,553	1,489	1,483
Acquisition-related costs	1	2	2
Impairment of goodwill and long-lived assets	8	3	13
Restructuring and severance charges	28	12	40
Amortization of intangibles	108	109	109
Total operating expenses	1,698	1,615	1,647
Gain (loss) on disposal of assets, net	—	4	(2)
Operating income	534	439	236
Other income (expense):			
Interest income	3	1	—
Interest expense	(552)	(462)	(409)
Gain on early extinguishment of debt	—	13	—
Other (expense) income, net	—	(6)	2
Loss from continuing operations before income taxes	(15)	(15)	(171)
Income tax expense (benefit)	56	31	(59)
Loss from continuing operations	(71)	(46)	(112)
Discontinued operations:			
Pretax income of discontinued operations	1	9	9
Income tax expense	—	—	1
Income from discontinued operations, net of income taxes	1	9	8
Net loss	$ (70)	$ (37)	$ (104)

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss
(Dollar Amounts in Millions)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net loss	$ (70)	$ (37)	$ (104)
Foreign currency translation adjustments	—	(2)	1
Release of cumulative translation adjustments to earnings upon disposal of foreign business	—	—	(1)
Deferred benefit (loss) gain, net	(2)	19	6
Other comprehensive (loss) income, net of tax	(2)	17	6
Comprehensive loss	$ (72)	$ (20)	$ (98)

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholder's Deficit
(Amounts in Millions Except Share Data)

	Outstanding Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholder's Deficit
Balances at January 30, 2021	**1,000**	**$ —**	**$ 341**	**$ (18)**	**$ (768)**	**$ (445)**
Stock-based compensation	—	—	11	—	—	11
Net loss for the period..............	—	—	—	—	(104)	(104)
Other comprehensive income...	—	—	—	6	—	6
Income tax expense related to common control transaction .	—	—	(4)	—	—	(4)
Balances at January 29, 2022	**1,000**	**$ —**	**$ 348**	**$ (12)**	**$ (872)**	**$ (536)**
Stock-based compensation	—	—	7	—	—	7
Net loss for the period..............	—	—	—	—	(37)	(37)
Other comprehensive income...	—	—	—	17	—	17
Return of capital.......................	—	—	(2)	—	—	(2)
Balances at January 28, 2023	**1,000**	**$ —**	**$ 353**	**$ 5**	**$ (909)**	**$ (551)**
Stock-based compensation		—	3	—	—	3
Net loss for the period..............	—	—	—	—	(70)	(70)
Other comprehensive loss	—	—	—	(2)	—	(2)
Balances at February 3, 2024	**1,000**	**$ —**	**$ 356**	**$ 3**	**$ (979)**	**$ (620)**

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollar Amounts in Millions)

	Fiscal Year Ended		
	February 3, 2024	**January 28, 2023**	**January 29, 2022**
Operating Activities:			
Net loss	$ (70)	$ (37)	$ (104)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	148	140	156
Amortization of intangibles	108	109	109
Amortization of deferred financing costs	21	20	21
Loss (gain) on disposal of assets, net	—	(4)	2
Impairment of goodwill and long-lived assets	8	3	13
Stock-based compensation	3	7	11
Deferred income tax benefit	(20)	(12)	(74)
Gain on early extinguishment of debt	—	(13)	—
Unrealized gain on financial instruments, net	—	—	(8)
Other	—	3	3
Changes in assets and liabilities:			
Decrease (increase) in receivables	24	(49)	(112)
Decrease (increase) in merchandise inventories	77	112	(26)
(Increase) decrease in prepaid expenses and other assets	(19)	20	95
(Increase) decrease in due from related parties	(16)	(2)	34
Increase (decrease) in accounts payable	14	(87)	22
(Decrease) increase in accrued expenses and other liabilities	(30)	(46)	17
Decrease in other long-term obligations	(3)	(15)	(27)
Change in operating lease right-of-use assets and operating lease liabilities, net	3	2	(2)
Net cash provided by operating activities	248	151	130
Investing Activities:			
Acquisition of property and equipment	(167)	(142)	(138)
Acquisition of businesses, net of cash acquired	(16)	(61)	(48)
Proceeds from the sale of property and equipment	1	23	—
Disposition of business, net of cash disposed	—	—	97
Purchase of investments	(1)	—	—
Proceeds from sale of investments	1	—	1
Loans and investments	—	(4)	(22)
Net cash used in investing activities	(182)	(184)	(110)
Financing Activities:			
Proceeds from borrowings	2,352	745	455
Payments on borrowings, including finance lease obligations	(2,548)	(784)	(581)
Early extinguishment of debt	—	(37)	—
Return of capital	—	(2)	—
Net cash used in financing activities	(196)	(78)	(126)
Effect of exchange rate changes on cash and cash equivalents	—	(2)	—
Net decrease in cash and cash equivalents	(130)	(113)	(106)
Cash and cash equivalents at beginning of period	263	376	482
Cash and cash equivalents at end of period	$ 133	$ 263	$ 376

See notes to consolidated financial statements.

Note A — Organization and Basis of Presentation

The accompanying audited consolidated financial statements include the accounts of Staples, Inc. and its subsidiaries ("Staples" or "the Company"). Staples helps businesses of all sizes be more productive, connected and inspired - however and wherever they work today. Staples is dedicated to making its customers' work easier, smarter, and more efficient. Through a powerful combination of cutting-edge technology paired with its people's intuition, expertise, and experience, Staples creates ideas that data alone can't provide, helping customers solve problems that move businesses forward. The Company operates primarily in the United States through e-commerce and direct sales, and is headquartered near Boston, Massachusetts. Staples offers next business day delivery for most orders in the majority of its markets.

The Company's business units include Staples Business Advantage, Staples.com, Quill, HiTouch Business Services, Dex Imaging and Staples Promotional Products. Staples Business Advantage serves businesses and organizations of all sizes using a direct sales approach. Staples.com sells to small businesses and consumers via its e-commerce platform. Quill uses a targeted high-touch approach to serve the needs of small and mid-sized businesses. HiTouch Business Services is an independent dealer of office-related supplies and services, selling to a mix of customers through direct sales and marketplace partners. Dex Imaging is a leading provider of imaging solutions. Staples Promotional Products is a leading provider of customized products for businesses.

Staples' fiscal year is the 52 or 53 weeks ending on the Saturday closest to January 31. These financial statements are for the period covering the 53 weeks ended February 3, 2024 ("2023"), the period covering the 52 weeks ended January 28, 2023 ("2022") and the period covering the 52 weeks ended January 29, 2022 ("2021"). These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management of Staples to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. All material intercompany accounts and transactions are eliminated in consolidation. All financial information presented in the financial statements and notes herein is presented in millions.

The results of discontinued operations included in the consolidated statements of loss primarily relate to certain guarantee and indemnification obligations, foreign currency transaction gains and losses, and income taxes related to the Company's former retail operations in the U.S. and United Kingdom and its former operations in Europe.

The Company has evaluated the potential impact of subsequent events through March 25, 2024, the date upon which the financial statements were available to be issued.

Note B — Summary of Significant Accounting Policies

Cash, Cash Equivalents, and Restricted Cash: The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents also include amounts due from third-party financial institutions for credit and debit card transactions (these receivables are typically settled in less than 3 days). Restricted cash represents cash held for a specific purpose and which is therefore not available to the Company for immediate or general business use.

Receivables: Receivables include trade accounts receivable and other non-trade receivables.

The Company's trade accounts receivable arise from sales to customers under regular commercial credit terms. The Company establishes an allowance for credit losses to present the net amount of accounts receivable expected to be collected. Collectability of the Company's trade receivables is subject to general economic risks and risks specific to certain industry segments. The Company does not have significant concentration of collection risk related to specific customers, industries, or portfolios.

The Company primarily relies on internal historical loss data and monitoring of specific customer accounts to estimate its allowance for credit losses. The Company also considers current economic conditions, external forecasts of economic conditions, receivable aging trends, and other factors and incorporates the effect of such factors into its allowance for credit losses if such effects can be reasonably quantified and supported. Receivables are written off when the Company concludes they are uncollectible. Receivables due from customers, net of amounts expected to be uncollectible, were $958 million at February 3, 2024 and $986 million at January 28, 2023. The table below shows a rollforward of the Company's allowance for credit losses related to trade accounts receivable:

Balance at January 28, 2023	**$**	**25**
Provision for credit losses		25
Uncollectible accounts written off, net of recoveries		(25)
Balance at February 3, 2024	**$**	**25**

Other non-trade receivables were $180 million at February 3, 2024 and $170 million at January 28, 2023 and consisted primarily of purchase and advertising rebates due from vendors under various incentive and promotional programs. Amounts expected to be received from vendors relating to the purchase of merchandise inventories are recognized as a reduction of inventory cost and realized as part of cost of goods sold as the merchandise is sold. Amounts expected to be received from vendors that represent reimbursement for specific, incremental costs incurred by the Company related to selling a vendor's products, such as advertising, are recorded as an offset to those costs when they are recognized in the consolidated statements of loss.

Inventory: Inventory is valued at the lower of weighted-average cost or net realizable value. The Company reserves for obsolete, overstocked and inactive inventory based on the difference between the weighted-average cost of the inventory and its estimated net realizable value using assumptions of future demand and market conditions. Raw materials in inventory at February 3, 2024 and January 28, 2023 were $40 million and $25 million, respectively. The remaining balance of inventory is comprised of finished goods at both February 3, 2024 and January 28, 2023.

Accounts Payable: In the first quarter of 2023, the Company adopted Accounting Standards Update 2022-04, *Disclosure of Supplier Finance Program Obligations*. The Company has agreements with third party financial institutions to provide accounts payable tracking and payment services which facilitate participating suppliers' ability to finance payment obligations from the Company with the designated financial institutions. Participating suppliers may, at their sole discretion, make offers to finance one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to the participating financial institutions. The Company has no economic interest in the sale of these receivables. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under these arrangements. The Company presents these obligations as trade accounts payable in the consolidated balance sheet. As of February 3, 2024 and January 28, 2023, the amount of unpaid obligations under the Company's supplier finance program were $136 million and $106 million, respectively.

Property and Equipment: Property and equipment are recorded at cost. Property and equipment includes assets recorded under finance lease obligations. Expenditures for normal maintenance and repairs are charged to expense as incurred. Depreciation is recognized using the straight-line method over the following useful lives: 40 years for buildings; 3-10 years for furniture and fixtures; and 3-10 years for equipment, which includes computer equipment and software with estimated useful lives of 3-7 years. Leasehold improvements are depreciated over the shorter of the terms of the underlying leases or the estimated economic lives of the improvements. Assets recorded under finance leases are depreciated over the shorter of the terms of the underlying leases or the estimated economic lives of the assets, unless the lease includes a bargain purchase option or transfers ownership at the end of the lease, in which case the assets are depreciated over the estimated economic lives of the assets.

The following table presents the Company's property and equipment by major asset class for 2023 and 2022.

	February 3, 2024	January 28, 2023
Land and buildings	$ 2	$ 2
Leasehold improvements	161	131
Equipment	1,096	934
Furniture and fixtures	67	67
Total property and equipment	1,326	1,134
Less: Accumulated depreciation	922	774
Net property and equipment	$ 404	$ 360

Leases: At the inception of a contract, the Company determines if an arrangement is or contains a lease based on an assessment of the terms and conditions of the contract. At the lease commencement date, the Company:

evaluates whether a lease should be classified as an operating or finance lease;

recognizes lease liabilities based on the present value of fixed lease payments over the lease term;

recognizes right-of-use assets, representing the Company’s right to use an underlying asset for the lease term.

The discount rates used to measure lease liabilities are based on the rates implicit in the lease, if such rates are readily determinable. If the rate implicit in a lease is not readily determinable, the discount rate used to measure the lease liability is based on the Company’s incremental borrowing rate for secured borrowings over terms similar to the term of the lease. The lease terms reflected in the measurement of the lease liabilities include options to extend or terminate a lease when it is reasonably certain that the Company will exercise those options. For leases acquired via a business combination, the Company has elected to not recognize assets or liabilities for leases that, at the acquisition date, have a remaining lease term of 12 months or less, for all asset classes. The Company calculates the current portion of lease liabilities based on the portion of payments due over the following 12 months that will reduce the carrying amount of the lease liabilities recognized on the balance sheet (that is, the portion of lease payments that effectively represents principal rather than interest).

The right-of-use asset recognized is based on the amount of the lease liability, adjusted for prepayments of rent, initial direct costs incurred, and lease incentives received. For leases acquired via a business combination, the right-of-use asset recognized will also reflect the extent to which an acquired lease has terms that are favorable or unfavorable to market terms. Right-of-use assets are reviewed for potential impairment when indicators of impairment exist.

The Company has elected to not separate lease and non-lease components for all asset classes.

Lease costs for operating leases are recognized on a straight-line basis over the lease terms and are included within Cost of goods sold and occupancy costs or Selling, general, and administrative expenses lines in the consolidated statements of loss, depending on the nature of the leased asset. Lease costs for finance leases are comprised of depreciation of the leased assets and interest expense related to accretion of the lease liability. Variable lease costs are expensed as incurred. The Company’s variable lease costs primarily relate to payments it makes to reimburse lessors for costs such as taxes, insurance, and maintenance, and for rents that vary based on usage such as with printing equipment.

Lease liabilities and right-of-use assets are included in the Company’s consolidated balance sheets as follows:

Right-of-use assets related to operating and finance leases are included in “Operating lease right-of-use assets” and “Property and equipment, net”, respectively;

- Lease liabilities related to operating leases are included in “Operating lease liabilities, current” and “Operating lease liabilities, non-current”; and,

- Lease liabilities related to finance leases are included in “Debt maturing within one year” and “Long-term debt”.

Fair Value of Financial Instruments: The Company measures the fair value of financial instruments pursuant to the guidelines of ASC 820 *Fair Value Measurement* (“ASC 820”), which establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

Equity method investments: The Company uses the equity method to account for investments in common stock (or in-substance common stock) of companies if its investment provides it with the ability to exercise significant influence over the operating and financial policies of the investee. The carrying amount of the investment is initially measured at cost, and is subsequently adjusted to reflect the Company’s proportionate share of the net income or loss of the investee and other-than-temporary impairment. Equity method income or loss is included in Other income (expense) in the consolidated statements of loss. Equity method investments are included in Other assets in the consolidated balance sheet.

Investments in corporate-owned life insurance: The Company has investments in corporate-owned life insurance, the carrying amount of which is measured and recognized on the consolidated balance sheets based on the cash surrender value of the policies. Gains or losses related to changes in the cash surrender values of the policies are included in Other income (expense) in the consolidated statements of loss. The carrying amount of the investments is included in Other assets in the consolidated balance sheets.

Impairment of Goodwill and indefinite-lived intangible assets: The Company reviews goodwill and indefinite-lived intangible assets for impairment annually, in the fourth quarter, and whenever events or changes in circumstances indicate that the carrying value of a reporting unit or indefinite-lived intangible asset might exceed its current fair value. For the annual test, the Company may perform an initial qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit or indefinite-lived intangible asset is less than its carrying amount. This assessment is used as a basis for determining whether it is necessary to perform a quantitative impairment test. If the Company performs a quantitative impairment test, the Company determines fair value using a discounted cash flow method for indefinite-lived intangible assets and a combination of the discounted cash flow and guideline public company methods for goodwill. The valuation process requires management to make assumptions and estimates regarding industry economic factors and the future sales and profitability of the Company’s businesses. To the extent the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying amount, the Company will recognize an impairment charge. For goodwill, the loss recognized shall not exceed the total amount of goodwill allocated to the reporting unit. It is the Company’s policy to allocate goodwill and conduct impairment testing at a reporting unit level based on its most current business plans, which reflect changes the Company anticipates in the economy and the industry. The Company established, and continues to evaluate, its reporting units based on its internal reporting structure and defines such reporting units at the operating segment level or one level below.

Impairment of Long-Lived Assets: The Company evaluates long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability is measured based upon the estimated undiscounted cash flows expected to be generated from the use of an asset plus any net proceeds expected to be realized upon its eventual disposition. An impairment loss is recognized if an asset’s carrying value is not recoverable and if it exceeds its fair value.

The Company's policy is to evaluate long-lived assets for impairment at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows for other assets and liabilities.

Exit and Disposal Activities: The Company's policy is to recognize costs associated with exit and disposal activities, including restructurings, when a liability has been incurred. Employee termination costs associated with ongoing benefit arrangements are accrued when the obligations are considered probable and can be reasonably estimated, while costs associated with one-time benefit arrangements generally are accrued when the key terms of the arrangement have been communicated to the affected employees. For property and equipment and operating lease right-of-use assets associated with facilities planned for closure, the Company first reassesses the assets' estimated remaining useful lives and evaluates whether the assets are impaired on a held for use basis, and then accelerates depreciation or lease cost, respectively, as warranted.

Revenue Recognition: The Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company is entitled to receive in exchange for those products or services. Revenue is recognized net of expected returns, sales incentives such as rebates and discounts, and sales taxes collected from customers. When estimating future sales returns and obligations related to rebates and other incentives, the Company considers historical experience and factors indicative of future experience. For amounts recognized that reflect variable consideration, such as with respect to returns and sales incentives, the Company does not expect any significant amount of revenue recognized would be subject to reversal in future periods.

The Company recognizes revenue when a performance obligation has been satisfied. The vast majority of the Company's performance obligations, including those which relate to service offerings, are satisfied at a point in time. For product sales, the Company's performance obligation is typically satisfied upon delivery of the goods to the customer. For service offerings, the Company's performance obligation is typically satisfied upon completion of the service and, if applicable, delivery of the finished deliverables to the customer.

Performance obligations satisfied over time primarily relate to the sale of customized promotional products, furniture installation projects, and managed print services. For performance obligations satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. The Company uses a cost-to-cost input method to measure progress to completion for promotional products and furniture installation arrangements. The Company's obligations related to customized promotional products and furniture installation projects are typically satisfied over periods with a duration of three months or less. For managed print services, for which the Company may enter into arrangements that span multiple years, the Company recognizes revenue as services are provided over the term of the contract.

The Company recognizes a receivable from a customer if it has transferred goods or services to a customer and has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For customers with payment terms, the Company typically bills the customer on a monthly basis based on shipments for the preceding month. The Company's standard terms provide that payment is due 30 days from the date of invoicing.

The Company recognizes a contract asset, or unbilled receivable, if it has transferred goods or services to a customer and its right to consideration is conditioned on something other than the passage of time (for example, the Company's future performance). Contract assets are derecognized when the Company has the contractual right to bill the customer, at which time the Company recognizes a receivable, or upon the Company determining the asset is impaired, at which time it records a charge to earnings.

The Company recognizes a contract liability if a customer pays consideration, or if the Company has a contractual right to an amount of consideration that is unconditional (that is, a receivable), before the Company transfers a good or service to the customer. A contract liability represents the Company's obligation to transfer goods or services to a customer.

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (that is, the Company is a principal, and recognizes revenue using the gross method) or to arrange for those goods or services to be provided by the other party (that is, the Company is an agent, and recognizes revenue using the net method). The Company is a principal if it controls the goods or services before they are transferred to a customer. The key factors the Company considers when assessing whether it controls the goods or services before they are transferred to the customer include whether the Company is the primary obligor in the arrangement, has inventory risk, and has discretion in establishing the price for the goods or services.

For arrangements that include multiple performance obligations, the Company allocates the transaction price to each performance obligation in the contract on a relative standalone selling price basis. To determine standalone selling price, the Company first considers whether it sells the good or service separately. If it does not sell the good or service separately, the Company estimates the standalone selling price by considering all available information and maximizing the use of observable inputs.

For shipping and handling activities that are performed after a customer obtains control of the good, as with certain arrangements involving the sale of customized promotional products, the Company has elected a policy to account for the shipping and handling as fulfillment activities, and hence as an expense included in Cost of goods sold, rather than as a separate performance obligation to the customer.

Costs to obtain customer contracts: The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs, unless the amortization period would be one year or less. Pursuant to this policy, the Company capitalizes the payment of certain sales commissions and amortizes the amounts over the expected customer relationship period.

Debt issuance costs: Direct and incremental costs associated with the issuance of debt are deferred and amortized to interest expense over the term of the credit facilities, using either the effective interest method or straight line method, as appropriate. With the exception of borrowings outstanding related to a revolving line of credit, deferred issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. Deferred issuance costs related to a revolving line of credit are presented in the balance sheet as an asset.

Cost of Goods Sold and Occupancy Costs: Cost of goods sold and occupancy costs includes the costs of merchandise sold and services provided, inbound and outbound freight, receiving and distribution expenses, shipping and handling costs, and rent and occupancy costs (including real estate taxes and common area maintenance).

Selling, General, and Administrative Expense: Selling, general, and administrative expense includes payroll, advertising and marketing expense, credit card interchange fees, and other operating expenses not included in cost of goods sold and occupancy costs.

Advertising: The Company expenses the costs of producing an advertisement the first time the advertising takes place. The cost of communicating an advertisement is expensed when the communication occurs. Total advertising and marketing expense was $162 million, $148 million, and $151 million for 2023, 2022 and 2021, respectively.

Stock-Based Compensation: The Company accounts for stock-based compensation in accordance with ASC Topic 718 *Stock Compensation*. Stock-based compensation related to stock options is measured based on the estimated fair value of each award on the date of grant using the Black-Scholes option pricing model. The Company recognizes stock-based compensation expense on a

straight-line basis over the requisite service period. The Company recognizes the impact of forfeitures as they occur.

Foreign Currency: The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at current exchange rates as of the balance sheet date, and revenues and expenses are translated at average monthly exchange rates. The resulting translation adjustments are recorded as a separate component of stockholders' equity. Foreign currency transaction gains and losses relate to the settlement of assets or liabilities in a currency other than the functional currency. Foreign currency transaction gains and losses were nil in 2023 and 2022, and a $1 million loss in 2021.

Derivative Instruments: The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value. Changes in the fair values of derivatives are reported in earnings.

Accounting for Income Taxes: Deferred income tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. All deferred income tax assets and liabilities are classified as non-current in the consolidated balance sheets.

The Company accounts for Global Intangible Low-Taxed Income ("GILTI") as a charge to income in the future period the tax arises.

The Company accounts for uncertain tax positions in accordance with ASC 740 *Income Taxes* ("ASC 740"). These provisions require companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. To the extent a tax loss carryforward is available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position, the unrecognized tax benefit is presented in the consolidated balance sheet as an offset to the related deferred tax asset. Otherwise, liabilities related to uncertain tax positions are included in Other long-term obligations in the consolidated balance sheets.

The Company is a party to a consolidated federal tax return for which the primary obligor is Arch Superco Inc., an entity that beneficially owns the Company. Income taxes as presented in the consolidated financial statements are calculated on a separate tax return basis pursuant to the provisions of ASC 740, as if Staples, Inc. was a separate taxpayer rather than a member of the group included in Arch Superco Inc.'s consolidated income tax returns. Amounts payable or receivable related to current income taxes of the Company are included in due to or due from related parties, net in the Company's consolidated balance sheets.

Accounting pronouncements that are not yet adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 modifies the rules on a) disclosures related to the rate reconciliation table by requiring consistent categories and greater disaggregation, and b) disclosures related to income taxes paid by requiring greater disaggregation. The guidance also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The guidance is effective for public business entities for annual periods beginning after December 15, 2024, while for all other entities it is effective for annual periods beginning after December 15, 2025. The guidance is to be applied prospectively but entities are permitted to apply it retrospectively. Early adoption is permitted. The Company is assessing the potential impacts of ASU 2023-09 and does not plan to early adopt.

Note C — Revenue Recognition

The table below shows the Company's sales (excluding sales to related parties, which are discussed in Note N) by major category as a percentage of total sales for the periods indicated. Office supplies include ink and toner, paper, and core office supplies. Pro categories primarily include facilities supplies, breakroom products, furniture and related installations, technology, and services. Key service offerings include copy and print services, promotional products, technology services, and managed print services.

	Fiscal Year Ended		
	February 3, 2024	**January 28, 2023**	**January 29, 2022**
Office supplies	45.7%	45.6%	46.4%
Pro categories	54.3%	54.4%	53.6%
Total	100.0%	100.0%	100.0%

The table below shows the Company's sales (excluding sales to related parties) by major geographic region. As discussed in Note F — Goodwill, Intangibles, and Other Long-Lived Assets, on December 1, 2021, the Company completed the sale of its Staples Professional business unit, which represented substantially all of the Company's sales in Canada.

	Fiscal Year Ended		
	February 3, 2024	**January 28, 2023**	**January 29, 2022**
United States	$ 10,172	$ 10,108	$ 9,382
Canada	62	64	357
Total	$ 10,234	$ 10,172	$ 9,739

Performance obligations

The Company generates revenues in its contract businesses from customers that issue purchase orders for products and services. The Company generates revenues from small businesses, home offices and consumers which place orders for products and services through Staples.com, and from small and mid-sized businesses which place orders through Quill.com. In its Dex business unit, the Company generates revenues from equipment sales and from small and mid-sized businesses that enter into multi-year managed print service agreements. The Company's performance obligations related to customer contracts represent obligations to deliver products or provide services to customers. Substantially all of the Company's performance obligations as of February 3, 2024 are expected to be satisfied within one year.

Contract assets and liabilities

The Company's contract assets primarily relate to customized promotional products in the Company's possession for which revenue is recognized on an over time basis, and partially-completed furniture sale and installation contracts. The Company's contract assets, which are included in Prepaid expenses and other current assets in the consolidated balance sheets, were $33 million as of February 3, 2024 and $34 million as of January 28, 2023.

The Company's contract liabilities primarily relate to transactions for which cash payment has been received but the goods have not yet been delivered to the customer, gift certificates, and loyalty programs. The Company's contract liabilities, which are included in Accrued expenses and other current liabilities in the consolidated balance sheets, were $71 million at February 3, 2024 and $64 million at January 28, 2023. Of the $64 million contract liability as of January 28, 2023, $53 million was recognized as revenue during 2023.

Costs to obtain contracts

The Company capitalizes the payment of certain sales commissions and amortizes the amounts over the expected customer relationship period. Capitalized commissions, which are included in Other assets in the consolidated balance sheets, were $79 million at February 3, 2024 and $76 million at January 28, 2023. In 2023, 2022 and 2021, $30 million, $29 million and $30 million, respectively, was amortized and included in Selling, general, and administrative expense in the Company's consolidated statements of loss.

Note D — Leases

The Company leases corporate office space, fulfillment centers and other logistics facilities, delivery vehicles, and various equipment. The Company's real estate leases are typically classified as operating leases, while its equipment and vehicle leases are a mix of operating and finance leases. The Company's leases often include provisions related to rent escalations, tenant improvement allowances, and rent holidays. Leases frequently obligate the Company to reimburse the lessor for costs such as real estate taxes, insurance and maintenance. The Company's leases typically do not contain residual value guarantees or material restrictive covenants.

Leases often provide the Company with options to renew the lease term. Renewal options for real estate leases are typically for periods of up to ten years, while renewal options for other asset classes are typically for one year or less. Some leases provide the Company an option to terminate the lease early upon a notice period and fixed payment. In the event the Company is reasonably certain to exercise an option to extend or terminate a lease, the Company will reflect the option in the measurement of the related lease liability and right-of-use ("ROU") asset. Options to extend a lease are typically not considered reasonably certain as of lease commencement because the Company reevaluates each lease on a regular basis to consider the economic and strategic incentives of exercising the renewal options. Therefore, renewal option periods are generally not reflected in the initial measurement of the lease liability and right-of-use asset.

The components of the Company's lease costs are as follows:

		Fiscal Year Ended	
	February 3, 2024	January 28, 2023	January 29, 2022
Finance lease cost:			
Amortization of finance lease ROU assets	$ 8	$ 5	$ 5
Interest on finance lease liabilities	1	1	1
Operating lease cost	117	117	123
Variable lease cost	26	26	29
Impairment of operating lease ROU asset	5	1	5
Sublease income	(1)	(1)	(1)
Total lease cost, net	$ 156	$ 149	$ 162

There was no accelerated rent included in Operating lease cost for 2023, 2022 or 2021. Variable lease cost primarily relates to operating leases.

Supplemental cash flow information related to leases is as follows:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from finance leases	$ 1	$ 1	$ 1
Operating cash flows from operating leases	113	115	123
Financing cash flows from finance leases	10	6	6
ROU assets obtained in exchange for new finance lease liabilities[1]	21	—	—
ROU assets obtained in exchange for new operating lease liabilities[1]	55	69	63

[1] Excludes leases obtained via acquisitions

In connection with business combinations, the Company obtained operating lease ROU assets and corresponding lease liabilities with initial carrying values of $1 million and $4 million in 2022 and 2021, respectively. There were no operating lease ROU assets and corresponding lease liabilities obtained in 2023 in connection with business combinations.

Supplemental balance sheet information related to finance leases as is as follows:

	February 3, 2024	January 28, 2023
Finance lease assets included in:		
Property and equipment, net	$ 28	$ 15
Finance lease liabilities included in:		
Debt maturing within one year	$ 6	$ 3
Long-term debt	10	2
Total finance lease liabilities	$ 16	$ 5

Supplemental balance sheet information related to leases is as follows:

	February 3, 2024	January 28, 2023
Weighted average remaining lease term:		
Operating leases	11.0 years	11.6 years
Finance leases	4.7 years	1.8 years
Weighted average discount rate:		
Operating leases	9.3%	8.5%
Finance leases	13.8%	7.4%

Maturities of lease liabilities as of February 3, 2024 are as follows:

Fiscal Year	Operating leases	Finance leases
2024	$ 111	$ 8
2025	97	6
2026	84	2
2027	71	2
2028	61	1
Thereafter	391	2
	$ 815	$ 21

Less: Imputed interest	(309)	(5)
Total lease liability	$ 506	$ 16

See Note N — Related Party Transactions for information related to a lease agreement between the Company and an entity in which an affiliate of Sycamore holds an interest.

Note E — Restructuring & Severance Charges

In 2021, the Company introduced a new strategic plan aimed at driving profitable growth. The Company expects to take restructuring-related actions under this plan through 2024. In connection with this plan, the Company recorded restructuring charges of $28 million in 2023 and $14 million in 2022, and $29 million in 2021, primarily related to severance benefits. Also in 2022, the Company recorded a $2 million adjustment to charges recorded in 2021 due to changes in estimates. Since its inception, the total restructuring charges incurred under this plan were $69 million. The charges are presented within Restructuring and severance charges in the Company's consolidated statements of loss. The table below shows a reconciliation of the beginning and ending liability balances for this plan:

Accrued restructuring balance as of January 29, 2022	$ 17
Charges	14
Cash payments	(25)
Adjustments	(2)
Accrued restructuring balance as of January 28, 2023	$ 4
Charges	28
Cash payments	(25)
Accrued restructuring balance as of February 3, 2024	**$ 7**

At February 3, 2024, the Company had a $7 million restructuring liability related to this plan, which is included within Accrued expenses and other current liabilities on the consolidated balance sheets. The Company expects that payments related to this liability will be substantially completed by the end of the third quarter of 2024. As of the end of 2023, the Company cannot reasonably estimate the amount of future costs to be incurred under this plan.

Note F — Goodwill, Intangibles, and Other Long-Lived Assets

Goodwill

The changes in the carrying amounts of goodwill during 2023 and 2022 are shown below.

Goodwill at January 29, 2022	**$ 1,763**
Acquisitions	19
Other adjustments	1
Goodwill at January 28, 2023	**$ 1,783**
Acquisitions	4
Other adjustments	(1)
Goodwill at February 3, 2024	**$ 1,786**
Accumulated impairment	
January 29, 2022	$ (358)
January 28, 2023	$ (358)
February 3, 2024	$ (358)

The Company performed its annual impairment testing for goodwill and indefinite-lived intangible assets in the fourth quarter of 2023 and determined that no impairment existed for these assets at that time.

Intangible assets

The Company's intangible assets related to customer relationships are amortized on a straight-line basis over their estimated useful lives. Trade name assets with indefinite lives are not amortized. Amortization related to intangible assets is included in the Amortization of intangibles line on the consolidated statements of loss. The Company's intangible assets are summarized below:

	February 3, 2024		
	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount
Trade names	$ 1,682	$ 544	$ 1,138
Customer relationships	1,730	617	1,113
Other intangibles	4	3	1
Total	$ 3,416	$ 1,164	$ 2,252

	January 28, 2023		
	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount
Trade names	$ 1,682	$ 544	$ 1,138
Customer relationships	1,724	509	1,215
Other intangibles	4	3	1
Total	$ 3,410	$ 1,056	$ 2,354

Estimated future amortization expense associated with the intangible assets at February 3, 2024 is as follows:

Fiscal Year	Amortization Expense
2024	$ 109
2025	109
2026	108
2027	107
2028	106
Thereafter	575
	$ 1,114

Impairment of long-lived assets

In 2023, 2022, and 2021, the Company recorded long-lived asset impairment charges of $8 million, $3 million, and $9 million, respectively, primarily related to fixed assets and operating lease ROU assets at closing facilities. The charges are included in Impairment of goodwill and long-lived assets in the Company's consolidated statements of loss. The fair value of the impaired assets was not material.

Sale of real property in 2022

On December 1, 2022, the Company completed the sale of an office building in Lincolnshire, IL for cash consideration of $21 million, net of closing costs. The Company recognized a gain on sale of $5 million in 2022 related to this transaction, which is included in Gain (loss) on disposal of assets, net in the consolidated statements of loss.

Sale of Staples Professional in 2021

On December 1, 2021, the Company sold Staples Professional, its contract business in Canada, to Staples Canada ULC, an affiliate of the Company, for cash proceeds of 125 million Canadian dollars ($98 million). Staples Professional had pretax income of $7 million in 2021 through the closing date.

Staples Professional was a component of the Staples Brands reporting unit. Upon disposition, the Company allocated $23 million of Staples Brands' goodwill to the disposal group and tested the allocated goodwill for impairment. As a result of the testing, the Company recognized a goodwill impairment charge of $4 million in 2021.

The Company accounted for the disposition as a common control transaction. Other than the goodwill impairment, no gain or loss was recognized on the disposal.

Note G — Accrued Expenses and Other Current Liabilities

The major components of Accrued expenses and other current liabilities are as follows:

	February 3, 2024	January 28, 2023
Employee-related	$ 149	$ 157
Accrued interest	78	127
Contract liabilities & other deferred revenue	80	77
Customer rebates	71	67
Taxes	50	53
Accrued delivery costs	41	42
Professional services	22	12
Trade name royalty deferred revenue	19	—
Advertising and marketing	18	13
Restructuring liabilities	7	4
Other	51	63
Total	$ 586	$ 615

Note H — Debt and Credit Agreements

The major components of the Company's outstanding debt are as follows:

	February 3, 2024	January 28, 2023
ABL Facility ($1,200 million facility)	$ 250	$ 400
Term Loan Facility, matures September 2024	286	289
Term Loan Facility, matures April 2026	1,905	1,930
Senior Secured Notes, due April 2026	2,000	2,000
Senior Unsecured Notes, due April 2027	950	950
Finance leases and other financing obligations	16	12
Total debt	$ 5,407	$ 5,581
Deferred financing costs	(42)	(60)
Total debt, net of deferred financing costs	$ 5,365	$ 5,521

Aggregate annual maturities of debt are as follows:

Fiscal Year	Total
2024	$ 562
2025	20
2026	3,871

2027		951
2028		1
Thereafter		2
	$	5,407
Deferred financing costs		(42)
	$	5,365

Interest paid in 2023 and 2022 was $580 million and $419 million, respectively.

Asset-based credit facility

On July 30, 2021, the Company amended its asset-based credit agreement (the "ABL Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent and collateral agent. The primary effect of the amendment is that the maturity date was extended from September 12, 2022 to the earlier of July 30, 2026 or 90 days prior to the maturity date of the Company's other material indebtedness (the "ABL Maturity Date"). Material indebtedness is defined as the Company's term loan facilities that mature in September 2024 and April 2026, its senior secured notes due April 2026, and its senior unsecured notes due April 2027, in each case to the extent outstanding in an aggregate principal amount exceeding $100 million. On April 14, 2023, the Company further amended its ABL Credit Agreement, with the primary effect of the amendment changing the rate from the adjusted London interbank offered rate ("LIBOR") to adjusted Term Secured Overnight Financing Rate ("SOFR").

As of February 3, 2024, the Company had $250 million of borrowings outstanding under the ABL Credit Agreement, which is classified in Debt maturing within one year in the consolidated balance sheet as of that date. The maturity date of the ABL Credit Agreement is currently June 14, 2024, which is 90 days prior to the maturity date of the September 2024 Term Loan (see below). Based on the maturity dates for the Company's existing debt, upon the refinancing or repayment of $186 million or more of the principal balance of the September 2024 Term Loan prior to June 14, 2024, the maturity date for the ABL Facility would extend to January 15, 2026, which is 90 days prior to the maturity date of the Company's senior secured notes, principal amount $2.0 billion, due April 15, 2026.

The ABL Credit Agreement provides for a secured asset-based revolving credit facility in an aggregate principal amount of $1,200 million (the "ABL Facility"). The ABL Facility has an accordion feature pursuant to which the maximum borrowing capacity can be increased to $1,500 million, or higher if certain conditions are met. Borrowings may be in the form of revolving credit loans, swing line loans, or letters of credit, the combined sum of which may not exceed the maximum borrowing amount. Amounts borrowed may be repaid and reborrowed from time to time until the ABL Maturity Date. Borrowings will bear interest at various rates depending on the type of borrowing and the amount of available borrowing capacity. Borrowings for SOFR loans bear interest at a rate of an Adjusted Term SOFR plus an applicable margin of 1.25% to 1.75%. Borrowings for base rate loans bear interest at a rate of a base rate plus an applicable margin of 0.25% to 0.75%, with the base rate determined by reference to the highest of (a) the U.S. federal funds rate plus 0.50%, (b) the SOFR rate for an interest period of one month, plus 1.00% and (c) the "prime rate" announced within Wells Fargo at its principal office in San Francisco. As of February 3, 2024, the average interest rate was 7.01%. The Company pays facility fees at a rate of 0.25% per annum. Amounts outstanding will be secured by a first-priority security interest in the Company's cash, receivables, and inventory (the "ABL Collateral") and a second-priority interest in substantially all the remaining assets of the Company. The ABL Credit Agreement contains covenants that require the Company to maintain a minimum fixed charge coverage ratio if the Company's adjusted borrowing availability falls below 10% of the maximum borrowing capacity, determined by reference to the facility size and the size of borrowing base. The Company is in compliance with these covenants as of February 3, 2024. Borrowing availability under the ABL Facility is subject to a borrowing base derived from the ABL Collateral, and is reduced by outstanding letters of credit. At February 3, 2024, the Company had $92 million of letters of credit outstanding which were reflected in the borrowing availability at that date. The undrawn borrowing availability at February 3, 2024 was $739 million.

In 2021, the Company incurred $4 million of fees related to the amendment, which were deferred and are being amortized over the term of the amended ABL Credit Agreement. As of July 30, 2021, the Company had $4 million of previously paid, unamortized deferred financing fees related to the ABL Credit Agreement, which are also being amortized over the term of the amended agreement. At February 3, 2024, the Company had unamortized fees of $1 million, which is included in Prepaid expenses and other current assets in the consolidated balance sheets.

Term loan credit facility

On April 16, 2019, the Company entered into a term loan credit agreement (the “Term Loan Credit Agreement”) with UBS AG, Stamford Branch as administrative agent and collateral agent, and with other lending institutions named therein, which provided for a secured term loan facility under which the Company borrowed an aggregate principal amount of $2,300 million, split into two tranches of $2,000 million and $300 million (collectively, the “Term Loan Facilities”). The $2,000 million tranche matures in April 2026 (the “April 2026 Term Loan”) and the $300 million tranche matures in September 2024 (the “September 2024 Term Loan”). The cash proceeds received by the Company under the Term Loan Facility were net of a $28 million OID. The Term Loan Credit Agreement includes an accordion feature which provides for additional borrowing capacity equal to the greater of $800 million and 70% of EBITDA plus additional amounts determined by reference to certain measures based on leverage metrics.

Borrowings under the April 2026 Term Loan bear interest at a rate per annum equal to, at the Company’s option, either (1) an adjusted synthetic London interbank offered rate (“LIBOR”) with a floor of 0.00% (the “Synthetic LIBOR Rate”), plus 5.00%, or (2) a base rate plus 4.00%, with the base rate determined by reference to the highest of (a) the U.S. federal funds rate plus 0.50%, (b) the “prime rate” last quoted in The Wall Street Journal, and (c) the Synthetic LIBOR Rate for an interest period of one month, plus 1.00% (the “Base Rate”), provided that the Base Rate shall in no event be less than 1.00%. The interest rate was 10.44% as of February 3, 2024.

Borrowings under the September 2024 Term Loan bear interest at a rate per annum equal to, at the Company’s option, either (1) a Synthetic LIBOR Rate plus 4.50%, or (2) a Base Rate plus 3.50%. The interest rate was 9.94% as of February 3, 2024.

The Term Loan Facilities are secured, on a pari passu basis with the April 2026 Notes (as defined below), by a first-priority security interest in substantially all of the assets of the Company, other than the ABL Collateral, for which the Term Loan Facilities are secured on a second lien basis. During the term of the Term Loan Facilities, the Company shall repay on a quarterly basis an amount equal to 0.25% of the original principal amounts, with the remaining principal amounts due upon the Maturity Dates. Borrowings outstanding under the Term Loan Facilities may be repaid at any time without a premium or penalty other than pursuant to a repricing transaction. The Term Loan Credit Agreement provides for mandatory prepayments of certain principal amounts under certain specified conditions.

The Company incurred $19 million of underwriting and other third-party fees related to the Term Loan Facilities, $13 million of which was recorded as an expense in 2019 and $6 million of which was deferred and is being amortized to interest expense over the respective terms of the Term Loan Facilities.

As of February 3, 2024, the carrying amount of the September 2024 Term Loan was $286 million, which is included in Debt maturing within one year in the consolidated balance sheet as of that date. As of February 3, 2024, the carrying amount of the April 2026 Term Loan was $1,905 million, which is included in Long-term debt in the consolidated balance sheet as of that date.

Senior Secured Notes

On April 16, 2019, the Company issued $2,000 million aggregate principal amount of 7.5% senior secured notes due April 2026 (the “April 2026 Notes”). The Company pays interest on the April 2026 Notes semi-annually in arrears on April 15 and October 15 of each year. The April 2026 Notes rank

equally in right of payment with the Term Loan Facility and any future senior secured indebtedness, are senior in right of payment to any existing or future subordinated indebtedness, and are effectively subordinated to borrowings under the Company's ABL Facility to the extent of the value of the assets securing such facility. The April 2026 Notes are secured, on a pari passu basis with the Term Loan Facility, by a first-priority security interest in substantially all of the assets of the Company other than the ABL Collateral, for which the April 2026 Notes are secured on a second lien basis. The April 2026 Notes may be redeemed, in whole or in part, on or after April 15, 2022 at redemption prices specified in the indenture.

The Company paid $21 million of underwriting and other third-party fees related to the issuance of the April 2026 Notes. These fees were deferred and are being amortized over the term of the April 2026 Notes, with the unamortized portion being presented as an offset to the carrying value of the April 2026 Notes.

Senior Unsecured Notes

On April 16, 2019, the Company issued $1,000 million aggregate principal amount of 10.75% senior unsecured notes due April 2027 (the "April 2027 Notes"). The Company pays interest on the April 2027 Notes semi-annually in arrears on April 15 and October 15 of each year. The Notes rank equally in right of payment with any existing and future senior unsecured indebtedness, are senior in right of payment to any existing and future subordinated indebtedness, and are effectively subordinated to the April 2026 Notes and borrowings under our Term Loan Facility and ABL Facility and any future secured indebtedness to the extent of the value of the assets securing such indebtedness. The April 2027 Notes may be redeemed, in whole or in part, on or after April 15, 2022 at redemption prices specified in the indenture.

The Company paid $11 million of underwriting and other third-party fees related to the issuance of the April 2027 Notes. These fees were deferred and are being amortized over the term of the April 2027 Notes, with the unamortized portion being presented as an offset to the carrying value of the April 2027 Notes.

In 2022, the Company paid $37 million to repurchase $50 million principal amount of its April 2027 Notes. The bonds were repurchased at prevailing market prices on the open market. In connection with the repurchases, the Company recognized a $13 million gain on early extinguishment of debt, which is included in Gain on early extinguishment of debt in the Company's consolidated statements of loss.

As of February 3, 2024 and January 28, 2023, an affiliate of Sycamore held $92 million and $13 million, respectively, of the April 2027 Notes. This balance is included in Long-term debt due to related party on the Company's consolidated balance sheet.

Note I — Fair Value Measurements

The fair values of cash and cash equivalents, receivables, accounts payable, accrued expenses, other current liabilities and short-term debt approximate their carrying values because of their short-term nature.

The following table shows the difference between the financial statement carrying value and fair value of the Company's debt obligations, other than amounts outstanding under finance lease obligations and its ABL Facility, as of February 3, 2024 and January 28, 2023. The fair values were determined based on information obtained from financial institutions and are classified as Level 2 measurements. The carrying values below reflect the principal amounts due net of unamortized original issue discounts related to the issuances, and exclude unamortized deferred financing costs.

		February 3, 2024	**January 28, 2023**

	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Secured Notes, due April 2026 ..	2	$ 2,000	$ 1,879	$ 2,000	$ 1,775
Senior Unsecured Notes, due April 2027	2	950	736	950	721
Term Loan Facility, matures April 2026 .	2	1,896	1,795	1,917	1,802
Term Loan Facility, matures September 2024	2	285	285	288	288

In 2021, the Company paid $21 million to acquire a minority interest in an independent dealer of office-related supplies and services. The Company accounts for this investment using the equity method. Equity method income recognized in 2023, 2022 and 2021 was not material. The Company loaned this entity $3 million in 2022 and $4 million in 2021. The total amount loaned to this entity to date is $7 million. The carrying value of the note receivable including accrued interest was $8 million as of February 3, 2024. The Company has a call option to purchase the remaining equity interests in this entity. The Company determined the fair value of this call option was $14 million as of January 29, 2022. The Company measured fair value using the income approach, specifically a Monte Carlo simulation. Key inputs and assumptions in the valuation included the expected term of the option and the projected sales and equity value of the investee. The Company recognized an unrealized gain of $14 million related to the call option in 2021, with the gain included in Other (expense) income, net in the consolidated statements of loss. The call option was not subject to remeasurement at fair value during 2023 or 2022. The investment, note receivable, and call option assets are in included in Other assets in the consolidated balance sheet as of February 3, 2024 and January 28, 2023.

As discussed in Note N - Related Party Transactions, on January 29, 2020, the Company entered into a lease related to the Company's headquarters in Framingham, MA. A provision within the lease contract related to future lease payment escalations represents an embedded derivative that is required to be accounted for separate from the lease. The fair value of the derivative was not material as of February 3, 2024 and January 28, 2023. The Company recognized an unrealized loss of $6 million in 2021 related to this derivative, which is included within Other (expense) income, net in the Company's consolidated statements of loss.

Note J — Income Taxes

The Company operates in multiple jurisdictions with complex legal and tax regulatory environments and is subject to taxes in the U.S. and foreign jurisdictions. The Organization for Economic Cooperation and Development (the "OECD"), the European Union, and other countries (including countries in which the Company operates) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed. In particular, the OECD's Pillar Two initiative introduces a 15% global minimum tax applied on a country-by-country basis and for which many jurisdictions have now committed to an effective enactment date starting January 1, 2024. The Company will continue to monitor the implementation of Pillar Two legislation in the countries in which it operates and is evaluating the potential future impact of Pillar Two on the business.

Current and Deferred Income Taxes

For financial reporting purposes, loss from continuing operations before income taxes includes the following components:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Pretax (loss) income:			
United States	$ (199)	$ (156)	$ (331)
Foreign	184	141	160

Loss from continuing operations before income taxes	$ (15)	$ (15)	$ (171)

The provision (benefit) for income taxes related to continuing operations consists of the following:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Current tax expense (benefit):			
Federal	$ 54	$ 28	$ 2
State	7	4	(3)
Foreign	15	11	14
Deferred tax (benefit) expense:			
Federal	(14)	(11)	(63)
State	(6)	(1)	(10)
Foreign	—	—	1
Total income tax expense (benefit)	$ 56	$ 31	$ (59)

A reconciliation of the federal statutory tax rate to the Company's effective tax rate reflected in loss from continuing operations is shown below:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Federal statutory rate	21.0%	21.0%	21.0%
State effective rate, net of federal benefit	55.1	57.0	12.3
Effect of foreign taxes	107.0	105.1	9.2
Tax credits	3.5	5.1	0.2
Changes in uncertain tax positions	(11.7)	8.7	6.6
Goodwill impairment	—	—	(0.4)
Change in valuation allowance	(552.3)	(315.1)	(9.2)
Transaction costs	—	—	(0.1)
State rate change	52.1	3.9	0.5
Impact of GILTI	(55.9)	(91.0)	(9.4)
Call option mark to market adjustment	—	—	1.7
Other	7.9	(1.4)	2.1
Effective tax rate	(373.3)%	(206.7)%	34.5%

The effective tax rate in any year is impacted by the geographic mix of earnings. Additionally, certain foreign operations are subject to both U.S. and foreign income tax regulations, and as a result, income before tax by location and the components of income tax expense by taxing jurisdiction are not directly related.

The Company is a party to a consolidated federal tax return for which the primary obligor is Arch Superco Inc., an entity that beneficially owns the Company. Amounts payable or receivable related to income tax expenses incurred or benefits realized by the Company in consolidated tax filings are included in Due to/from related parties, net in the Company's consolidated balance sheet. As of both February 3, 2024 and January 28, 2023, the Company had receivables of $13 million from Arch Superco Inc. The Company had prepaid income taxes of $33 million and $36 million as of February 3, 2024 and January 28, 2023, respectively. These amounts are included in Prepaid expenses and other current assets on the Company's consolidated balance sheets. The Company also had income taxes payable of $2 million as of both February 3, 2024 and January 28, 2023, which are included in Accrued expenses and other current liabilities on the Company's consolidated balance sheets.

The Company operates in multiple jurisdictions and could be subject to audit in these jurisdictions. These audits can involve complex issues that may require an extended period of time to

resolve and may cover multiple years. In the Company's opinion, an adequate provision for income taxes has been made for all years subject to audit.

Net income tax payments (refunds) related to consolidated operations were $71 million in 2023, $32 million in 2022, and $(56) million during 2021.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The approximate tax effect of the significant components of the Company's deferred tax assets and liabilities related to continuing operations are as follows:

	February 3, 2024	January 28, 2023
Deferred income tax assets:		
Tax loss carryforwards	$ 29	$ 30
Employee benefits	53	51
Credit losses	9	9
Insurance	9	12
Deferred revenue	7	7
Inventory	16	21
Intangibles	99	107
Disallowed interest	306	234
Capital loss carryforwards	39	41
Lease activities	131	138
Internally developed software	6	—
Other – net	3	3
Total deferred income tax assets	707	653
Total valuation allowance	(306)	(226)
Net deferred income tax assets	$ 401	$ 427
Deferred income tax liabilities:		
Intangibles	$ (522)	$ (556)
Depreciation	(51)	(54)
Operating lease right-of-use assets	(124)	(132)
Deferred commissions	(21)	(20)
Financing activities	(4)	(6)
Other – net	(4)	(5)
Total deferred income tax liabilities	(726)	(773)
Net deferred tax liabilities	$ (325)	$ (346)

The Company has recorded valuation allowances for certain deferred tax assets due to uncertainty that exists regarding future realizability. The valuation allowance increased by $80 million during the year ended February 3, 2024, primarily as a result of tax attributes generated during the fiscal year which are not realizable based upon future sources of taxable income.

As of February 3, 2024, the Company has less than $1 million of U.S. federal net operating loss carryforwards (which expire in 2031), $476 million of U.S. state net operating loss carryforwards ($369 million of which are subject to expiration between 2024 and 2043 and $107 million which can be carried forward indefinitely), $9 million of foreign net operating loss carryforwards (all of which can be carried forward indefinitely), and $3 million of U.S. capital loss carryforwards subject to expiration in 2026.

As of February 3, 2024, the Company's foreign subsidiaries have immaterial unremitted foreign earnings. The Company has evaluated current assets in these jurisdictions and concluded that they are either needed for operations or could be remitted to the U.S. with no tax cost.

Uncertain Tax Positions

At February 3, 2024, the Company had $34 million of gross unrecognized tax benefits, all of which, if recognized, would affect the Company’s tax rate. At January 28, 2023, the Company had $36 million of gross unrecognized tax benefits, all of which, if recognized, would affect the Company’s tax rate. The Company does not reasonably expect any material changes to the estimated amount of liability associated with its uncertain tax positions in the next twelve months.

The following summarizes the activity related to the Company’s unrecognized tax benefits:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Balance at beginning of period	$ 36	$ 39	$ 48
Additions for tax positions related to current year	1	1	1
Reduction for tax positions of prior years	(1)	—	—
Reduction for statute of limitations expiration	(1)	(4)	(10)
Settlements	(1)	—	—
Balance at end of period	$ 34	$ 36	$ 39

Of the $34 million balance as of February 3, 2024, $1 million is included in deferred tax liabilities and the remaining balance is included in Other long-term obligations in the Company’s consolidated balance sheet.

The Company is subject to U.S. federal income tax, as well as income tax of multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2014. All material state and local income tax matters for years through 2015 have been substantially concluded. All material foreign income tax matters for years through 2016 have been concluded.

The Company recognizes interest and penalties related to tax matters in income tax expense. The Company recognized a net expense (benefit) for interest and penalties related to income tax matters of consolidated operations of $3 million, $1 million and $(4) million in 2023, 2022 and 2021, respectively. The Company had $7 million and $4 million accrued for gross interest and penalties as of February 3, 2024 and January 28, 2023, respectively, which is included in Other long-term obligations in the Company’s consolidated balance sheets.

Note K — Share-based Payments

Non-qualified stock option awards may be granted to associates, directors and consultants of the Company pursuant to the Arch Parent Holdings Inc. 2017 Stock Option Plan (the “2017 Stock Option Plan”). Awards granted under the 2017 Stock Option Plan are nontransferable and generally vest 1/5th annually over five years. Vested options generally expire upon the earlier of 90 days after termination of employment or 10 years after the original award date. The stock options are exercisable for Class B non-voting common shares of Arch Parent Holdings, Inc., an affiliate of Sycamore that indirectly owns Staples, Inc. The 2017 Stock Option Plan stipulates that the option exercise price must be equal to or greater than the fair market value of the underlying common shares on the date of the award.

The table below provides information related to options outstanding and exercisable as of February 3, 2024. The number of options granted, exercised, forfeited, and expired during 2023 was not material.

	Number of options	Weighted-Average Exercise Price Per Option	Weighted-Average Remaining Contractual Term
Outstanding at February 3, 2024	606	$ 121,657	5.6 years
Exercisable at February 3, 2024	427	$ 115,520	4.5 years

Effective November 19, 2021, the Company modified the terms of 449 outstanding stock options to lower the per common share exercise price from $198,129 to $135,000. The modification impacted a total of 209 grantees. The modification resulted in incremental non-cash compensation cost of $6 million, of which $3 million was recognized during 2021, and the remainder of which is being recognized ratably over the remaining vesting periods.

The Company recognized total stock-based compensation expense of $3 million in 2023, $7 million in 2022 and $11 million in 2021 related to awards granted under the 2017 Stock Option Plan. As of February 3, 2024, the Company had unamortized stock-based compensation expense of $8 million, which is expected to be amortized over a weighted-average period of approximately 3.7 years.

Note L — Post-Retirement Benefit Plans

Executive life insurance benefit plan

The Company sponsors an unfunded executive life insurance benefit plan, which provides benefits to eligible U.S. executives based on earnings, years of service and age at termination of employment. Participation in this plan and benefits for active participants were frozen at the end of 2016. The following table presents a summary of the total net periodic costs related to the post-retirement life insurance benefit plan, which are recorded within Selling, general, and administrative expense in the Company's consolidated statements of loss:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Interest cost	$ 3	$ 2	$ 2
Amortization of unrecognized losses and prior service costs	—	—	3
Total cost	$ 3	$ 2	$ 5

The following table presents a summary of the projected benefit obligation for the post-retirement plan in the Company's consolidated balance sheets at February 3, 2024 and January 28, 2023:

Projected benefit obligation at January 29, 2022	$ 79
Interest cost	2
Actuarial gain	(26)
Benefits paid	$ (1)
Projected benefit obligation at January 28, 2023	$ 54
Interest cost	3
Actuarial loss	2
Projected benefit obligation at February 3, 2024	$ 59

The accumulated benefit obligation for the post-retirement benefit obligation was $59 million and $54 million at February 3, 2024 and January 28, 2023, respectively.

Amounts recognized in the Company's consolidated balance sheets for this plan consist of the following:

	(Credit) Debit	
	February 3, 2024	January 28, 2023
Accrued benefit liability (included in Other long-term obligations)	$ (59)	$ (54)
Accumulated other comprehensive income	(9)	(11)
Net amount recognized	$ (68)	$ (65)

Amounts recognized in accumulated other comprehensive income are comprised of actuarial gains.

Investments in corporate-owned life insurance

To provide funding for its obligations related to the executive life insurance benefit plan, the Company maintains investments in corporate-owned life insurance ("COLI"). The Company's obligations related to this benefit plan are not secured by the COLI assets. As of February 3, 2024 and January 28, 2023, the Company's investments in COLI totaled $36 million and $35 million, respectively, which were classified in Other assets in the Company's consolidated balance sheets. COLI gains and losses were a $1 million gain in 2023, a $4 million loss in 2022, and nil in 2021, which are included within Other (expense) income, net in the Company's consolidated statements of loss.

Employees' 401(k) Savings Plan

Staples, Inc. Employees' 401(k) Savings Plan (the "401(k) Plan") is available to all United States based employees of Staples who meet minimum age and length of service requirements. Contributions by the Company to the 401(k) Plan are made in cash and are subject to a three-year cliff vest. The expense associated with the Company's match was $19 million in 2023, $17 million in 2022, and $19 million in 2021.

Supplemental Executive Retirement Plan

The Company has a Supplemental Executive Retirement Plan (the "SERP Plan") which is available to certain Company executives and other highly compensated employees, whose contributions to the 401(k) Plan are limited. The plan allows participants to supplement their contributions to the 401(k) Plan by making pre-tax contributions to the SERP Plan. The expense associated with the Company's match for this plan was $2 million in 2023. There was no matching contribution in 2022 or 2021.

The Company has investments in COLI policies which are held in a Rabbi trust, the funds related to which are restricted from usage for general corporate purposes and are designated to be used to satisfy the Company's obligations under the SERP. There was no material gain or loss on the COLI investments in 2023, 2022, or 2021. The Company records a liability to the plan participants, the amount of which is equal to the carrying value of the assets held in the Rabbi trust. As of the end of 2023 and 2022, the carrying amounts of the assets and corresponding liabilities were $8 million and $7 million, respectively. The assets are included in Other assets and the liabilities are included in Other long-term obligations in the Company's consolidated balance sheets.

Note M — Accumulated Other Comprehensive (Loss) Income

The following table details the changes in accumulated other comprehensive income:

	Foreign Currency Translation Adjustment	Deferred Benefit Costs	Accumulated Other Comprehensive Income (Loss)
Balance at January 29, 2022	$ (4)	$ (8)	$ (12)
Foreign currency translation adjustment	(2)	—	(2)

Deferred benefit gain (net of taxes of $7 million)	—	19	19
Balance at January 28, 2023	$ (6)	$ 11	$ 5
Deferred benefit loss (net of taxes of $0 million).......	—	(2)	(2)
Balance at February 3, 2024...................................	$ (6)	$ 9	$ 3

In 2023 and 2022, there was no reclassification from accumulated other comprehensive income to Selling, general, and administrative expense in the Company's consolidated statements of loss related to the amortization of actuarial losses on the executive life insurance benefit plan.

Note N — Related Party Transactions

USR Parent Inc., and Staples Canada ULC

On September 12, 2017, Staples, Inc. completed a merger pursuant to the Agreement and Plan of Merger (the "Merger") by and among Staples, Inc., Arch Parent Inc. ("Parent"), and Arch Merger Sub Inc. ("Merger Sub"). Pursuant to this agreement, Merger Sub merged with and into Staples, Inc., with Staples, Inc. surviving as a wholly-owned subsidiary of Parent. Parent is beneficially owned by investment funds managed by Sycamore Partners Management, L.P. ("Sycamore"). Immediately following the closing of the Merger, ownership of the Company's U.S. Retail business was transferred to USR Parent Inc., and ownership of its Canada Retail & Online business and remaining international businesses was transferred to Staples Canada ULC (the "Carveout Transactions"). On September 12, 2017, the Company entered into service agreements and commercial agreements with USR Parent Inc. and Staples Canada ULC, which are separate affiliates of Sycamore.

The service agreements cover various services provided by the Company to USR Parent Inc. and Staples Canada ULC, including, among others, those related to administrative functions such as information technology, finance, real estate, and human resources, and operational functions such as merchandising and distribution services. In addition, pursuant to these agreements USR Parent Inc. and Staples Canada ULC provided certain services to the Company. The service agreements had initial terms of 36 months. As of February 3, 2024, the service agreements with USR Parent Inc. and Staples Canada ULC have been extended through February 1, 2025.

The table below summarizes the net charges, by period, for various services provided and received under the service agreements. The Company recorded these amounts within Selling, general, and administrative expense in the consolidated statements of loss. Charges from USR Parent Inc. and Staples Canada ULC for services provided to the Company were immaterial for these periods.

	Fiscal Year Ended		
	February 3, 2024	**January 28, 2023**	**January 29, 2022**
Net charges to USR Parent Inc.....................................	$ 74	$ 74	$ 76
Net charges to Staples Canada ULC............................	6	7	8
Total charges	$ 80	$ 81	$ 84

The commercial agreements had initial terms of 36 months, which have been subsequently renewed pursuant to a provision that provides for automatic renewals for additional one-year periods. Pursuant to the commercial agreements, the Company sells to USR Parent Inc. and Staples Canada ULC, and purchases from USR Parent Inc., certain inventory items and services that are subsequently resold to third-party customers. These items and services are primarily transferred between the parties at prices that approximate the selling party's cost. In certain of these arrangements, the Company, together with USR Parent Inc., Essendant (as defined below), and Staples Canada ULC, benefit from synergies that result from combining purchase volumes. Revenue attributable to goods and services sold by the Company to USR Parent Inc. and Staples Canada ULC is included in Sales - Related Parties in the consolidated statements of loss, with the related cost included in Cost of Goods Sold - Related Parties, for those arrangements in which the Company has been determined to be the principal in the transaction. The costs for goods and services purchased from USR Parent Inc. pursuant to these arrangements are

included in Cost of Goods Sold and Occupancy Costs in the consolidated statements of loss at the time of a sale to a third-party customer, and totaled $105 million during 2023, $107 million during 2022, and $88 million during 2021. The Company also earns fees from USR Parent Inc. related to certain customer orders initiated on Staples.com but fulfilled by USR Parent Inc.'s retail stores. These fees totaled $25 million in 2023, $21 million in 2022, and $8 million in 2021, which are included in Sales - Related parties in the consolidated statements of loss.

In connection with the Carveout Transactions, the Company granted royalty-free licenses to USR Parent Inc. and Staples Canada ULC which provide for the use of the Staples trade name by these parties. The license granted to USR Parent Inc. had an original term of seven years, while the license granted to Staples Canada ULC is perpetual in nature. In the fourth quarter of 2023, the Company and USR Parent Inc. amended their license agreement. The amendment extended the term of the license agreement to five years from the effective date of October 29, 2023, with automatic renewals for additional one-year terms thereafter. The amendment provides each party with the right to terminate the license agreement upon providing more than 90 days' notice prior to the start of the next annual period within the term, with termination effective at the end of the annual period during which notice is provided. The amendment provides that USR Parent Inc. will pay the Company $25 million of license fees annually for these rights, payable in equal quarterly installments. The Company records the license fees in Sales - Related parties in the consolidated statements of loss on a straight-line basis over the license term. The Company recognized $6 million of license fee revenue in 2023, corresponding with the period October 29, 2023 through February 3, 2024. As of February 3, 2024, the Company had a receivable of $19 million due from USR Parent Inc. related to the license fees due for the annual period ending October 28, 2024, which is included in Due from related parties, net in the consolidated balance sheets, and a corresponding $19 million deferred revenue liability which is included in Accrued expenses and other current liabilities.

As of February 3, 2024, $38 million and $3 million, net, were due to the Company from USR Parent Inc. and Staples Canada ULC, respectively. As of January 28, 2023, $38 million and $7 million, net, were due to the Company from USR Parent Inc. and Staples Canada ULC, respectively. These balances relate to the arrangements outlined above, as well as amounts related to pass-through payments and expenditures. These amounts are included in Due from related parties, net in the Company's consolidated balance sheets.

Essendant

On January 31, 2019, an affiliate of Sycamore acquired Essendant Inc. ("Essendant"). During 2018 and 2019, Staples, Inc. provided $75 million for transaction-related expenses, for which Essendant has an obligation to reimburse the Company. As of February 3, 2024 and January 28, 2023, the $75 million balance is included in Due from Essendant, non-current in the consolidated balance sheet.

During 2019, Staples entered into a services agreement with Essendant. Under this agreement, Staples provides various services to Essendant, including those related to executive oversight, purchasing and vendor management, supply chain, and certain general and administrative functions. This agreement has an initial term of three years, effective as of January 31, 2019, with automatic renewals for additional two-year periods thereafter, and may be terminated by Essendant with a notice period of 180 days or by Staples with a notice period of 270 days. As compensation for these services, Essendant will pay Staples a fee annually based on a percentage of the growth in Essendant's operating profits, as defined in the agreement. In addition, Essendant will reimburse Staples for certain out-of-pocket costs it incurs in connection with providing these services. The Company did not earn any fees related to these services during 2023, 2022, or 2021.

The Company purchases goods from Essendant for resale in the normal course of business. These purchases totaled $298 million in 2023 and $343 million in 2022.

The Company acts as a purchasing agent for Essendant. The cost of goods purchased on behalf of Essendant are passed through to Essendant at cost.

As of February 3, 2024 and January 28, 2023, the Company had payables to Essendant of $16 million and $36 million, respectively. These balances, which relate to purchase transactions between the parties, are in Due to/from related parties, net in the Company's consolidated balance sheets.

Other

The Company is a party to a consolidated federal tax return for which the primary obligor is Arch Superco Inc., an entity that beneficially owns the Company. Amounts payable or receivable related to income tax expenses incurred or benefits realized by the Company are included in Due to/from related parties, net in the Company's consolidated balance sheets. As of both February 3, 2024 and January 28, 2023, the Company had receivables of $13 million for prepaid taxes related to consolidated tax filings.

As noted in Note H, as of February 3, 2024 and January 28, 2023, an affiliate of Sycamore held $92 million and $13 million, respectively, of the Company's senior unsecured notes due April 2027.

The Company has an advisory services agreement with Sycamore pursuant to which Sycamore provides strategic planning and other related services to the Company. Per the terms of this agreement, the Company is also responsible for reimbursing Sycamore for its out-of-pocket expenses associated with the provision of such services. Expenses associated with this agreement were not material during 2023 or 2022.

On January 29, 2020, the Company entered into a lease agreement with an entity in which Sycamore has a minority ownership interest. The lease relates to the Company's headquarters in Framingham, MA. The lease has an initial term of 25 years, with three renewal options for terms of 10 years each. The current portion of the Company's obligations with respect to this lease ($3 million as of February 3, 2024) is included in Operating lease liabilities, current, with the non-current portion ($121 million as of February 3, 2024) included in Operating lease liabilities, non-current in the consolidated balance sheets. Refer to Note I for information related to a derivative embedded in the lease.

See Note F for information related to the sale of the Company's Staples Professional business unit to Staples Canada ULC in December 2021.

Note O — Commitments and Contingencies

Commitments

As of February 3, 2024, Staples had $40 million of unconditional purchase obligations recognized on the Company's consolidated balance sheet relating to "take-or-pay" purchase agreements. This obligation is included within Accounts payable included on the consolidated balance sheet at February 3, 2024.

Legal contingencies

The Company investigated, with the assistance of outside experts, a data security incident involving unauthorized access into the computer systems of PNI Digital Media Ltd ("PNI"), a former subsidiary of the Company, which the Company acquired in July 2014, and which it sold to USR Parent Inc. on September 12, 2017 in connection with the Carveout Transactions (see Note N). PNI, which is based in Vancouver, British Columbia, provides a software platform that enables retailers to sell personalized products such as photo prints, photo books, calendars, business cards, stationery and other similar products. PNI's customers include a number of major third-party retailers, as well as affiliates of the Company. The investigation determined that an unauthorized party entered PNI's systems and was able to deploy malware on some of PNI's servers supporting its clients. The malware was designed to capture data that end users input on the photosites. Some of PNI's affected customers have notified certain of their users of a potential compromise of the users' payment card information and/or other personal information. PNI took prompt steps to contain the incident, including disabling the retailer

photosites or online payment transactions for a period while the incident was being investigated, and to further enhance the security of its retailer customers' data. In 2015, the Company incurred expenses of $18 million related to the incident, reflecting professional service fees incurred by the Company, claims by PNI's retailer customers, and litigation settlement amounts, the financial impact of which was mitigated by the Company's network security insurance coverage. In 2019, PNI received an additional claim from a retailer customer of PNI related to the incident, which PNI is disputing and any losses related to which are expected to be covered by the Company's insurance policies. The Company could incur additional losses related to this matter, which may be material, but the Company expects any such losses to be largely mitigated by insurance coverage.

From time to time, the Company is involved in litigation arising from the operation of its business that is considered routine and incidental to its business. The Company estimates exposures and establishes reserves for amounts that are probable and can be reasonably estimated. However, in many cases, it is difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount or range of potential loss, particularly where litigation may be in relatively early stages or where plaintiffs are seeking substantial or indeterminate damages. Matters frequently need to be more developed before a loss or range of loss can be reasonably estimated. In addition, litigation is inherently unpredictable and the outcome of legal proceedings and other contingencies could be unexpected or differ from the Company's reserves. Based on the information currently available with respect to litigation that is pending or is probable of assertion, the Company does not believe it is reasonably possible that a loss in excess of the amounts recognized in the consolidated financial statements as of February 3, 2024 would have a material adverse effect on its business, results of operations, financial condition or cash flows.

Guarantor obligations

Guarantee of lease obligations for divested U.S. retail business

Staples, Inc. is a co-tenant, original tenant, or obligor on certain leases ("Guaranteed Leases") for its former U.S. Retail business (collectively, the "Guarantee Obligations"), which it divested on September 12, 2017 in connection with the Merger. The Guarantee Obligations do not extend to the Company's subsidiaries that operate the Staples business, which subsidiaries have provided guarantees of the debt used to finance the Merger. In the event U.S. Retail defaults on a lease payment for a Guaranteed Lease, Staples, Inc. could potentially be called upon to make a payment to the landlord. The related leases expire at various dates through 2033, with a weighted average remaining term of approximately 4 years. Based on the remaining lease terms in effect as of February 3, 2024, exclusive of optional renewal periods, the maximum potential amount Staples, Inc. could be called upon to pay under the Guarantee Obligations is approximately $51 million. For Guaranteed Leases with renewal options, U.S. Retail can unilaterally exercise the renewal option, and, absent a modification to the lease agreement, Staples, Inc. would have guarantor obligations for the related lease payments. Staples, Inc. can reduce, and has reduced, its potential exposure by obtaining releases from its guarantor obligations. In the event of a default by U.S. Retail, Staples, Inc. could seek to mitigate its losses by filing a claim against U.S. Retail and by seeking a replacement tenant for the location at which the default occurred.

At September 12, 2017, the Company recognized a $46 million liability related to the fair value of the Guarantee Obligations. The carrying values of the liability at February 3, 2024 and January 28, 2023 were $1 million and $2 million, respectively, which are included in Other long-term obligations on the consolidated balance sheets. The Company reduces the liability of the Guarantee Obligations into income as the exposure declines over the remaining terms of the Guaranteed Leases, or upon obtaining a release from its guarantor obligations, with the income included in the results of discontinued operations. As of March 25, 2024, Staples, Inc. has not been called upon to make a payment on any of the Guarantee Obligations, and has been actively working to reduce its risk by obtaining releases of such obligations.

Note P — Impacts of the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus disease 2019 (COVID-19) as a global pandemic. COVID-19 severely impacted the U.S. and global economies and created significant uncertainty regarding potential impacts to the Company's supply chain, operations, and customer demand. The sections below address specific impacts of COVID-19 on the Company's financial statements.

Inventory

The Company recognized pretax charges of $3 million, $14 million and $45 million in 2023, 2022 and 2021, respectively, related to the write-down of certain personal protective equipment inventory items to their estimated net realizable values. These charges are included in Cost of goods sold and occupancy costs in the consolidated statements of loss. These charges were based on the Company's consideration of quantities of the inventory items on-hand, historical sales trends, expected future customer demand, and historical and current market prices.

Government assistance

On March 27, 2020, the Government of Canada announced the Canada Emergency Wage Subsidy program. Under this program, employers qualify for wage subsidies if certain conditions are met. In 2021, the Company qualified for wage subsidies of 12 million Canadian dollars ($10 million). The Company recorded these subsidies as an offset to salary and wage expenses, primarily within Selling, general and administrative expenses in the consolidated statements of loss. As discussed in Note F, on December 1, 2021, the Company sold Staples Professional, which earned the vast majority of the wage subsidies.

Payroll taxes

In March 2020, in response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law in the U.S. Among other provisions, the CARES Act provides that employers may defer the payment of the employer's portion of Social Security taxes that are owed for wages paid between March 27, 2020 and December 31, 2020. As of January 30, 2021, the Company had deferred the payment of $38 million of payroll taxes that otherwise would have been paid as of that date. Half of the deferred amount was paid in 2021. The other half was paid in 2022.

Any questions or requests for assistance may be directed to the Dealer Managers or the Information Agent at the addresses and telephone numbers set forth below. Requests for additional copies of this Offering Memorandum may be directed to the Information Agent. Eligible Holders should also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer and Consent Solicitation.

The Information Agent and the Exchange Agent for the Exchange Offer and Consent Solicitation is:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
Attention: Michael Horthman
Email: staples@dfking.com
Website: www.dfking.com/staples
Banks and Brokers call: (212) 269-5550
Toll-Free: (800) 859-8509
By Facsimile (For eligible institutions only): (212) 709-3328
Confirmation: (212) 232-3233

The Dealer Managers for the Exchange Offer and Consent Solicitation are:

Lead Left Dealer Manager and Solicitation Agent

J.P. Morgan Securities LLC
383 Madison Avenue, 6th Floor
New York, New York 10179
Attention: Conor O'Donnell
Collect: (212) 834-4087
Toll-Free: (866) 834-4666

Joint Dealer Manager and Solicitation Agent

Morgan Stanley & Co. LLC
1585 Broadway, 6th Floor
New York, NY 10036
Attn: Liability Management Group
Collect: (212) 761-1057
Toll-Free: (800) 624-1808

Co-Dealer Managers and Solicitation Agents

UBS Securities LLC

BofA Securities, Inc

Deutsche Bank Securities Inc.

Goldman Sachs & Co. LLC

RBC Capital Markets, LLC

Barclays Capital Inc.

Jefferies LLC

Mizuho Securities USA LLC

Wells Fargo Securities, LLC