UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

[ ] Registration Statement Pursuant to Section 12 of the Securities Exchange Act of 1934
or
[x] Annual Report Pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **January 31, 2019**

Commission file number **001-38648**

BRP Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English (if applicable))

Quebec, Canada

(Province or other jurisdiction of incorporation or organization)

3799

(Primary Standard Industrial Classification Code Number (if applicable))

N/A

(I.R.S. Employer Identification Number (if applicable))

726 Saint-Joseph Street
Valcourt, Quebec
Canada, J0E 2L0
(450) 532-6154

(Address and telephone number of Registrant's principal executive offices)

BRP US Inc.
10101 Science Drive
Sturtevant, WI 53177
(262) 884-5000

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

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Subordinate Voting Shares	**The Nasdaq Stock Market LLC** **Toronto Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:
[**x**] Annual information form [**x**] Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

43,040,023 Subordinate Voting Shares and 54,101,384 Multiple Voting Shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
[**x**] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).
[**x**] Yes [ ] No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.
Emerging growth company [ ]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F:

A. Annual Information Form

The Registrant's Annual Information Form for the year ended January 31, 2019 is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated by reference herein.

B. Audited Annual Financial Statements

The Registrant's audited annual consolidated financial statements for the year ended January 31, 2019, including the report of the independent registered public accounting firm with respect thereto, are attached as Exhibit 99.2 to this Annual Report on Form 40-F and are incorporated by reference herein.

C. Management's Discussion and Analysis

The Registrant's Management's Discussion and Analysis for the year ended January 31, 2019 is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated by reference herein.

CONTROLS AND PROCEDURES

The Company's President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian securities regulatory authorities.

There were no changes in the Company's internal controls over financial reporting during the three- and twelve-month periods ended January 31, 2019, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. As in previous years, the Company has received an unqualified opinion from its external auditor in relation to its consolidated financial statements for the twelve-month period ended January 31, 2019.

In the context of the preparation of the company's first Sarbanes-Oxley ("SOX") certification which will be required as at January 31, 2020 (as defined in Rules 13(a)-15(f) under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")), the company established a two-year roadmap which has been reviewed with its external auditor. As expected, given the US compliance requirements under SOX, control remediation requirements have been identified and have been incorporated into our SOX compliance roadmap. Management determined that the company did not have all of the required effective controls over the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems, which is further described below. However, Management has also concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2019 present fairly, in all material respects, the Company' financial position, results of operations, changes in equity and cash flows in accordance with IFRS.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer of the design and effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2019, that the Company's disclosure controls and procedures could be considered ineffective as a result of a material weakness identified in the Company's internal controls over financial reporting, which is further described below.

Management's annual report on internal control over financial reporting

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer of the design and effectiveness of the Company's internal controls over financial reporting. In making this evaluation, the President and Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 Internal Control – Integrated Framework, as was done in the prior years. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2019, that the Company's internal controls over financial reporting could be considered ineffective as a result of a material weakness identified in the Company's internal controls over financial reporting related to the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems. There were no material adjustments to the Company's audited consolidated financial statements for the period ended January 31, 2019 and prior, however, as a result of the material weakness identified a possibility exists that material misstatements in the Company's financial statements would not be prevented or detected on a timely basis in the future.

As part of the preparation of its first SOX certification (as defined in Rules 13(a)-15(f) under the Exchange Act), the Company has and will continue implementing its compliance plan. The plan includes, but is not limited to, identifying and documenting all sources of information used in controls, training the control owners and improving internal controls over financial reporting. The Company will, among other things, add additional steps to the validation of certain data extracted from the information systems and it will generally continue to improve its information systems. Management has also discussed the material weakness with the Audit Committee, which will continue to review progress on the Company's remediation actions.

The Company has and will continue to take actions to remediate the material weakness, but the weakness will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above.

Notwithstanding the material weakness, management has concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2019 present fairly, in all material respects, the Company' financial position, results of operations, changes in equity and cash flows in accordance with IFRS. There were no material adjustments to the Company's audited consolidated financial statement for the year ended January 31, 2019 and there were no changes to previously released financial results.

Changes in internal control over financial reporting

There were no changes in the Company's internal controls over financial reporting during the three- and twelve-month periods ended January 31, 2019, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Attestation report of registered public accounting firm

This Annual Report on Form 40-F does not include an attestation report of the Registrant's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended January 31, 2019 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's board of directors (the "Board of Directors") has determined that it has at least one audit committee financial expert (as such term is defined in item 8(a) of General Instruction B to Form 40-F) serving on its audit committee (the "Audit Committee"). Michael Hanley has been determined by the Board of Directors to be such audit committee financial expert and is independent (as such term is defined by the Nasdaq Stock Market's corporate governance standards applicable to the Registrant).

Mr. Hanley is a corporate director with many years of experience in senior management roles and corporate governance. He sits on the Board of Directors and chairs the Audit Committee of Industrial Alliance Insurance and Financial Services Inc., and of ShawCor Ltd. Mr. Hanley also sits on the board of LyondellBasell Industries N.V. since 2018 and is a member of its Audit Committee and of its Health, Safety, Environment an Operations Committee. He was on the Board of Directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the *Ordre des comptables professionnels agréés du Québec* (CPA) since 1987.

The SEC has indicated that the designation of Mr. Hanley as an audit committee financial expert does not make him an "expert" for any purpose, impose on him any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board of Directors in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Registrant has adopted a Code of Ethics and Conduct that applies to all directors, officers and employees of the Registrant and its subsidiaries. A copy of the Code of Ethics can be obtained, free of charge, on the Registrant's website (www.brp.com) or by contacting the Registrant at (450) 532-6154.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets out the fees billed to the Registrant by Deloitte LLP for professional services rendered for the fiscal period ended January 31, 2019 and January 31, 2018. During this period, Deloitte LLP was the Registrant's only external auditor.

(in Canadian dollars)	**Year ended January 31, 2019**	**Year ended January 31, 2018**
Audit Fees[1]	$ 1,702,980	$ 1,614,381
Audit-Related Fees[2]	706,399	450,208
Tax Fees[3]	148,020	156,749
All Other Fees[4]	207,920	79,037
Total Fees Paid	**$ 2,765,319**	**$ 2,300,375**

Notes:

1. "Audit Fees" include fees necessary to perform the annual audit or reviews of the consolidated financial statements. The Fiscal 2018 amount was modified as a result of a reclassification of certain fees in Fiscal 2019.
2. "Audit-Related Fees" include fees for assurance and related services by the independent auditor that are reasonably related to the performance of the audit or review of the Company's financial statements other than those included in "Audit Fees," such as advisory on accounting and reporting matters. The Fiscal 2018 amount was modified as a result of a reclassification of certain fees in Fiscal 2019.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees." This category includes fees for tax compliance, tax advice and tax planning.
4. "Other Fees" include fees for products and services provided by the independent auditor other than those included above, including consulting services.

The Registrant's Audit Committee is responsible for pre-approval of all audit services and permitted non-audit services provided to the Registrant or its subsidiaries by Deloitte LLP. The Audit Committee has delegated to the Chair of the Audit Committee, who is independent, the authority to act on behalf of the Audit Committee with respect to the pre-approval of all audit and permitted non-audit services provided by its external auditors from time to time. Any approvals by the Chair are reported to the full Audit Committee at its next meeting. All of the services described in footnotes 2, 3 and 4 under "Principal Accountant Fees and Services" above were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The information included in the section entitled "Off-Balance Sheet Arrangements" in the management's discussion and analysis included as Exhibit 99.3 to this Annual Report on Form 40-F is incorporated herein by reference.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided in the table entitled "Contractual Obligations" under the section entitled "Liquidity and Capital Resources" in the management's discussion and analysis included as Exhibit 99.3 to this Annual Report on Form 40-F is incorporated herein by reference.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Michael Hanley, William H. Cary, Estelle Métayer and Daniel J. O'Neill.

CORPORATE GOVERNANCE

The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and its Subordinate Voting Shares are listed on the Toronto Stock Exchange ("TSX") and The Nasdaq Global Select Market ("Nasdaq"). Nasdaq Listing Rule 5615(a)(3) permits a foreign private issuer to follow its home country practices in lieu of certain requirements in the Nasdaq Listing Rules. The following is a summary of the significant ways in which the Registrant's corporate governance practices differ from those required to be followed by U.S. domestic issuers under Nasdaq's corporate governance standards. In addition, the Registrant is currently a "controlled company" as defined in the Nasdaq Listing Rules. Upon ceasing to be a "controlled company", as a foreign private issuer, the Registrant intends to continue to follow Canadian corporate governance practices and TSX rules in lieu of the corporate governance requirements of Nasdaq. Except as described below, the Registrant is in compliance with the Nasdaq corporate governance standards in all significant respects.

- **Quorum Requirements.** Rule 5620(c) of the Nasdaq Listing Rules requires that the minimum quorum requirement for a meeting of shareholders is 33.33% of the outstanding shares of its common voting stock. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its bylaws. The Registrant follows the requirements of the *Canada Business Corporations Act* with respect to quorum requirements. The quorum requirement for a meeting of shareholders is set forth in the Registrant's by-laws, which require not less than 25% of the issued and outstanding shares entitled to vote at the meeting to be present in person or represented by proxy and at least two persons entitled to vote at the meeting actually present.

- **Shareholder Approval**. Sections 5635(a) through (d) of the Nasdaq Listing Rules require an issuer to obtain shareholder approval prior to certain issuances of securities, including (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. The Registrant does not follow this rule. Instead, the Registrant complies with applicable TSX rules. Such rules require issuers to obtain shareholder approval prior to a distribution of common shares (other than in respect of public offerings) that involve the sale of more than 25% of the issuer's outstanding common shares prior to the transaction. In addition, under TSX rules (1) the creation of, or certain material amendments to, equity compensation plans require shareholder approval and (2) the sale of common shares at a discount to officers and directors requires shareholder approval in specified circumstances.

- **Compensation Committee**. The Registrant follows applicable Canadian laws with respect to compensation consultants, legal counsel and other advisers to our Human Resources, Nominating and Governance Committee. Applicable Canadian securities legislation does not specifically require consideration of potential conflicts of interest on the part of compensation consultants, legal counsel and other advisers to the compensation committee, but best practices dictate disclosure of any such conflicts in the Registrant's management information circular.

- **Independent Directors.** Nasdaq Listing Rule 5605(b) requires that a majority of a listed issuer's board of directors be independent directors as defined in Nasdaq Listing Rule 5605(a)(2) for companies that are not controlled. Applicable TSX rules require only that listed issuers have at least two independent directors. Although the Registrant is a "controlled company" under Nasdaq rules, we follow applicable TSX requirements with respect to director independence.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F, the securities in relation to which the obligation to file an Annual Report on Form 40-F arises, or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the SEC an Appointment of Agent for Service of Process and Undertaking on Form F-X in connection with its Subordinate Voting Shares.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BRP INC.

Date: March 22, 2019

By: *(s)Sébastien Martel*

Name Sébastien Martel
Title: Chief Financial Officer

EXHIBIT INDEX

No.	Document
99.1	Annual Information Form of the Registrant for the year ended January 31, 2019
99.2	Audited consolidated financial statements of the Registrant as at January 31, 2019 and 2018 and for the years ended January 31, 2019 and 2018.
99.3	Management's discussion and analysis of the Registrant for the year ended January 31, 2019.
99.4	Third Amended and Restated Credit Agreement dated as of May 23, 2018 among Bombardier Recreational Products Inc., the guarantors party thereto, Bank of Montreal, as administrative agent, and the lenders from time to time party thereto.
23.1	Consent of Deloitte LLP.
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) or 15(d)-14 of the Securities Exchange Act of 1934.
31.2	Certifications Chief Financial Officer pursuant to Rule 13(a)-14(a) or 15(d)-14 of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.	Interactive Data File.

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Exhibit 99.1



BRP INC.

ANNUAL INFORMATION FORM

Fiscal year ended January 31, 2019

March 21, 2019

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EXPLANATORY NOTES

The information in this annual information form (the "Annual Information Form") is stated as at January 31, 2019, unless otherwise indicated.

Unless otherwise noted or required by the context, the "Company" and "BRP" refer to BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them.

Unless otherwise indicated, all references to "$" or "dollars" are to Canadian dollars and references to "US$" or "U.S. dollars" are to United States dollars. Amounts are stated in Canadian dollars unless indicated to the contrary.

All references to "Fiscal 2019" are to the Company's fiscal year ended January 31, 2019, to "Fiscal 2018" are to the Company's fiscal year ended January 31, 2018 and to "Fiscal 2017" are to the Company's fiscal year ended January 31, 2017.

All references to "season" throughout this Annual Information Form have different meanings depending on the applicable type of vehicle and region. Please refer to the following table for a description of such meanings:

North America	
ATVs and SSVs	12 months ended June 30
Three-wheeled on-road vehicles	12 months ended October 31
Snowmobiles	12 months ended March 31
PWCs	12 months ended September 30
Outboard engines	12 months ended June 30
Boats	12 months ended July 31
Scandinavia	
Snowmobiles	12 months ended June 30
All Other Regions and Territories	
All products	Calendar year (12 months ended December 31)

Any references to seasonal data for multiple products refer to each product's respective season for the specific year indicated.

Certain capitalized terms and phrases used in this Annual Information Form are defined in the "Glossary of Terms" beginning on page 66.

Forward-Looking Statements

Certain statements in this Annual Information Form about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that the Company's business guidance, objectives, plans and strategic priorities will be achieved.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail under the heading "Risk Factors" of this Annual Information Form: impact of adverse economic conditions on consumer spending; decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; inability to comply with product safety, health, environmental and noise pollution laws; large fixed cost base; inability of dealers and distributors to secure adequate access to capital; supply problems, termination or interruption of supply arrangements or increases in the cost of materials; competition in product lines; inability to successfully execute growth strategy; international sales and operations; failure of information technology systems or security breach; failure to maintain an effective system of internal control over financial reporting and to produce accurate and timely financial statements, loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; significant product liability claim; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors; inability to successfully manage inventory levels; intellectual property infringement and litigation; inability to successfully execute manufacturing strategy; covenants in financing and other material agreements; changes in tax laws and unanticipated tax liabilities; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; volatile market price for Subordinate Voting Shares; conduct of business through subsidiaries; significant influence by Beaudier Group and Bain Capital; and future sales of Subordinate Voting Shares by Beaudier Group, Bain Capital, directors, officers or senior management of the Company. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

The Company made a number of economic and market assumptions in preparing and making forward-looking statements. The Company is assuming reasonable industry growth ranging from flat to high-single digits, moderate market share gains in Year-Round Products and Seasonal Products and constant market share for the Marine segment. The Company is also assuming interest rates increasing modestly, currencies remaining at near current levels and inflation in line with central bank expectations in countries where the Company is doing business.

IFRS and Non-IFRS Measures

The Company's financial statements, available on SEDAR at www.sedar.com, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This Annual Information Form makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. The Company believes non-IFRS measures are important supplemental measures of

financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. Management also uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets, assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements, and also, as a component in the determination of the short-term incentive compensation for the Company's employees. While management believes that the presentation of non-IFRS measures is appropriate, non-IFRS measures have important limitations as analytical tools, and readers should not consider them in isolation, or as substitutes for analysis of the Company's results as reported under IFRS. Refer to the sections entitled "Non-IFRS Measures" and "Selected Consolidated Financial Information – Reconciliation Tables" of the Company's management's discussion and analysis for Fiscal 2019, available on SEDAR at www.sedar.com, for definitions and reconciliations of Normalized EBITDA and Normalized Net Income to the most directly comparable IFRS measure.

Market and Industry Data

The Company has obtained the market and industry data presented in this Annual Information Form from a combination of internal surveys, third-party information and the estimates of the Company's management. There are limited sources that report on the Company's markets and industries. As such, much of the market and industry data presented in this Annual Information Form is based on internally generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which the Company competes. While the Company believes internal surveys, third-party information and estimates of the Company's management are reliable, the Company has not verified them, nor have they been verified by any independent sources and the Company has no assurance that the information contained in third-party websites is current and up-to-date. While the Company is not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Forward-Looking Statements" and "Risk Factors".

Trademarks and Tradenames

This Annual Information Form refers to trademarks, such as *Alumacraft*®, *BRP*®, *Can-Am*®, *Evinrude*®, *Johnson*®, *Lynx*®, *Manitou*®, *Sea-Doo*®, *Ski-Doo*® and *Rotax*®, which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trademarks and tradenames referred to in this Annual Information Form may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and tradenames. All other trademarks used in this Annual Information Form are the property of their respective owners.

CORPORATE STRUCTURE

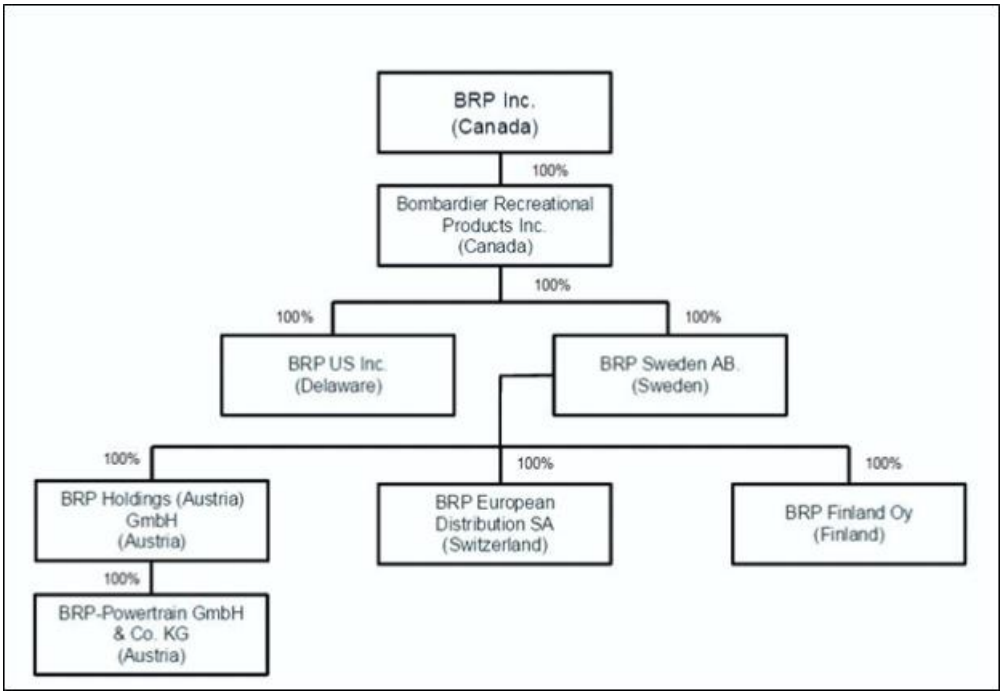
Incorporation and Office

The Company was incorporated under the *Canada Business Corporations Act* on May 1, 2003 under the name J.A. Bombardier (J.A.B.) Inc. On June 28, 2006, the Company was amalgamated with 4308042 Canada Inc., a wholly-owned subsidiary of the Company. On April 12, 2013, the Company filed articles of amendment to change its name to BRP Inc. Immediately prior to the closing of its initial public offering on May 29, 2013 (the "IPO"), the Company filed articles of amendment to reorganize its authorized and issued share capital as described under "Description of the Capital Structure".

The Company's head and registered office is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

Intercorporate Relationships

The following organization chart indicates the inter-corporate relationships of the Company and its material subsidiary entities together with the jurisdiction of incorporation or constitution of each such entity as at the date hereof:



Certain subsidiaries of the Company, each of which represented not more than 10% of the consolidated assets and not more than 10% of the consolidated revenue of the Company, and all of which, in the aggregate, represented not more than 20% of the total consolidated assets and the total consolidated revenue of the Company as at the date hereof, have been omitted.

GENERAL DEVELOPMENT OF THE BUSINESS

General

BRP's origins date back to 1937 when founder Joseph-Armand Bombardier obtained his first patent for a tracked vehicle used for travelling on snow. In 1959, the Company gave birth to the recreational snowmobile by introducing the first lightweight single-track two-passenger snowmobile under the *Ski-Doo* brand.

In 1968, the Company launched the industry's first personal watercraft under the *Sea-Doo* brand, and in 1970, the Company acquired the maker of *Rotax* engines. In 1989, the Company acquired the Finnish company Nordtrac Oy, the maker of the *Lynx* brand of snowmobiles. A decade later, the Company entered a new powersports category when it began selling all-terrain vehicles ("ATVs"), which are now branded *Can-Am*. In 2001, the Company acquired the outboard engine related assets of Outboard Marine Corporation (OMC), including the *Evinrude* and *Johnson* brands.

In 2003, while operating as a division of Bombardier Inc., the Company was sold by Bombardier Inc. to an investor group including Bain Capital Luxembourg Investments S.à r.l. ("Bain Capital"), members of the Bombardier and Beaudoin families and Caisse de dépôt et placement du Québec ("CDPQ").

In 2007, the Company entered the on-road market and created a new on-road product category with the introduction of the *Spyder* three-wheeled vehicle ("3WV"). In 2010, the Company added another product to its portfolio with the introduction of its first recreational side-by-side vehicle ("SSV") under the *Can-Am* brand. In 2012, BRP decided to cease the manufacturing of sport boats and announced that it would offer its jet boat propulsion technology to boat builders.

In June 2018, the Company completed the acquisition of Alumacraft Boat Co. ("Alumacraft") for a total cash consideration of U.S. $61.0 million ($80.9 million). Alumacraft is a recreational boat manufacturer with two manufacturing facilities located in St. Peter, Minnesota (United States) and in Arkadelphia, Arkansas (United States).

In connection with the acquisition of Alumacraft, the Company established a Marine Group, thereby creating two operating and reportable segments: Powersports and Marine. The Powersports segment includes Year-Round Products, Seasonal Products and Powersports PAC and OEM Engines. The Marine segment includes outboard and jet boat engines, boats and related PAC and other services.

In August 2018, the Company completed the acquisition of Triton Industries, Inc. ("Triton") for a total cash consideration of U.S. $75.0 million ($97.4 million). Triton is a manufacturer of pontoon boats under the Manitou brand with a manufacturing facility located in Lansing, Michigan (United States). The Alumacraft and Triton acquisitions are expected to allow the Company to pursue its growth strategy in the marine market, and to create synergies with the existing operations of the Company.

In September 2018, the Company introduced the *Ryker*, a 3VW under the *Can-Am* brand. The *Ryker* is in the same product category as the *Spyder* but it is offered at a lower purchase price.

Public Offerings and Other Transactions

The Company completed its IPO in 2013. Since then, the Company's subordinate voting shares (the "Subordinate Voting Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "DOO".

On June 1, 2017, the Company announced a substantial issuer bid ("SIB") pursuant to which it completed on July 21, 2017 the purchase for cancellation of a total of 8,599,508 Subordinate Voting Shares (representing approximately 7.7% of the total number of Shares issued and outstanding as of such date) at a price of $40.70 per Share for an aggregate consideration of approximately $350 million. Prior to the completion of the SIB, Beaudier Group, Bain Capital and CDPQ converted respectively 3,168,019, 2,438,724 and 464,129 of multiple voting shares of the Company (the "Multiple Voting Shares", and collectively with the Subordinate Voting Shares, the "Shares") into an equivalent number of Subordinate Voting Shares. These converted shares were repurchased in the SIB.

In addition, over the last three financial years, the Company repurchased for cancellation 3,396,074 (from March 2016 to September 2016), 3,078,999 (from March 2017 to March 2018) and 3,625,271 (from April 2018 to July 2018) of its outstanding Subordinate Voting Shares through normal course issuer bids.

On October 17, 2017, Beaudier Group, Bain Capital, CDPQ and other selling shareholders completed a bought deal secondary offering (the "2017 Secondary Offering") pursuant to which they sold an aggregate of 10,000,000 Subordinate Voting Shares at a price of $43.35 per Subordinate Voting Share for aggregate gross proceeds of $433,500,000. The Company did not receive any of the proceeds from the 2017 Secondary Offering.

On September 14, 2018, the Company completed the listing of its Subordinate Voting Shares on the Nasdaq Global Select Market under the symbol "DOOO".

On September 18, 2018, Beaudier Group, Bain Capital and other selling shareholders completed a secondary offering (the "2018 Secondary Offering") pursuant to which they sold an aggregate of 8,700,000 Subordinate Voting Shares at a price of US$47.00 per Subordinate Voting Share for aggregate gross proceeds of US$408,900,000. The Company did not receive any of the proceeds from the 2018 Secondary Offering.

As at March 20, 2019, 43,040,023 Subordinate Voting Shares and 54,101,384 Multiple Voting Shares of the Company were issued and outstanding.

BUSINESS OF THE COMPANY AND ITS INDUSTRY

Overview of the Company

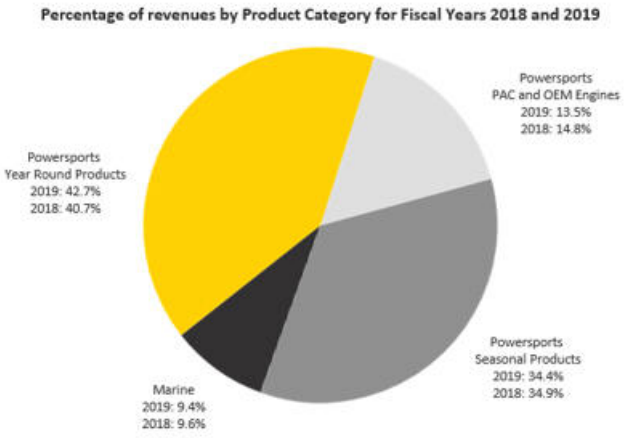
BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and marine products. The Company is a diversified manufacturer of powersports vehicles and marine products, providing enthusiasts with a variety of exhilarating, stylish and powerful products for all year-round use on a variety of terrains.

The Company is a brand of choice for true powersports and boating enthusiasts. BRP's products are recognized by stunning designs, powerful and efficient engines, and the incorporation of advanced technologies that drive industry-leading performance. BRP aims to continuously enhance the consumer experience through new features and models in a variety of ways, including enhancing rider ergonomics, adding safety features, enhancing engine performance and reducing environmental impact.

The Company's diversified portfolio of brands and products includes, under the Powersports segment, year-round products such as *Can-Am* ATVs, SSVs and 3WVs, seasonal products such as *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs and *Rotax* engines for karts, motorcycles and recreational aircraft, and under the Marine segment, *Evinrude* outboard boat engines, *Rotax* engines for jet boats, and *Alumacraft* and *Manitou* boats. Additionally, the Company supports its line of products with a dedicated PAC business.

The Company employs approximately 12,500 people worldwide. It sells its products in over 100 countries. In Fiscal 2019, BRP achieved revenues, normalized EBITDA, net income and normalized net income of $5,243.8 million, $655,9 million, $227.3 million, and $308.6 million, respectively.

The following charts[1] set forth the percentage of the Company's revenues generated by each of its product category in Fiscal 2019 and Fiscal 2018, respectively:



(1) Figures for Fiscal 2018 have been created for purposes of the comparison to reflect the creation of the Marine Group in Fiscal 2019.

The powersports industry is comprised of several product categories. The majority of powersports products are used for recreational purposes. Certain products, primarily ATVs and SSVs, are also used for utility purposes, such as for agriculture, construction, military and other commercial applications. BRP competes in the ATV, SSV, snowmobile and PWC categories, and in the three-wheeled vehicles category of motorcycles with the *Can-Am Spyder* and *Ryker* 3WVs. BRP's competition primarily comes from North American and Asian manufacturers.

The marine industry is composed of marine engines, boats and their respective PAC businesses. BRP competes in the marine engine product category with the *Evinrude* outboard engines and the *Rotax* engines for jet boats and in the boat product category with the *Alumacraft* and *Manitou* boats.

The markets for BRP's products are highly competitive based on a number of factors, including innovation, performance, price, technology, product features, design and ergonomics, fit and finish, brand loyalty, quality, warranties and distribution. Management believes consumer demand for powersports vehicles and marine products is mostly influenced by macroeconomic conditions, product life cycles, the introduction of new features, technologies and products, brand recognition and the maintenance of extensive and engaged distribution networks.

Powersports and marine products are sold through networks of dealers and distributors. Manufacturers generally either distribute their products in a country directly to an established network of largely independent dealers or through distributors who act as intermediaries with dealers. Manufacturers typically provide dealers with marketing and after-sale service support as well as training for service technicians. At the dealer/distributor level, competition is based on a number of factors, including sales and marketing support efforts such as dealer/distributor inventory financing arrangements, dealer/distributor training, store redesign initiatives, flexible ordering systems, advertising and diversity in product offerings. Management believes that BRP's powersport and marine products, covering all seasons and, in the case of powersports products, multiple terrain applications, provide a compelling value proposition for its dealer/distributor network.

BRP Brands and Products

The Company has 4 main product categories:

Product Category	Segment	Type of Products
Year-Round Products	Powersports	*Can-Am* ATVs, SSVs and 3WVs
Seasonal Products	Powersports	*Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs
PAC and OEM engines	Powersports	PAC and *Rotax* OEM engines for karts, motorcycles and recreational aircraft
Marine Products	Marine	*Evinrude* outboard engines, *Rotax* engines for jet boats and *Alumacraft* and *Manitou* boats


MAIN CATEGORIES OF BRP PRODUCTS
Powersport Group
Year-Round Products
can-am
OFF-ROAD VEHICLE - ATV
can-am
OFF-ROAD VEHICLE - SSV
can-am
ON-ROAD VEHICLE
Seasonal Products
ski-doo
SNOWMOBILE
LYNX
SNOWMOBILE
SEA-DOO
WATERCRAFT
Powersports PAC and OEM Engines
ROTAX
ENGINE
Marine Group
EVINRUDE
OUTBOARD ENGINE
ALUMACraft
BOAT
Manitou
PONTOON

Powersport - Year-Round Products

Year-Round Products consist of BRP vehicles that are sold and used throughout the year in most climates and include the ATV, SSV and 3WV product lines. All products within the Year-Round Product category are sold under the *Can-Am* brand. *Can-Am* ATVs, SSVs and 3WVs all leverage BRP's renowned *Rotax* engines.

ATVs

ATVs are four-wheel vehicles used for recreational and utility purposes in all four seasons of the year. Seats are designed to be straddled by the rider who steers using handlebars. ATVs can be broken down into five main categories: sport, recreational-sport, utility, recreational-utility and youth.

The primary manufacturers of ATVs include BRP, Honda, Kawasaki, Polaris, Suzuki, Textron and Yamaha. Certain Chinese and Taiwanese manufacturers also produce ATVs, but primarily focus on entry-level products, which are not included in the industry data.

In recent years, several consumers have shifted from ATVs to SSVs. Management estimates that the global ATV market represented approximately 345,000 units in season 2018, down approximately 3% from season 2017.

The *Can-Am* ATV line-up targets a broad range of consumers within the recreational, recreational-sport and sport sectors. The Company offers a total of 77 models, including a youth model and a six-wheel ATVs. Management estimates that its global ATV market share in season 2018 reflected a number three position.

For season 2019, suggested retail prices for the Company's ATV models (including youth models) range from approximately US$2,349 to US$15,499 in the United States.

SSVs

An SSV is driven much like a car, using a steering wheel and pedals, is equipped with seat belts and rollover protection bars and sits the driver and passenger side-by-side. Certain models also include one or two rows of additional seats to accommodate up to six passengers. SSVs can be divided into two categories: (1) recreational SSVs, which can be sub-divided into three main groupings: sport, recreational-utility, utility-recreational; and (2) utility SSVs. The utility category of the SSV market remains strong, but in the last decade the SSV market has been transformed by the introduction of vehicles designed primarily for recreational purposes. Both existing and aspirational powersports consumers are drawn to recreational SSVs in large part by their enhanced functionality, innovation and differentiated riding experience. In recent years, several consumers have shifted from ATVs to SSVs.

The primary manufacturers of recreational SSVs are BRP, Honda, John Deere, Kawasaki, Polaris, Textron and Yamaha. Management estimates that the global recreational SSV market represented approximately 325,000 units for season 2018, an increase of approximately 8% from season 2017[1]. The Company's share of the global recreational SSV market in season 2018 reflected a number three market share position based on management's estimates.

The primary manufacturers of utility SSVs are Bobcat, John Deere, Kawasaki, Kubota and Polaris. The Company entered the utility-recreational sector, which is the biggest sector of the North American industry, with the *Defender* model in 2015.

[1] The approximate numbers of the SSV units in season 2018 and 2017 was calculated without considering the number of vehicles sold by John Deere as this information was not available for season 2018.

The Company offers one of the widest and deepest line-ups of the SSV market with 51 models and it expects to continue releasing a new SSV every 6 months until 2020.

For season 2019, suggested retail prices for the Company's SSV models range from approximately US$9,999 to US$30,099 in the United States.

3WVs

BRP's *Can-Am Spyder* and *Ryker* vehicles are non-traditional three-wheeled vehicles (with two wheels in the front and one in the back) designed to be driven on paved roads, highways and gravel roads. While many jurisdictions have implemented distinct licensing requirements for three-wheeled vehicles that are generally less expensive, demanding and lengthy to obtain than for traditional motorcycles, certain jurisdictions still apply the same licensing requirement for the *Spyder* and *Ryker* 3WVs as for traditional motorcycles. Other jurisdictions require only an automobile driver's license.

BRP's *Can-Am Spyder* and *Ryker* 3WVs compete for consumers against three-wheeled vehicle manufacturers such as Harley Davidson, Polaris, Piaggio and Yamaha. Management estimates that the global market for three-wheeled vehicles represented approximately 78,000 units in season 2018, up approximately 1% from season 2017[2]. Management believes that, in addition to the traditional motorcycle consumer, the *Spyder* and *Ryker* 3WVs open-air experience, styling, performance and stability appeal to consumers that would not have considered buying a motorcycle. With their Y-shape architecture, vehicle stability system and semiautomatic or automatic transmission, management believes that the *Spyder* and *Ryker* 3WVs offer greater stability and overall ease of use for a broad range of riders of all skill levels. The *Can-Am* 3WV line-up is comprised of 30 models.

For season 2019, suggested retail prices for the Company's *Spyder* models range from approximately US$15,999 to US$28,799 in the United States. In September 2018, the Company introduced the *Ryker* 3WVs, with a retail price ranging from approximately US$8,499 to US$10,999 in the United States, which is more affordable than the *Spyder* 3WVs currently on the market.

Powersport - Seasonal Products

Seasonal Products consist of BRP products that are mostly used in specific seasons. These products include snowmobiles, which are mainly used during the winter season with sales to dealers concentrated in the months of September to January, and PWCs, which are mainly used during the summer season with sales to dealers concentrated in the months of January to April. BRP leverages its *Rotax E-TEC* and *ACE* engine technologies to produce snowmobiles and watercraft that are recognized as being among the most fuel-efficient in the market.

Snowmobiles

Snowmobiles are used in various snow-covered riding environments, including on- and off-trail for mountain, performance, touring and utility purposes. On-trail models have high engine displacement and are generally used on groomed trails. Off-trail models such as cross-over and mountain snowmobiles are known for their lighter weight and longer tracks. Utility snowmobiles are easier to handle and are generally used for work-related purposes.

[2] In the past, the Motorcycle Industry Council classified the Spyder model in the On-Highway Motorcycle category and the Company compared its sales of 3VWs to the global market for On-Road Motorcycles of 500 cc+. Now that more manufacturers have entered the 3WVs product category, data is available for the 3WV global market.

The primary manufacturers of snowmobiles are: Textron, BRP, Polaris and Yamaha. Management estimates that the Company holds the leading market-share position of the global snowmobile market.

The global snowmobile market is highly concentrated in North America, Russia and Scandinavia, with North America accounting for an estimated 79% of global unit sales in season 2018. Management estimates that the global snowmobile market represented approximately 126,000 units for season 2018, up approximately 8% from season 2017.

The Company produces 98 different key models of snowmobiles, categorized as (i) on-trail models (touring, sport, cross-country), (ii) on/off-trail models (cross-over) and (iii) off-trail models (mountain, utility). These models, addressing the needs of all consumer sectors, are grouped into 18 product families and marketed under two different brand names, *Ski-Doo* and *Lynx*. BRP snowmobiles are sold primarily in North America under the *Ski-Doo* brand and in Europe and Russia under the *Lynx* and *Ski-Doo* brands.

For season 2019, suggested retail prices for BRP snowmobiles range from approximately US$7,649 to US$16,349 in the United States.

PWCs

PWCs include sit-down and stand-up models and are used on lakes, rivers or oceans. PWCs are designed to accommodate one to three riders and are used primarily for recreational purposes, with a small proportion being used for utility purposes such as marine patrol and rescue. PWCs can be divided into four primary categories: touring, performance, sport and recreation.

The primary manufacturers in the PWC market are BRP, Kawasaki and Yamaha. Management estimates that the Company holds the leading market-share position of the global PWC market.

In season 2018, the global PWC market represented approximately 116,000 units, up approximately 7% from season 2017 Management believes that the *Sea-Doo Spark* watercraft, a more accessible PWC product introduced by the Company during season 2014, has significantly contributed to the industry unit growth observed in recent years.

The Company produces a full line of PWCs consisting of 25 models marketed under the *Sea-Doo* brand name, which allows it to compete in the main PWC product categories.

For season 2019, suggested retail prices for BRP's PWC models range from approximately US$5,399 to US$17,099 in the United States.

Powersport - PAC and Rotax engines

Powersport PAC

BRP sells a broad range of powersport PAC to complement each of its product lines, providing a stable revenue stream with high profit margins, along with increased brand exposure. PAC products enhance the overall consumer experience and lifestyle associated with powersports products. The parts sold by BRP include consumables (e.g. oils, lubricants and cleaning products), wearable components (e.g. brake pads, tires and transmission belts) and replacement parts (e.g. pistons, clutches and suspension components). The accessories include, for example, bumpers, windshields, rims, winches, passenger seats, covers, racks and cargo boxes. BRP also sells a range of riding gear and apparel adapted to its various product lines, including jackets, coats, pants, gloves, helmets, gear bags and casual sportswear items such as sweatshirts, T-shirts and hats.

The competitive landscape is composed mainly of companies specialized in parts, accessories and clothing ("aftermarket companies") ranging from multi-brand distributors to smaller single-brand companies. Aftermarket parts and accessories are generally of universal design and can be installed on the Company's vehicles as much as on the competitors' vehicles.

BRP designs the vast majority of its PAC. The parts and accessories are developed alongside the vehicles. They are subject to the same testing and validation processes as the vehicles, resulting in superior assembly, installation and fit. The Company's clothing line-up prominently features its brands. Management believes that BRP's PAC offering is a key influencer in the consumer's purchase decision of a new vehicle, thus providing the Company with a competitive advantage.

Rotax Engines

With their recognized performance, fuel efficiency and emissions profile, *Rotax* engines represent a core component of BRP's industry-leading product performance. They power *Can-Am* ATVs, SSVs and 3WVs, *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs and the marine *Rotax* inboard jet propulsion system. *Rotax* engines are also sold to distributors and OEMs that manufacture products that are not in direct competition with BRP products. When sold to such third parties, the engines are used to power karts, motorcycles, small recreational aircraft and firepumps. BRP has developed a comprehensive line-up of compact *Rotax* engines with engine specifications varying from one to four cylinders, 2-stroke and 4-stroke.

Most of BRP's powersports competitors power their vehicles with engines they manufacture themselves. For kart engines, the main competitors are IAME, TM Racing and Vortex Engines. For motorcycle engines, the main competitors are Honda, Kawasaki, Triumph and Yamaha. For small recreational aircraft engines, the main competitors are Continental Motors and Lycoming.

Marine – Outboard Engines and Boats

Outboard Engines

Marine propulsion systems for recreational power boats are comprised of outboard engines and inboard engines. They are generally sold to independent boat builders that in turn resell the engines and related rigging as part of a boat package, and to independent dealers and distributors. Outboard engines are designed to be affixed to the outside of a boat transom and tend to be lighter, less expensive and more easily replaceable than inboard engines. Inboard engines are designed to be integrated within the boat by the boat builder as part of the production of the boat.

The primary manufacturers in the outboard engine market are BRP, Brunswick, Honda, Suzuki and Yamaha. Management estimates that season 2018 represented approximately 378,000 units globally in the outboard engine market, an increase of approximately 3% from season 2017. Management believes that BRP has a number four market-share position of the global outboard engine market (for engines greater than 30 hp).

For inboard engines, the primary manufacturers are Brunswick and Volvo Penta for stern drive propulsion systems and BRP and Yamaha for jet propulsion systems. Management estimates that demand remained relatively stable in recent years for inboard engines at levels between 20,000 and 25,000 units in the United States, down from a level of approximately 80,000 units in the mid-2000s.

BRP offers two kinds of marine propulsion systems for recreational power boats: *Evinrude* outboard engines from 3.5 hp to 300 hp and *Rotax* inboard jet propulsion engines. The Company also offers a broad range of *Evinrude* PAC. The *Evinrude* outboard engines are advanced 2-stroke engines with direct fuel injection that are more fuel efficient, cleaner, quieter, and easier to service than a traditional 2-stroke engine. In June 2014, the Company introduced the innovative *Evinrude E-TEC G2* engine family, with an offering ranging from 150 hp to 300 hp, featuring improved performance, better fuel efficiency and a radically different design, allowing the possibility to customize the coloration of the engine to match the boat. For their part, the *Rotax* inboard jet propulsion engines offer boat builders an alternative for traditional inboard sterndrives and other inboard engines.

For season 2019, suggested retail prices for the Company's *Evinrude* engines range from approximately US$1,210 to US$27,750 in the United States.

Boats

Recreational boats include rigid inflatable boats, pontoon, deck, bowrider, cruiser and fishing boats. The Company offers recreational fishing boats and pontoons and their related PAC businesses.

Recreational fishing boats can be divided in two categories: (i) fishing boats mostly used in off-shore salt water, that are generally at least 25 feet long; and (ii) fishing boats mostly used in fresh water, that are generally less than 23 feet long. The vast majority of fishing boats are powered by outboard engines. Fishing boats mostly used in fresh water are made of either fiberglass or aluminum. The Company's *Alumacraft* fishing boats are of 20 feet or less, generally used in fresh water, in aluminum and outboard powered.

Pontoons are leisure boats in aluminum almost exclusively used in North America on fresh water and are generally outboard powered. The Company's *Manitou* pontoons competes in that category of recreational boats.

BRP's competition in the boat industry primarily comes from North American manufacturers such as Bass Pro Shops, Brunswick, and Polaris. For season 2019, suggested retail prices for the Company's *Alumacraft* aluminum fishing boats range from approximately US$2,214 to US$25,388 and suggested retail prices for *Manitou* pontoons range from approximately US$17,238 to US$117,000 in the United States.

Strategic Priorities

The Company's strategic priorities are:

Growth	Agility	Lean Enterprise
Accelerate growth and create a strong pipeline of new growth opportunities	Implement a more flexible supply chain to better serve our consumers and reduce working capital	Relentless pursuit of EPS improvement through organizational excellence and a lean mindset across BRP

Manufacturing Facilities and Operations

The Company manufactures its products at eleven facilities: one in Canada, three in Mexico, one in Austria, five in the United States and one in Finland. All of the Company's facilities are owned by the Company except for the Juárez 2 (Mexico), Querétaro (Mexico) and Rovaniemi (Finland) plants, which are leased.

The following table presents the location, size and products manufactured at the Company's current manufacturing facilities.

Location	Approx. Size (sq. ft.)	Products Manufactured
Valcourt, Canada	800,000	*Ski-Doo* snowmobiles and *Can-Am Spyder* 3WVs
Juárez, Mexico ("Juárez 2")	700,000	*Can-Am* SSVs
Querétaro, Mexico	550,000	*Rotax* engines and *Sea-Doo* PWCs
Gunskirchen, Austria	500,000	*Rotax* engines
Sturtevant, United States	465,000	*Evinrude* outboard engines and *Rotax* jet propulsion systems
Juárez, Mexico ("Juárez 1")	465,000	*Can-Am* ATVs and SSVs and *Can-Am Ryker* 3WVs
Rovaniemi, Finland	215,000	*Ski-Doo* and *Lynx* snowmobiles and certain specialized *Can-Am* ATVs
Lansing, United States	140,000	*Manitou* pontoon boats
St-Peter, United States	135,000	*Alumacraft* aluminum fishing boats
Spruce Pine, United States	100,000	Mainly components for *Evinrude* and *Rotax* engines
Arkadelphia, United States	68,000	*Alumacraft* aluminum fishing boats

The Company's manufacturing strategy, including the products manufactured and the operational activities carried on in each manufacturing facility, is based on a variety of factors such as the proximity to key retail markets, the presence and cost of skilled labour, production capacity, international and local laws, rules and regulations (including custom duties, tariffs and free-trade arrangements) as well as social and political conditions. While the Company anticipates that the allocation of its manufacturing operations and production capacity across its manufacturing facilities in Austria, Canada, Finland and the United States will remain relatively stable, it is continuously revaluating the foregoing factors in order to optimize its manufacturing strategy.

The Company's facility in Valcourt (Canada) assembles *Ski-Doo* snowmobiles, *Can-Am Spyder* 3WVs and manufactures components of such vehicles.

The Company's Gunskirchen (Austria) facility assembles *Rotax* engines for the Company's *Ski-Doo* and *Lynx* snowmobiles and *Can-Am* 3WVs, as well as for third-party OEMs for use in karts, motorcycles, boats, recreational and small aircraft and firepumps. Since January 2016, *Sea-Doo* PWC engines are partially manufactured in the Gunskirchen (Austria) facility and subsequently completed in the Querétaro facility, with the exception of the *Sea-Doo Spark* PWC engines, which are entirely produced in Querétaro (Mexico). The facility in Gunskirchen is strategically located in a region in which skilled labour in advanced propulsion systems is abundant due to the proximity of several automotive industry research centers and key suppliers.

The Company's facility in Querétaro (Mexico) assembles *Sea-Doo Spark* PWCs and *Rotax* engines for *Can-Am* ATVs, SSVs and *Can-Am Ryker* 3WVs. Since 2016, the facility in Querétaro has been gradually starting to assemble the entire *Sea-Doo* PWC line-up and *Sea-Doo* PWC engines, which are partially manufactured in the Gunskirchen (Austria) facility and subsequently completed in the Querétaro facility, with the exception of the *Spark* PWC engines, which is completely produced in Querétaro. The facility also manufactures composite components for *Sea-Doo* PWCs. Since 2017, the Company has started machining *Rotax* engine components for *Can-Am* ATVs and SSVs and for PWCs in its Querétaro facility. It also machines *Rotax* engine components for *Can-Am Ryker* 3WVs. During the course of the fiscal year ending January 31, 2019, the Company increased its average PWC production capacity by approximately 25% in terms of units per hour in order to meet demand in the PWC market.

The Company's facility in Sturtevant (United States) manufactures outboard engines and related components under the *Evinrude E-TEC* brand covering the 15 hp to 300 hp category. It also produces components for *Rotax* engines and jet propulsion systems.

The Company's Juárez 1 facility (Mexico) assembles *Can-Am* ATVs and SSVs and started assembling Can-Am Ryker 3WVs in 2018. The facility also manufactures components for *Can-Am* off-road vehicles and *Can-Am Ryker* 3WVs and produces ATV, SSV and *Ryker* 3WV accessories such as bumpers, racks, steering columns and brackets.

The Company's Juárez 2 facility (Mexico) assembles *Can-Am* SSVs, manufactures related components and produces SSV accessories such as bumpers, racks and brackets. In order to meet demand in the SSV market, the Company plans to nearly double its capacity in terms of units per hour at the Juárez 2 facility in Fiscal 2019 and for the fiscal year ending January 31, 2020.

The Company's facility in Rovaniemi (Finland) assembles *Lynx* and *Ski-Doo* snowmobiles and completes the assembly of certain models of specialized *Can-Am* ATVs. The Company also manufactures components for snowmobiles and ATVs in Rovaniemi.

The Company's facility in Lansing (United States) assembles *Manitou* pontoons and performs aluminum transformation such as blanking, forming and aluminum welding.

The Company's facility in St-Peter (United States) assembles *Alumacraft* aluminum fishing boats and performs aluminum transformation such as blanking, forming and aluminum riveting.

The Company's facility in Spruce Pine (United States) provides lost foam aluminum casted parts for *Evinrude* and *Rotax* branded engines as well as other OEM customers serving the automotive, rail and construction equipment industries.

The Company's facility in Arkadelphia (United States) manufactures *Alumacraft* aluminum fishing boats and performs aluminum transformation such as blanking, forming and aluminum welding.

The Company is vertically integrated with respect to those manufacturing processes that represent its core competencies, such as surface treatment, painting, high precision machining and honing, aluminum fabrication and forming, riveting and welding, steel forming and welding and engine component manufacturing. For other product components, the Company relies on external suppliers. The Company uses contract carriers to ship its products to its customers and maintains international distribution centers to allow for its products to be shipped to international customers with shorter lead-times. For boats, shipping is also performed by the Company in North America.

Research and Development

BRP relies heavily on research and development to sustain its reputation for high performance products, build strong consumer loyalty and reduce production costs. In Fiscal 2019, investments by the Company in research and development activities represented $221.7 million, or approximately 4% of the Company's annual sales. BRP's significant research and development efforts have repeatedly materialized into:

- new industry-leading platforms (e.g. new *Can-Am Maverick* Sport and Trail SSV, new ATV *G2+*, new *Can-Am Ryker* 3WV);
- new segments (e.g. *Sea-Doo FishPro* for sport fisherman, *Sea-Doo GTI 130 PRO* specifically designed for the rental market);
- new design features (e.g. first PWC with direct access to front storage from the driver's seat, and watertight shockproof phone box);
- new engine technologies (e.g., the *Evinrude E-TEC G2* technology, *Ski Doo SHOT* engine starting system, the first *Ski-Doo 900ACE* turbo engine with virtually no turbo lag);
- new ergonomic features (e.g., the *Ski-Doo REV Gen 4* platform, the *Lynx Radien* platform, the *Can-Am Spyder F3* and *Ryker UFit* system, the *Ergo-Lok* cockpit deployed on the new family of *Can-Am Maverick* vehicles);
- new safety features (e.g., the *Sea-Doo* speed limiting *Learning Key* or the *Can-Am* work key);
- new product lines features enhancing the customer's experience (e.g., the industry's first *BRP Connect* portal for applications on *Can-Am Spyder and Ryker* vehicles and the new *Smart-Lok* front differential on the *Defender* and *Maverick X3* SSVs); and
- new accessories (*Ski-Doo 1+1* seat, the *Can-Am Spyder Tri-Axis* handlebar, the *Sea-Doo* cooler and the *Can-Am* ATV & SSV *LinQ* cargo systems).

BRP's research and development activities are spread across its four research and development sites located in Canada, Austria, the United States and Finland. Research and development activities are organized around centers of expertise, with each facility focused primarily on certain specific activities.

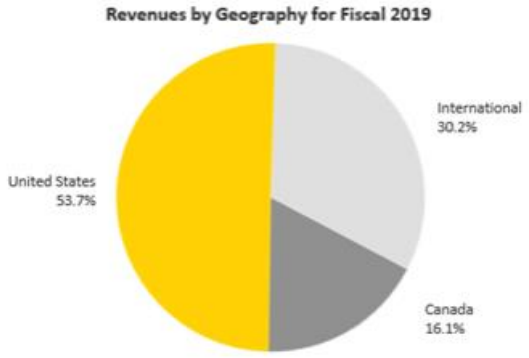
BRP is a partner, with the *Université de Sherbrooke*, of the *Centre de technologies avancées BRP - Université de Sherbrooke* , which has the mandate of developing specialized vehicles and advanced technologies. BRP also established the *Laurent Beaudoin Design & Innovation Centre,* which serves as the home to BRP's design and advanced concept teams, working to create revolutionary products and develop new product lines and categories. In addition, BRP is a partner with the Austrian government in the *Regionales Innovations Centrum* in Austria, focusing on the design and development of efficient powertrain technologies.

Distribution, Sales and Marketing

Distribution and Sales

BRP has established an extensive global distribution network selling products, directly or indirectly, in over 100 countries . As of the date hereof, BRP sells products directly to approximately 3,200 dealers in 21 countries. In certain geographic markets, the Company prefers to leverage a network of distributors acting as intermediaries with dealers. Through its network of approximately 183 distributors, BRP sells products to approximately 881 additional dealers. In China, the Company distributes products through a joint venture with Smooth Marine Equipment Ltd., its long-time distributor in China, and BRP has a majority ownership stake in this joint venture. In 2018, the Company opened a new office in Texas, U.S. for management and staff forming part of the sales, marketing, dealer services, finance and human resources functions of the Company. In 2018, the Company also transitioned, in Russia, from a model where it distributes its products through a distributor, to a model where it distributes its products directly to dealers. Consequently, the Company established an office in Russia to support this market.

In Fiscal 2019, 30.2% of the Company's revenues were generated outside of North America. In addition to reducing the Company's reliance on any single geographic market, management believes that the breadth of BRP's distribution network positions it favorably to capture future growth opportunities in emerging powersports markets.





The Company typically enters into agreements with dealers, pursuant to which they are authorized to market specific product lines and are required to stock service parts and perform warranty and out-of-warranty repairs and other services. Most of these contracts do not require a dealer to market the Company's products on an exclusive basis. Based on various business criteria, dealers can become entitled to discounts, co-operative advertising subsidies and inventory financing. The Company also enters into agreements with distributors covering specific territories.

The Company delivers its products to dealers and distributors either directly from distribution centers and warehouses strategically located, which are operated either by the Company itself or by third-party logistics providers.

The Company operates a build-to-order process under which it manufactures products based on dealer and distributor orders. It also manages a sales and operations process through which it adjusts production schedules on a weekly or monthly basis to precisely tailor production to incoming orders and market conditions. The Company measures the success of its global production scheduling based on its order fill rate and finished product inventory. The Company produces its Powersport Seasonal Products, namely its snowmobiles and PWCs, before and early in their respective seasons of use, while it produces its Powersport Year-Round products and Marine products, namely its ATVs, SSVs, 3WVs, OEM engines, outboard engines and boats, year-round. Due to the supply chain lead-time for Seasonal Products, flexibility in adjusting production volumes to meet changes in anticipated demand is limited.

The Company regularly holds dealer and distributor meetings to introduce new products and register pre-season orders. Dealers and distributors also have the opportunity to modify their orders during the season, either quarterly, monthly or on an ongoing basis, depending on the product line and the geography. The distribution network for Seasonal and Year-Round Products is relatively stable and consists of a majority of dealers and distributors with whom BRP has enjoyed a longstanding relationship. Outboard engines are mainly distributed through two channels: (i) boat builders and (ii) independent marine dealers and distributors. The majority of new outboard-powered boats today are

sold by boat builders to dealers as a package that includes the boat and the engine and BRP has entered into non-exclusive supply agreements for outboard engines with many independent boat builders. The *Rotax* inboard jet propulsion engines are distributed exclusively through boat builders. The *Alumacraft* and *Manitou* boats are distributed mainly through a network of dealers in the United States and in Canada.

Dealers' and Distributors' Inventory Financing Arrangements

BRP has agreements with large financing companies in North America, Europe, Australia, New Zealand and Latin America to provide third-party inventory financing to its dealers and distributors in order to facilitate their purchase of the Company's products. These agreements improve BRP's liquidity by financing dealer and distributor purchases of products without requiring substantial use of the Company's working capital. A significant percentage of BRP's sales are made under such arrangements. The total amount of financing provided under such financing agreements totaled approximately $4.0 billion for Fiscal 2019 compared to approximately $3.3 billion for Fiscal 2018. In the event of a dealer or distributor default, BRP may be required to purchase from the finance company repossessed new and unused products at the total unpaid balance of the dealer or distributor to the finance company. In North America, the obligation is generally capped at the greater of US$25 million or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally capped at the greater of US$10 million or 10% of the last twelve-month average amount of financing outstanding under the financing agreement. In Australia and New Zealand, the obligation to purchase repossessed new and unused products is limited to the greater of $5.0 million Australian dollars or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boats, the repurchase obligation decreases over time as a function of the age of the inventory and there is ultimately no obligation to repurchase boats older than 900 days.

Marketing

The Company's marketing strategy ensures that the way the Company interacts and communicates with its dealers, distributors and consumers is consistent with its products' brand positioning. Given the diversity of BRP's product portfolio, its brand teams deploy key marketing initiatives that are tailored to each specific market opportunity, yet leveraging common elements shared by the brands.

BRP seeks to drive consumer loyalty and ambassadorship through a focus on the consumer experience and collaboration with the dealers and distributors. The Company has implemented several initiatives to expose thousands of consumers each year to the excitement and energy of the Powersports and Marine community, including through brand communications, experiences and high-quality product trials.

The Company's digital marketing leverages its website and social media properties to drive excitement for the category, showcase the community, and provide customers with the information they are looking for whether they be enthusiasts or new entrants.

The Company holds meetings for dealers and distributors and, as part of its value proposition to them, arranges for availability of third-party inventory financing, makes available point-of-purchase promotional materials (including brochures, posters, and stands) and offers timely season rebate programs and other incentives.

The Company generally positions its brands, products and pricing at a slight premium above the competition.

Suppliers

BRP's primary purchases from its suppliers include raw materials, tooling, parts and systems, information technology ("IT") services, marketing and transportation services. Parts, components and systems are subject to an extensive validation process in order to ensure their reliability and durability. Raw materials or standard parts are generally readily available from multiple sources for the products manufactured by BRP. Furthermore, whenever possible, BRP tries to identify potential substitute supply arrangements for components. BRP strives to obtain the lowest total costs of supply and manufacturing and regularly seeks alternative sources of supply outside its current network of suppliers.

The Company is vertically integrated with respect to core manufacturing processes. For product components, other than those resulting from the core manufacturing processes, the Company generally establishes long-term relationships with external suppliers. The Company has implemented a certification process to evaluate the suitability of potential suppliers, which includes a review of suppliers' financial condition and their capacity to produce components in conformity with BRP's requirements and specifications as well as with applicable labour and environmental standards. Additionally, the Company performs both laboratory and field testing of components before using them in its products.

The manufacturing of the Company's youth *Can-Am* ATVs, *Evinrude* outboard engines of 15 hp and below, as well as the production of most of its accessories and clothing is outsourced.

Seasonality

Some of BRP's product lines, such as snowmobiles, PWCs and boats, are seasonal. However, certain of these products are also sold during offsetting seasons, reducing the overall seasonal impact on the Company. Additionally, BRP's 3WV, outboard and jet boat engines, ATV and SSV products are less subject to seasonal weather patterns than snowmobiles, PWCs and boats.

The following table reflects the seasonality of revenues for each of the quarters in the three most recent fiscal years.

(in % of annual revenues)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2019	21.7%	23.0%	26.6%	28.7%
Fiscal 2018[1]	21.9%	23.0%	27.5%	27.5%
Fiscal 2017	22.3%	20.5%	25.9%	31.3%

(1) Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

Employees

The Company employs approximately 12,500 employees of whom approximately 3,300 are covered by collective arrangements, either through an association, a joint company-employee relations committee or a certified union/works council.

In Valcourt (Canada), the Company has employee relations committees to ensure joint company-employee discussions addressing employee matters and business challenges in an open and transparent context. These employee relations committees also serve as a channel of communication between the Company and all related employees in order to foster a culture of collaboration and mutual trust. Employee relations committee meetings are held on a regular basis.

In the United States, employees are not unionized.

Employees in Austria and Finland are represented by these countries' respective national works councils that supervise labour law compliance. The members of the respective local works councils meet with management on a regular basis and also participate in social, employment and, to a lesser extent, economic and financial decisions. In general, the Company representatives and works councils' members meet on a regular basis to discuss specific work conditions and other normative elements. The Company and local works councils also hold annual formal negotiations to discuss overall work conditions. By law, certain employee-related topics must be negotiated with the works councils and the outcome must be documented in writing and signed by both parties.

Employees in Juárez (Mexico) are not represented by any association. Manufacturing employees in Querétaro (Mexico) are represented by a union; wages are agreed upon yearly and other benefits every other year.

In addition, employees in non-manufacturing sites located in Belgium, Brazil, France, Italy, Norway, Spain and Sweden are represented by their respective national collective agreements. Employees in Switzerland and Russia are not governed by any type of collective arrangement.

Employees in Australia, New Zealand, China and Japan are non-manufacturing workers. They are not unionized, but they can be represented by their respective local or national work councils. Their employment rights and conditions are regulated and protected under agreement and national employment law.

Intellectual Property

The Company has an extensive portfolio of intellectual property, including patents, trademarks, copyrights and trade secrets that protect its brands, products, designs and technologies.

Patents

As at March 20, 2019, the Company held more than 1,669 issued patents and pending patent applications to protect its products, designs and technologies, in jurisdictions including the United States, the European Union, Canada, China and Russia, among others. The Company diligently seeks to protect its key innovations through patent filings. The Company determines jurisdictions in which it files patent applications based on strategic considerations and the availability of patent protection in such jurisdictions. As it continues to develop new products, manufacturing processes and technologies the Company plans to apply for patents to protect such innovations.

As an example, the Company's patent portfolio includes patents relating to its *Evinrude E-TEC* technology, the *Can-Am Spyder vehicle stability system (VSS)*, the *Sea-Doo* PWC *iBR* brake system, the *Ski-Doo pDrive* CVT technology, the *Evinrude Integrated Hydraulic Steering and Trim system* and the *Rotax* engine *Rave* technology.

Trademarks

In addition to protecting its technical innovations, the Company relies on a combination of registered and unregistered trademarks to protect its position as a branded company with strong brand name recognition. It holds numerous registered trademarks in respect of its brands, including *Alumacraft*®, *BRP*®, *Can-Am*®, *Evinrude*®, *Lynx*®, *Manitou*®, *Sea-Doo*®, *Ski-Doo*® and *Rotax*®. It also holds registered trademarks with respect to its various model lines, including *Commander*®, *Expedition*®, *G2*®, *GSX*®, *MX-Z*®, *Renegade*®, *Ryker*®, *RXP*®, *RXT*®, *Skandic*®, *Spark*®, *Spyder*® and *Summit*® and additional registered trademarks with respect to certain of its technologies, including *4-TEC*®,

E-TEC®, *iBR*®, *iCatch*®, *iControl*®, *iS*®, *Learning Key*®, *REV*®, *XP-S*® and *Y-Factor*®. The Company determines the jurisdictions in which it registers its trademarks based on strategic considerations and on the availability of trademark registration in such jurisdictions. As it continues to develop and introduce new brands, models and technologies, the Company plans to register new trademarks to protect its strong name recognition.

Licenses

In the ordinary course of business, the Company enters into license agreements for intellectual property held by suppliers, competitors and other third parties with respect to parts, components and other systems used in the Company's products.

Product Warranties

The Company's manufacturer product warranties generally cover periods from six months to five years for most products. In certain circumstances, the Company provides extended warranty coverage as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs, extended product warranties.

Information Technology

The Company uses several IT platforms in the operation of its business. For example, the Company uses SAP (enterprise system), SalesForce (sales and after-sale), Cognos (finance) and certain applications developed in-house. All such platforms support specific functions of the Company.

Regulatory Matters

The Company is subject to extensive laws and regulations at many steps in its chain of conception, production and distribution of products. Above and beyond the laws and regulations applicable to any business, there are certain requirements applicable only to powersports vehicles or recreational products such as those of the Company. These regulations include standards related to safety, construction rules, sound and gaseous emissions, and the sale and marketing of products, and have generally become stricter in recent years.

The Company is taking appropriate measures to ensure that its products will be compliant with anticipated more stringent regulations as they become effective from time to time. Such measures include the development of new engines and vehicle design, as well as the development of new energy-efficiency related technologies. While these efforts require substantial expenditures, it is impractical at this time to isolate these specific compliance costs from total project costs. See "Risk Factors".

Safety Regulation

The Company's products are subject to extensive laws, rules and regulations relating to product safety promulgated by the governments or regulatory authorities of Canada, individual Canadian provinces, the United States, individual American states or other countries.

In Canada, Transport Canada has federal oversight over product safety issues related to ATVs, SSVs, snowmobiles and 3WVs. The Canadian Coast Guard's Office of Boating Safety has federal oversight of boats and PWCs while Health Canada has federal oversight over outboard engines.

In the United States, the federal government is the primary regulator of product safety:

- the CPSC has federal oversight over product safety issues related to ATVs, snowmobiles and SSVs;
- the National Highway Transportation Safety Administration has federal oversight over product safety issues related to 3WVs; and
- the U.S. Coast Guard's Boating Safety Division has federal oversight over product safety issues related to boats, PWCs and outboard engines.

The Company is subject to the product safety requirements of each of these regulatory authorities. These requirements pertain to the conception, production and distribution of BRP's products.

In addition, the Company is a member of several industry and trade associations in Canada, the United States, and other countries whose mandate is to promote safety in the manufacture and use of powersports products. Such trade associations promulgate voluntary industry product safety standards with which the Company complies.

Use Regulation

In Canada, the United States and other countries, laws, rules and regulations have been promulgated or are under consideration relating to the use of powersports vehicles and boats. Some countries, provinces, states, municipalities and local regulatory bodies have adopted, or are considering the adoption of, legislation and local ordinances that restrict the use of snowmobiles, PWCs, ATVs, SSVs, boats and outboard engines to specified hours and locations. The use of said products has been restricted in some national parks and federal lands in Canada, the United States and other countries. In some instances, this restriction has consisted of a ban on the recreational use of these vehicles in specific locations.

Emissions Regulation

The Company's products are subject to sound and gaseous emissions laws, rules and regulations promulgated by the governments and regulatory authorities of Canada (Environment and Climate Change Canada), the United States (Environmental Protection Agency), individual American states (such as the California Air Resources Board), the European Union and other jurisdictions.

Environmental Regulation Applicable to Facilities

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, it may become liable for the costs of investigating, removing and monitoring any hazardous substances found in its manufacturing and other facilities.

Insurance

The Company carries various insurance coverage policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of its operations. The most significant insurance policies that the Company carries include:

- commercial general liability insurance for bodily injury and property damage resulting from its operations and its products;

- property insurance covering the replacement value of all real and personal property damage, including damages arising from earthquake, flood damage and business interruption;
- cargo insurance to protect against loss or damage to goods while in transit;
- workers' compensation coverage in the United States to required statutory limits;
- automobile liability insurance for all owned, non-owned and hired vehicles covering liabilities to third parties for bodily injury and property damage;
- aviation insurance for bodily injury and property damage resulting from the Company's small recreational aircraft engines; and
- directors and officers insurance.

All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions.

RISK FACTORS

The risks and uncertainties described in this Annual Information Form are those the Company currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material, the Company's business, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the Subordinate Voting Shares could be materially and adversely affected.

Economic conditions that impact consumer spending may have a material adverse effect on the Company's business, results of operations or financial condition

The Company's business is cyclical in nature, and the Company's products compete with a variety of other recreational products and activities for consumers' discretionary income and leisure time. The Company's results of operations are sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact consumer spending and particularly discretionary spending. Fluctuations in economic conditions affecting disposable consumer income such as personal income levels, the availability of consumer credit, employment levels, consumer confidence, business conditions, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, exchange rates, fuel and energy costs, tariffs, as well as the impacts of natural disasters, acts of terrorism or other similar events could reduce consumer spending generally or discretionary spending in particular. Such reductions could materially adversely affect the Company's business, results of operations or financial condition. Changes in economic conditions could also result in a deterioration or increased volatility in the credit and lending markets, which could adversely impact the consumers who purchase the Company's products from dealers and rely upon financing for such purchases as well as the availability of financing arrangements for dealers and distributors to finance their inventory. If financing is not available to consumers or dealers and distributors on satisfactory terms, the Company's business, results of operations or financial condition could be materially adversely affected.

Any decline in the social acceptability of the Company's products or any increased restrictions on the access or the use of the Company's products in certain locations could materially adversely affect its business, results of operations or financial condition

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished social acceptance. Circumstances outside the Company's control, such as social action to reduce the use of fossil fuels, could also negatively impact consumers' perceptions of the Company's products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations, including trails and lakes, or restrict their use or manner of use in certain areas or during certain times. Additionally, while the Company has implemented various initiatives to address these risks, including the improvement of the environmental footprint and safety of its products, there can be no assurance that the perceptions of the Company's customers will not change. Consumers' attitudes towards the Company's products and the activities in which they are used also affect demand. Any failure by the Company to maintain the social acceptability of its products could impact its ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

Fluctuations in foreign currency exchange rates could result in declines in reported sales and net earnings

The Company reports its financial results in Canadian dollars and the majority of its sales and operating costs are realized in currencies other than the Canadian dollar. In fiscal year 2019, 53.7% of the Company's revenues were realized in the United States. The Company is also exposed to other currencies such as the Australian dollar, the Brazilian real, the Euro, the Mexican peso, the Norwegian krone and the Swedish krona. If the value of any currencies in which sales are realized depreciates relative to the Canadian dollar, the Company's foreign currency revenue will decrease when translated to Canadian dollars for reporting purposes. In addition, any depreciation in foreign currencies could result in higher local prices, which may negatively impact local demand and have a material adverse effect on the Company's business, results of operations or financial condition. Alternatively, if the value of any of the currencies in which operating costs are realized appreciates relative to the Canadian dollar, the Company's operating costs will increase when translated to Canadian dollars for reporting purposes. Although these risks may sometimes be naturally hedged by a match in the Company's sales and operating costs denominated in the same currency, fluctuations in foreign currency exchange rates could create discrepancies between the Company's sales and its operating costs in a given currency that could have a material adverse effect on its business, results of operations or financial condition. Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of the Company's products in markets where they face competition from manufacturers who are less affected by such fluctuations in exchange rates.

In addition, the Company's indebtedness under the Term Credit Agreement (as defined herein) and a portion of the Revolving Credit Facilities are denominated in U.S. dollars. As a result, any strengthening of the U.S. dollar versus the Canadian dollar or any revaluation of the denomination of the Term Credit Agreement into Canadian dollars at the end of each reporting period can result in significant fluctuations of net income, which could have a material adverse effect on the Company's business, results of operations or financial condition.

While the Company actively manages its exposure to foreign-exchange rate fluctuations and enters into hedging contracts from time to time, such contracts hedge foreign-currency denominated transactions and any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. Furthermore, the Company does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business. As a result, there can be no assurance that the Company's approach to managing its exposure to foreign-exchange rate fluctuations will be effective in the future or that the Company will be able to enter into foreign-exchange hedging contracts as deemed necessary on satisfactory terms.

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness and there can be no assurance that it will be able to pay its indebtedness as it becomes due

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness, including obligations under the Revolving Credit Facilities (as defined herein) as well as substantial fixed obligations under the Term Facility (as defined herein). In addition, the Company may incur greater levels of indebtedness than currently exist as a result of any challenging economic or other conditions affecting the Company. The amount of indebtedness that the Company has from time to time may, among other things, limit the Company's ability to obtain additional financing, require the Company to dedicate a substantial portion of its cash flow generated from operations to payments on its indebtedness or fixed costs (thereby reducing the funds available for other purposes), make the Company more vulnerable to economic downturns, or limit the Company's flexibility in planning for, or reacting to, competitive pressures or changes in its business environment, any of which could, in turn, have a material adverse effect on its business, results of operations or financial condition.

The ability of the Company to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, as the Company incurs indebtedness that bears interest at fluctuating interest rates and is mainly denominated in U.S. dollars, to the extent that interest rates increase or the U.S. dollar appreciates relative to the Canadian dollar, its interest expense will increase. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control. Any failure by the Company to generate sufficient cash from its operations to pay its debt and other financial obligations could have a material adverse effect on its business, results of operations and financial condition.

The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company

The Company relies on net cash generated from its operating activities as its primary source of liquidity. To support the Company's business and execute its growth strategy as planned, the Company will need to continue to generate significant amounts of cash from operations, including funds to pay personnel, invest further in its infrastructure and facilities and invest in research and development. If the Company's business does not generate cash flow from operating activities sufficient to fund these activities, and if sufficient funds are not otherwise available from its credit facilities, the Company may need to seek additional capital, through debt or equity financings, to fund its business or execute its growth strategy. Conditions in the credit markets (such as availability of financing and fluctuations in interest rates) may make it difficult for the Company to obtain such financing on attractive terms, or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital shares, make investments or engage in merger, consolidation and asset sale transactions. Any equity financing may also be on terms that are dilutive to the Company's shareholders, and the prices at which new investors would be willing to purchase equity securities may be lower than the price per share of the Company's Subordinate Voting Shares. If new sources of financing are required, but are unattractive, insufficient or unavailable, then the Company could be required to modify its business plans or growth strategy based on available funding, if any, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

Unfavourable weather conditions may reduce demand and negatively impact sales and production of certain of the Company's products

The sales of the Company's products are affected by unfavourable weather conditions. Unfavourable weather in any particular geographic region may have a material adverse effect on sales of the Company's products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, while excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, three-wheeled vehicles, PWCs, boats and marine propulsion systems. To the extent that unfavourable weather conditions are exacerbated by global climate change or otherwise, the Company's sales may be affected to a greater degree than previously experienced. There is no assurance that unfavourable weather conditions could not affect the Company's sales for any of its products, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's results of operations fluctuate from quarter to quarter and from year to year as they are affected, among other things, by the seasonal nature of its business

The Company's results of operations experience substantial fluctuations from quarter to quarter and year to year. In general, retail sales of the Company's products are highest in their particular season of use and in the immediately preceding period. For example, retail sales for snowmobiles will be highest in fall and winter, retail sales for PWCs will be highest in spring and summer and retail sales for boats will be highest in winter and spring. Revenues in the first half of the fiscal year have generally been lower than those in the second half. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. In addition, the Company's dealers and distributors may modify orders, change delivery schedules or change the mix of products ordered. The Company may also make strategic decisions to deliver and invoice products at certain dates in order to lower costs or improve supply chain efficiencies. As a result, the Company's results of operations are likely to fluctuate significantly from period to period such that any historical results should not be considered indicative of the results to be expected for any future period. In addition, the Company incurs significant additional expenses in the periods leading up to the introduction of new products which may also result in fluctuations in the Company's results of operations. The Company's annual and quarterly gross profit margins are also sensitive to a number of factors, many of which are beyond its control, including shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which the Company expects will continue. This seasonality in revenues, expenses and margins, along with other factors that are beyond the Company's control, including general economic conditions, changes in consumer preferences, weather conditions, tariffs, free-trade arrangements, the cost or availability of raw materials or labour, discretionary spending habits and currency exchange rate fluctuations, could materially adversely affect the Company's business, results of operations or financial condition.

The Company is subject to laws, rules and regulations regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase its capital or operating costs

The Company is subject to federal, provincial/state and local/municipal laws, rules and regulations in Canada, the United States and other countries regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase the Company's capital or operating costs, all of which could have a material adverse effect on the Company's business, results of operations or financial condition. A failure to comply with, or compliance with, any such requirements or any new requirements could result in increased expenses to modify the Company's products, or harm to its reputation, which could have a

material adverse effect on the Company's business, results of operations or financial condition. Certain jurisdictions require or are considering requiring a license to operate the Company's products. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. The Company's products are also subject to laws, rules and regulations imposing environmental, noise emission, zoning and permitting restrictions, which laws, rules and regulations are subject to change and may limit the locations where the Company's products may be sold or used or restrict their use during certain times or on certain conditions.

Climate change is receiving increasing attention worldwide. A perceived consensus among scientists, legislators and others regarding the impact of increased levels of greenhouse gases, including carbon dioxide, on climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Greenhouse gas regulations could require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs of raw materials or operating expenses, any of which could reduce competitiveness in a global economy or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. Many of the Company's suppliers face similar circumstances. Moreover, the Company may face greater regulatory or customer pressure to develop products that generate less emissions. This may require the Company to spend additional funds on research and development and implementation and subject the Company to the risk that the Company's competitors may respond to these pressures in a manner that gives them a competitive advantage. The development of such products may also present challenges in maintaining the look, sound and feel of the Company's products. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, current or previous owners or occupants of property may become liable for the contamination of such property and, as a result, may be liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. Given the nature of the Company's manufacturing activities and the fact that certain of its facilities have been in operation for many years, the Company and the prior owners or occupants of its property may have generated and disposed of materials that are or may be considered hazardous. The Company is aware of certain current environmental liabilities in relation to certain of its property and it is possible that additional environmental liabilities may arise in the future as a result of any prior or future generation or disposal of hazardous materials. The Company may therefore incur material costs and obligations related to environmental compliance and remediation matters in the future. Any failure to comply with, or the compliance with, any applicable environmental laws, rules or regulations, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company has a relatively large fixed cost base that can affect its profitability in a declining sales environment

The fixed costs involved in owning and operating the Company's facilities can reduce the Company's gross profit margins when sales and production decline. The Company's profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company is required to reduce its rate of production, gross profit margins could be negatively affected. Consequently, decreased demand can lower the Company's ability to absorb fixed costs, which could have a material adverse effect on its business, results of operations or financial condition.

The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition

The Company's dealers and distributors require adequate liquidity to finance their operations and to purchase the Company's products. Dealers and distributors are subject to numerous risks and uncertainties that could unfavourably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis and on reasonable terms. The Company currently has agreements in place with large financing companies to provide inventory financing to its dealers and distributors to facilitate their purchase of the Company's products. These sources of financing are instrumental to the Company's ability to sell products through the Company's distribution network, as a significant percentage of the Company's sales are done under such arrangements. See "Business of the Company — Distribution, Sales and Marketing — Dealers' and Distributors' Inventory Financing Arrangements". The Company's business, results of operations or financial condition could be materially adversely affected if a decline in financing availability to the Company's dealers and distributors occurs, or if financing terms change unfavourably. This could require the Company to find alternative sources of financing, including the Company providing this financing directly to dealers and distributors, which could require additional capital to fund the associated receivables.

In the event of a dealer or distributor default, the Company may be required to purchase new and unused products at the total unpaid principal balance to the finance company from financing companies providing inventory financing to the Company's dealers and distributors, subject to certain caps as described under "Business of the Company – Distribution, Sales and Marketing". Any requirement of the Company to purchase the inventory of several of its dealers or distributors could result in a material adverse effect on the Company's business, results of operations or financial condition.

Supply problems, termination or interruption of supply arrangements or increases in the cost of materials could have a material adverse effect on the Company's business, results of operations or financial condition

The primary raw materials used in manufacturing the Company's products are aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Certain suppliers also provide the Company with certain product parts and components. The Company cannot be certain that it will not experience supply problems, such as the untimely delivery of, or defects or variations in, raw materials, parts or components. As well, the Company obtains certain of the raw materials, parts and components it uses from either sole suppliers or a limited number of suppliers. If these supply arrangements were terminated or interrupted for reasons such as supplied goods not meeting the Company's quality or safety standards or the suppliers' operations being disrupted as a result of a variety of internal or external risks, including a deterioration in general economic conditions, the Company could have difficulty establishing substitute supply arrangements on satisfactory terms. Problems with the Company's supplies could have a material adverse effect on the Company's business, results of operations or financial condition.

Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

The Company faces intense competition in all product lines and any failure to compete effectively against competitors or any failure to meet consumers' evolving expectations could materially adversely impact the Company's business, results of operations or financial condition

The powersports industry is highly competitive. Competition in such industry is based upon a number of factors, including price, quality, reliability, styling, product features, warranties and overall consumer experience. At the dealer and distributor level, factors impacting competition include sales and marketing support programs such as retail sales promotions, dealer and distributor performance bonuses, and dealer and distributor inventory financing. Some of the Company's competitors are more diversified and have financial and marketing resources that are substantially greater than the Company's, which allow these competitors to invest more heavily in intellectual property, product development, sales and marketing support and innovative consumer offers. The Company is also subject to competitive pricing. Such pricing pressure may limit the Company's ability to maintain prices or to increase prices for its products in response to raw material, component and other cost increases, and therefore negatively affect the Company's profit margins. If the Company is not able to compete with new products, product features, models or product prices of its competitors, to attract new dealers and distributors, or to adapt to changing consumer habits, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company may be unable to successfully execute its growth strategy

The Company's strategic plan established by management includes an organic growth strategy, which is focused mainly on the development of new products and features, and may involve from time to time growth through strategic acquisitions, investments, alliances, joint ventures and similar transactions.

While the Company makes significant investments in research and development and emerging product lines, there can be no assurance that it will be able to continue to successfully enhance its existing products, develop new innovative products and distinguish its products from its competitors' products through innovation and design. Product improvements and new product introductions also require significant planning, design, development and testing at the technological, product and manufacturing process levels and the Company may not be able to develop product improvements or new products in a timely manner. The new products of the Company's competitors may access the market more rapidly, be more effective with more features and/or less expensive than the Company's products, obtain better market acceptance, or render the Company's products obsolete. The Company may therefore not be able to satisfy the needs and preferences of customers and compete effectively with its competitors. Product development requires significant financial, technological and other resources. The Company expended approximately $221.7 million in research and development in Fiscal 2019. There can be no assurance that the Company will be able to sustain this level of investment or that this level of investment in research and development will be sufficient to successfully maintain the Company's competitive advantages in product innovation and design in the future. Further, the sales of any new products are expected to decline over such new products' life cycle, with sales being higher early in the life cycle of the new products and sales decreasing over time as the new products age. The Company cannot predict the length of the life cycle for any new product. Any failure by the Company to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, even if the Company is able to successfully develop improvements to existing products and develop new products, there is no guarantee that the markets for the Company's existing products and new products will evolve as anticipated. If any of the markets in which the Company's existing products compete do not develop as expected, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company has completed a few acquisitions in the past months and it may also consider pursuing acquisitions, investments, alliances, joint ventures or similar transactions in the future. Any such transactions would involve a number of risks, including:

- difficulties in integrating the operations of any acquired or new businesses with the Company's existing operations and the failure by management to accomplish such integration successfully;
- the necessity to raise additional capital, through debt or equity, or use cash that would otherwise have been available to support the Company's existing business operations and research and development activities to finance the transaction (see "Risk Factors — The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company");
- the diversion of management's attention;
- difficulties in realizing projected efficiencies, cost savings and synergies;
- the potential loss of key employees or customers of an acquired business or adverse effects on existing business relationships with suppliers and customers;
- a negative impact on overall profitability if any acquired or new businesses do not achieve the financial results projected in the Company's valuation models;
- dilution to existing shareholders if securities of the Company are issued as part of transaction consideration or to fund the transaction consideration; and
- the inability to direct the management and policies of any acquired business, joint venture, strategic alliance, or partnership, particularly in circumstances where other participants may be able to take action contrary to the Company's instructions or requests and against its policies and objectives.

The Company's ability to grow through strategic acquisitions, investments, alliances, joint ventures or other similar transactions will depend, among other things, on the availability of such strategic opportunities, their cost, their terms and conditions, the Company's ability to compete effectively for such strategic opportunities and the availability to the Company of required capital and personnel. The Company may also be precluded from pursuing such transactions as a result of financial or other covenants in agreements to which it is a party. The Company's inability to take advantage of future strategic opportunities, or its failure to successfully address the risks associated with any strategic opportunities that is completed, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's international sales and operations subject it to additional risks, which risks may differ in each country in which the Company operates

The Company manufactures its products in Austria, Canada, Finland, Mexico and the United States. The Company maintains sales and administration facilities in approximately 20 countries. The Company's primary distribution facilities distribute the Company's products to its North American dealers and the Company relies on various other locations around the world, including in Australia, Belgium, Finland and Russia, that distribute its products to its international dealers and distributors. The Company's total sales outside Canada and the United States represented 30.2% of the Company's total sales for Fiscal 2019 and the Company intends to continue to expand its international operations by investing in developing its dealer network and promoting the Company's brands and products in international markets. International markets have been and are expected to continue generating sales

growth. Several factors, including weakened international economic conditions, the introduction of new trade restrictions, increased protectionism or changed in free-trade arrangements, tariffs or negative geo-political events, could adversely affect such growth. Additionally, the expansion of the Company's existing international operations and entry into additional international markets require significant management attention and financial resources. The risks inherent in having sales or operations in foreign countries include:

- increased costs of adapting products for foreign countries' laws, rules and regulations;
- difficulties in managing and staffing international operations and increased infrastructure and operational costs;
- the imposition of additional Canadian or foreign governmental controls or regulations; new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives, and distributors; the imposition of increased costs or delays, or the introduction of new import and export licensing and other compliance requirements, customs duties or tariffs, or other non-tariff barriers to trade;
- breaches or violation of any anti-corruption laws, rules or regulations by any of the Company's employees, consultants, dealers or distributors;
- the imposition of Canadian and/or international sanctions against a country, company, person, or entity with whom the Company does business which restricts or prohibits the Company's continued business with the sanctioned country, company, person, or entity;
- international pricing pressures;
- laws and business practices favouring local companies;
- governmental expropriation;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and
- difficulties and inconsistencies relating to the enforcement of laws, rules, and regulations, including rules relating to environmental, health, safety and intellectual property matters.

Some of the Company's manufacturing facilities are located in Mexico, and could be impacted by changes in economic, regulatory, social or political conditions affecting such country. In the past, Mexico has been subject to political instability, changes and uncertainties and there can be no assurance that similar events will not occur again in the future. In addition, the impact of any changes in economic, regulatory, social and political conditions affecting Mexico would be beyond the Company's control, and there can be no assurance that any mitigating actions by the Company would be effective. As a result, the Company's business, results of operations or financial condition could be materially adversely affected by any significant change in economic, regulatory, social and political conditions affecting Mexico. Moreover, goods produced in Mexico and Canada and sold to the United States benefit from the *Canada-United States-Mexico Agreement* (CUSMA). Although CUSMA has been signed, legislators from each of the three countries have yet to ratify CUSMA according to their own legislative processes. If CUSMA is not ratified and adopted by all three countries, the terms of the related trade benefits may be altered, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The failure of the Company's information technology systems or a security could materially adversely affect the Company's business, results of operations or financial condition

The Company's global business operations are managed through a variety of information technology systems. These systems govern all aspects of the Company's operations around the world. The Company is dependent on these systems for all commercial transactions, financial reporting, dealership and distributorship interactions, and supply chain and inventory management. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with a major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find a suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected. The Company is continually modifying and enhancing its IT systems and technologies to increase productivity and efficiency. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company and its dealers and distributors receive and store personal information in connection with their human resources operations, credit operations, warranty management, marketing efforts and other aspects of their businesses. Additionally, the Company maintains financial information in its IT system and exchanges electronically information with a large number of trading partners across all aspects of its commercial operations. The Company makes significant investments in research and development each year and data from such activities is maintained in the Company's IT systems. Any security breach of the Company's IT systems could result in disruptions to its operations or erroneous transactions or reporting. In addition, despite the Company's preventive efforts to address cybersecurity threats, these threats are increasingly complex and can change frequently such that the Company may be unable to proactively address those threats or to implement adequate preventive measures. To the extent that a cybersecurity breach results in a loss or damage to the Company's data, or in inappropriate disclosure of confidential or personal information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against the Company and ultimately materially adversely affect its business, results of operations or financial condition.

If the Company fails to maintain an effective system of internal control over financial reporting, the Company may not be able to produce accurate and timely financial statements

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that it can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. In connection with the audit of the Company's consolidated financial statements for the fiscal year ended January 31, 2019, management has identified a material weakness in the Company's internal control over financial reporting. If the Company fails to correct this material weakness in its internal controls, or having corrected such material weakness, thereafter fails to maintain the adequacy of its internal controls, the Company may be unable to report its financial results accurately, which could increase operating costs and harm its business, including investors' perception of its business and the price of its Subordinate Voting Shares. The actions that the Company plans to take to remediate the material weakness are subject to continued management review supported by confirmation and testing, as well as Audit Committee oversight. While management expects to fully remediate such material weakness, it cannot assure that it will be able to do so in a timely manner. Any continued or future failure to maintain adequate internal controls over financial reporting could materially adversely affect the Company's business, results of operations or financial condition.

If the Company loses the services of members of its management team or employees who possess specialized market knowledge and technical skills, the Company's ability to compete, to manage its operations effectively, or to develop new products could be materially adversely affected

Many members of the Company's management team have extensive experience in the Company's industry and with its business, products and customers. The loss of the technical, management and operational knowledge and expertise of one or more members of the management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Company and would need to spend time usually reserved for managing the Company's business to search for, hire and train new members of management. The loss of some or all of the members of Company's management team, particularly if combined with difficulties in finding qualified substitutes, could negatively affect the Company's ability to develop and pursue its business strategy, which could materially adversely affect the Company's business, results of operations or financial condition.

In addition, the Company's success depends to a large extent upon its ability to retain skilled employees. There is intense competition for qualified and skilled employees, and the Company's failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. To implement and manage the Company's business and operating strategies effectively, the Company must maintain a high level of efficiency, performance and content quality, continue to enhance its operational and management systems and continue to effectively attract, train, motivate and manage its employees. If the Company is not successful in doing so, it may have a material adverse effect on its business, results of operations or financial condition.

The Company's success depends upon the continued strength of its reputation and brands

The Company's well-established brands include *Can-Am* off-road vehicles (ATVs and SSVs) and *Can-Am* on-road vehicles (*Spyder* and *Ryker* vehicles), *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Alumacraft* and *Manitou* boats, *Rotax* engines and *Evinrude* outboard engines. The Company believes that its reputation and brands are significant contributors to the success of its business. Any negative publicity about the Company's products could diminish customer trust, do significant damage to the Company's reputation and brands and negatively impact sales. As the Company expands into new geographical markets, maintaining and enhancing its brands may become increasingly difficult and expensive, as consumers in these markets may not accept its brand image. Failure to maintain and enhance the Company's brands in any of its markets may materially adversely affect the Company's business, results of operations or financial condition.

The Company's brands and branded products could also be adversely affected by incidents that reflect negatively on the Company. Moreover, the negative impact of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which the Company has no control. The increasing use of social media has heightened the need for reputational risk management. Any actions the Company takes that cause negative public opinion have the potential to negatively impact the Company's reputation, which may materially adversely affect its business, results of operations or financial condition.

An adverse determination in any significant product liability claim against the Company could materially adversely affect its business, results of operations or financial condition

The development, manufacturing, sale and usage of the Company's products expose the Company to significant risks associated with product liability claims. If the Company's products are defective, malfunction or are used incorrectly by its consumers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against the Company. Changes to the Company's manufacturing processes and the production of new products could result in product quality issues, thereby increasing the risk of litigation and potential liability. Any losses that the Company may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of the Company's products could have a material adverse impact on its business, results of operations or financial condition.

The Company does not believe the outcome of any pending product liability claim could have a material adverse effect on its business, results of operations or financial condition, and the Company has insurance with respect to future claims in amounts it believes to be appropriate. However, no assurance can be given that the Company's historical claims record will not change, that material product liability claims will not be made in the future against the Company, or that claims will not arise in the future in excess or outside the coverage of the Company's indemnities and insurance. The Company records provisions for known potential liabilities, but there is the possibility that actual losses may exceed these provisions and therefore negatively impact earnings. Also, the Company may not be able in the future to obtain adequate product liability insurance or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against the Company could also harm the Company's reputation and cause it to lose customers and could have a material adverse effect on its business, results of operations or financial condition.

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on the Company's business, results of operations or financial condition

The Company provides a limited warranty against defects for all of its products for a period generally varying from six months to five years. The Company may provide extended warranty coverage related to certain promotional programs, as well as extended warranty coverage in certain geographical markets as determined by local laws, rules or regulations and market conditions. The Company also provides a limited emissions warranty for certain emissions related parts in its products as required by the United States Environmental Protection Agency and the California Air Resources Board. Although the Company employs quality control procedures, it happens that a product manufactured by the Company needs repair or replacement or be recalled. The Company's standard warranties require that dealers repair or replace defective products during such warranty periods at no cost to the consumer. The Company records provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact earnings. The Company could make major product recalls or could be held liable in the event that some of its products do not meet safety standards or statutory requirements on product safety or consumer protection. In addition, the risks associated with product recalls may be aggravated if production volumes increase significantly, supplied goods do not meet the Company's standards, the Company fails to perform its risk analysis systematically or product-related decisions are not fully documented. Historically, product recalls have been administered through the Company's dealers and distributors. The repair and replacement costs that the Company could incur in connection with a recall could have a material adverse effect on the Company's business, results of operations or financial condition. Product recalls could also harm the Company's reputation and cause it to lose customers, particularly if recalls cause consumers to question the safety or reliability of the Company's products, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on a network of independent dealers and distributors to manage the retail distribution of its products

The Company depends on the capability of its independent dealers and distributors to develop and implement effective retail sales plans to create demand among retail purchasers for its products. If the Company's independent dealers and distributors are not successful in these endeavours, then the Company will be unable to maintain or grow its sales. Further, independent dealers and distributors may experience difficulty in funding their day-to-day cash flow needs and paying their obligations resulting from adverse business conditions, including weakened consumer spending or tightened credit. Inability to fund operations can force dealers and distributors to cease business, and the Company may not be able to obtain alternate distribution in the vacated market, which could negatively impact the Company's sales through reduced market presence or inadequate market coverage. In the event of a dealer or distributor default under any financing arrangement, the Company may also be required to repurchase such dealer's or distributor's inventory from the financing company. See "Risk Factors — The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition". In addition to dealers or distributors ceasing business, in some cases, the Company may seek to terminate relationships with some dealers or distributors leading to a reduction in the number of its dealers or distributors. Being forced to liquidate a former dealer's or distributor's inventory of the Company's products could add downward pressure on such products' prices. Further, the unplanned loss of any of the Company's independent dealers or distributors may create negative impressions of the Company with its retail customers and have a material adverse impact on the Company's ability to collect wholesale receivables that are associated with that dealer or distributor. Also, if the Company's

dealer and distributor base were to consolidate, competition for the business of fewer dealers and distributors would intensify. If the Company does not provide product offerings and pricing that meet the needs of its dealers and distributors, or if the Company loses a substantial amount of, or is not able to expand in certain key regions as North America, its dealer and distributor base, its business, results of operations or financial condition could be materially adversely affected.

The Company sells a majority of its products through dealer and distributor agreements. In general, distributors are contractually obligated to offer the Company's products on an exclusive basis. On the other hand, many of the dealers through which the Company sells its products also carry competing product offerings and most dealers who sell the Company's products exclusively are not contractually obligated to continue to do so and may choose to sell competing products at any time, which may lower the Company's sales. The Company also relies on its dealers and distributors to service and repair its products. There can be no assurance that its dealers and distributors will provide high quality repair services to the Company's customers. If dealers or distributors fail to provide quality service during either trial, delivery or after-sales service to the Company's customers, the Company's brand identity and reputation may be damaged, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends upon the successful management of the inventory levels, both at the Company's and the dealers' and distributors' levels, and any failure to successfully manage inventory levels could have a material adverse effect on the Company's business, results of operations or financial condition

The Company must maintain sufficient inventory levels to operate its business successfully. However, the Company must also guard against accumulating excess inventory as it seeks to minimize lost sales. The nature of the Company's product lines requires the Company to purchase supplies and manufacture products well in advance of the time these products are offered for sale. As a result, the Company may experience difficulty in responding to a changing retail environment, which may lead to excess inventory or to inventory shortages if supply does not meet demand.

Sales for certain product lines are managed through longer term purchase commitments, and the Company plans annual production levels and long-term product development and introduction based on anticipated demand, as determined by the Company in reliance on its own market assessment and regular communication with its dealers, distributors and other customers. If the Company does not accurately anticipate the future demand for a particular product or the time it will take to adjust inventory, its inventory levels will not be appropriate and its results of operations may be negatively impacted, including through lower gross profit margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. On the other hand, the sales of certain other product lines are managed through shorter-term purchase commitments, and the Company has introduced a flexible order management system for some of its products. Any failure by the Company to maintain adequate inventory levels for such products could result in undesirable delivery delays for its customers or result in the loss of certain sales, which could, in turn, have a material adverse effect on the Company's business, results of operations or financial condition.

Additionally, the Company's dealers and distributors could decide to reduce the number of units of the Company's products they hold. Such a decision would likely require the Company to reduce its production levels, thus resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and lower gross profit margins. If the Company's dealers and distributors then placed additional orders for the Company's products, this could impair the Company's ability to respond rapidly to these demands and adequately manage its inventory levels, which could materially adversely affect its business, results of operations or financial condition.

The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property

The Company's success depends in part on its ability to protect its patents, trademarks, copyrights and trade secrets from unauthorized use by others. If substantial unauthorized use of the Company's intellectual property rights occurs, the Company may incur significant costs in enforcing such rights by prosecuting actions for infringement of its rights, particularly taking into account that policing unauthorized use of the Company's intellectual property may be particularly difficult outside North America and Europe. Such unauthorized use could also result in the diversion of engineering and management resources to these matters at the expense of other tasks related to the business. Others may also initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes their patents, trademarks, copyrights or trade secrets. If the Company's competitors initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes theirs, the Company may incur substantial costs to defend its rights. If the outcome of any such litigation is unfavourable to the Company, its business, results of operations or financial condition could be materially adversely affected. The Company also cannot be sure that the patents it has obtained, or other protections such as confidentiality and trade secrets, will be adequate to prevent imitation of its products and technology by others. If the Company is unable to protect its technology through the enforcement of intellectual property rights, its ability to compete based on technological advantages may be harmed. If the Company fails to prevent substantial unauthorized use of its trade secrets, it risks the loss of certain competitive advantages, which could have a material adverse effect on its business, results of operations or financial condition.

Some of the Company's direct competitors and indirect competitors may have significantly more resources to direct toward developing and patenting new technologies. It is possible that the Company's competitors will develop and patent equivalent or superior engine technologies and other products that compete with the Company's products. They may assert these patents against the Company and the Company may be required to license these patents on unfavourable terms or cease using the technology covered by these patents, either of which could harm the Company's competitive position and may materially adversely affect its business, results of operation or financial condition.

Additionally, the Company is currently a defendant in a patent proceedings relating to its snowmobiles and PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. Even if the Company is able to defeat such claims, the allegation that it is infringing on others' intellectual property rights could harm its reputation and cause it to incur significant costs in connection with its defense of these actions. Also, from time to time, third parties have challenged, and may in the future try to challenge, the Company's trademark rights and branding practices. The Company may be required to institute or defend litigation to enforce its trademark rights, which, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. If the Company loses the use of a product name, its efforts spent building that brand will be lost and it will have to rebuild a brand for that product, which it may or may not be able to do.

The Company may not be able to successfully execute its manufacturing strategy

One of the priorities of the strategic plan established by management consists of sustained efforts in the areas of cost reduction and operational efficiencies. This priority aims in part at leveraging the strength of the Company's established manufacturing centers. In addition, in order to help the Company respond to ongoing changes in the market place and reduce inventory across the supply chain, the Company's cost reduction and operational efficiencies efforts also focus on further

implementing model mix production on its assembly lines, which allows the Company to produce a greater range of models on a weekly and daily basis, without expensive set-up costs or production downtime. The Company believes that flexible manufacturing is the key element to enable improvements in the Company's ability to respond to customers in a cost-effective manner. The success of the Company in implementing this priority of its strategic plan is dependent on the involvement of management, production employees and suppliers. Any failure to achieve this cost reduction and operational efficiencies priority (including the anticipated levels of productivity and operational efficiencies) in the Company's manufacturing facilities, could materially adversely impact the Company's business, results of operations or financial condition and its ability to deliver the right product at the right time to the customer.

Covenants contained in agreements to which the Company is a party affect and, in some cases, significantly limit or prohibit the manner in which the Company operates its business

Some of the financing and other major agreements to which the Company is a party, including the Term Credit Agreement and the Revolving Credit Facilities (as defined herein), contain certain covenants that affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, pay dividends or make other distributions, redeem or otherwise retire capital stock or make other restricted payments, make loans, advances and other investments, and merge consolidate or amalgamate with another person. Under the Revolving Credit Facilities, the Company is bound by a fixed charge coverage ratio applicable if excess availability under our Revolving Credit Facilities is less than $100 million for seven consecutive business days.

A failure by the Company to comply with such contractual obligations or to pay amounts due under financing and other major agreements could result in an acceleration of the debt incurred under such agreements, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by the creditors of the Company (including foreclosure over substantially all of the assets of the Company). In such a situation, the Company may not be able to repay the accelerated indebtedness, fulfill its obligations under certain contracts or otherwise cover its fixed costs, which could result in a material adverse effect on the Company's business, results of operations or financial condition.

Tax matters and changes in tax laws could materially adversely affect the Company's business, results of operations or financial condition

The Company, as a multinational company conducting operations through subsidiaries in multiple jurisdictions, is subject to income taxes in Canada, the United States and numerous other foreign jurisdictions. The Company's effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of income tax audits in various jurisdictions around the world. The Company regularly assesses all of these matters to determine the adequacy of its tax liabilities. If any of the Company's assessments turn out to be incorrect, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company's Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions, including Canada, the United States, Mexico, Finland, Austria and Switzerland. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles. Although the Company believes that its transfer pricing policies have been reasonably determined in accordance with arm's length principles, the taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party

transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, its income tax expense may be adversely affected and the Company could also be subjected to interest and penalties. Any such increase in the Company's income tax expense and related interest and penalties could have a material adverse effect on its business, results of operations or financial condition.

The Company's Canadian and foreign entities are entitled to claim certain expenses and tax credits, including research and development expenses and Scientific Research and Experimental Development tax credits. Although the Company believes that the claims or deductions have been reasonably determined, there can be no assurance that the Canadian or the relevant foreign taxation authorities will agree. If a taxation authority were to successfully challenge the correctness of such expenses or tax credits claimed, or if a taxation authority were to reduce any tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's business, results of operations or financial condition could be materially adversely affected.

Deterioration in relationships with the Company's non-unionized and unionized employees could have a material adverse effect on the business, results of operations or financial condition

A majority of the Company's employees are non-unionized, including in all facilities in Canada and the United States. The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is party to some national collective arrangements in Austria, Finland and Mexico that expire at various times in the future. As the Company is dependent on national unions to renew these agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its national collective arrangements.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of its national collective arrangements, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Pension plan liability may have a material adverse effect on the Company

Economic cycles can have a negative impact on the funding of the Company's remaining defined benefit pension obligations and related expenditures. In particular, a portion of the Company's pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. The Company's latest actuarial funding valuation reports show that the defined benefit components of the Company's registered pension plans present a combined deficit and, as a result of such deficit combined with the application of the stabilization provisions of the

law, the Company is required to make additional contributions to fund that deficit. There is no guarantee that the expenditures and contributions required to fund these defined benefit pension obligations will not increase in the future and therefore negatively impact the Company's operating results, liquidity and financial position. Risks related to the funding of defined benefit pension plans may materialize if total obligations with respect to such a pension plan exceed the total value of the plan fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. Any of these risks could result in a material adverse effect on the Company's business, results of operations or financial condition.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect the Company's business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in physical damage to one or more of the Company's properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of the Company's facilities, temporary lack of an adequate workforce in a market, temporary or long-term disruption in the supply of raw materials, product parts and components, temporary disruption in transport to and from overseas, disruption in the Company's distribution network and disruption to the Company's information systems.

Failure to carry adequate insurance coverage may have a material adverse effect on the Company

The Company maintains liability insurance, property and business interruption insurance, cargo insurance, workers' compensation coverage in the United States to the required statutory limits, automotive liability insurance, aviation insurance and directors and officers insurance, and its insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the Company's insurance coverage will be sufficient, or that insurance proceeds will be paid to it in a timely manner. In addition, there are types of losses the Company may incur but against which it cannot be insured or which it believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Company incurs these losses and they are material, the Company's business, results of operations or financial condition could be materially adversely affected.

Volatile market price for Subordinate Voting Shares

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Such factors include the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's future results of operations by the Company;
- changes in forecasts, estimates or recommendations of securities research analysts regarding the Company's future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;

- changes in overall economic conditions, primarily in North America and Europe, including changes that impact consumer spending and discretionary spending;
- additions or departures of the Company's senior management team or other key employees;
- sales or perceived sales of additional Subordinate Voting Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's business, results of operations or financial condition could be materially adversely impacted and the trading price of the Subordinate Voting Shares could be materially adversely affected.

BRP Inc. is a holding company and its financial performance and results are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc.

BRP Inc. is a holding company and a substantial portion of its assets consists in the shares of its direct and indirect subsidiaries. As a result, BRP Inc. is subject to the risks attributable to its subsidiaries. As a holding company, BRP Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, BRP Inc.'s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations that require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to BRP Inc. As at January 31, 2019, the Shares were effectively junior to approximately 3,512.2 million of indebtedness of BRP Inc.'s subsidiaries.

Beaudier Group and Bain Capital will have significant influence with respect to matters put before the shareholders, which may have a negative impact on the trading price of the Subordinate Voting Shares

As at March 20, 2019, Beaudier Group and Bain Capital owned 27,932,242 and 21,353,314 Multiple Voting Shares, respectively, which represented approximately 45.59% and 34,85%, respectively, of the combined voting power of the Company's outstanding Shares. Accordingly, Beaudier Group and Bain Capital have significant influence with respect to all matters submitted to the

Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws of the Company and the approval of certain business combinations. Holders of Subordinate Voting Shares have a limited role in the Company's affairs. This concentration of voting power may impact the market price of the Subordinate Voting Shares, delay or prevent any acquisition or delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of the Company or effect a change in the Company's Board of Directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their Subordinate Voting Shares.

In addition, Beaudier Group's and Bain Capital's interests may not in all cases be aligned with interests of the other shareholders of the Company. Beaudier Group and Bain Capital may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of their management, could enhance their equity investment, even though such transactions might involve risks to the shareholders of the Company and may ultimately affect the market price of the Subordinate Voting Shares.

Future sales of Subordinate Voting Shares by Beaudier Group, Bain Capital or the Company's directors and officers

As at March 20, 2019, Beaudier Group owned 27,932,242 Multiple Voting Shares, which in the aggregate represented approximately 51.6% of the issued and outstanding Multiple Voting Shares of the Company, and Bain Capital owned 21,353,314 Multiple Voting Shares, which in the aggregate represented approximately 39.5% of the issued and outstanding Multiple Voting Shares of the Company. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. See "Description of the Capital Structure".

Subject to compliance with applicable securities laws, Beaudier Group, Bain Capital or the Company's directors and officers may sell some or all of their Subordinate Voting Shares in the future. No prediction can be made as to the effect, if any, such future sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares prevailing from time to time. However, the future sale of a substantial number of Subordinate Voting Shares by Beaudier Group, Bain Capital or the Company's directors and officers or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Subordinate Voting Shares.

Pursuant to the Registration Rights Agreement, each of Beaudier Group and Bain Capital is granted certain registration rights. See "Material Contracts — Securityholders Agreements — Registration Rights Agreement".

DIVIDENDS

On May 31, 2017, the Company's Board of Directors declared a first quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on July 13, 2017 to shareholders of record at the close of business on June 30, 2017.

On August 31, 2017, the Company's Board of Directors declared a quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on October 13, 2017 to shareholders of record at the close of business on September 29, 2017.

On November 30, 2017, the Company's Board of Directors declared a quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on January 12, 2018 to shareholders of record at the close of business on December 29, 2017.

On March 20, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on April 13, 2019 to shareholders of record at the close of business on March 30, 2018.

On May 30, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on July 13, 2018 to shareholders of record at the close of business on June 29, 2018.

On August 29, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on October 12, 2018 to shareholders of record at the close of business on September 28, 2018.

On November 29, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on January 11, 2019 to shareholders of record at the close of business on December 28, 2018.

On March 21, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend will be paid on April 12, 2019 to shareholders of record at the close of business on March 29, 2019.

The Board of Directors has determined that each of the foregoing quarterly dividends was, at the time of declaration, appropriate based on the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and on other relevant factors. The payment of each quarterly dividend remains subject to the declaration of such dividend by the Board of Directors. The actual amount, the declaration date, the record date and the payment date of each quarterly dividend are subject to the discretion of the Board of Directors.

DESCRIPTION OF THE CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares and an unlimited number of preferred shares (the "Preferred Shares"), issuable in series. As at March 20, 2019, 43,040,023 Subordinate Voting Shares, 54,101,384 Multiple Voting Shares and no Preferred Shares were issued and outstanding.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

Shares

Except as described herein, the Subordinate Voting Shares and the Multiple Voting Shares have the same rights, are equal in all respects and are treated by the Company as if they were shares of one class only.

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Multiple Voting Shares and the holders of Subordinate Voting Shares are entitled to participate equally, share for share, subject always to the rights of the holders of any Preferred Shares, in the remaining property and assets of the Company available for distribution to the holders of Shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares.

Dividends

The holders of outstanding Shares are entitled to receive, subject always to the rights of the holders of any Preferred Shares, dividends on a share for share basis out of assets legally available therefore at such times and in such amounts and form as the Board of Directors may from time to time determine, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares. In the event of a payment of a dividend in the form of Shares, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares and holders of Multiple Voting Shares shall receive Multiple Voting Shares.

Voting Rights

Under the Company's articles, the Subordinate Voting Shares carry one vote per share and Multiple Voting Shares carry six votes per share. Based on the number of shares issued and outstanding as at March 20, 2019, the Subordinate Voting Shares represented 43,040,023 of the Company's total issued and outstanding Shares and 11.7% of the voting power attached to all of the Shares.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that any Multiple Voting Share shall be held other than by a Permitted Holder (as defined below), such holder, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert all of the Multiple Voting Shares held by such holder into fully paid and non-assessable Subordinate Voting Shares, on a share for share basis.

In addition, all Multiple Voting Shares, regardless of the holder thereof, will convert automatically into Subordinate Voting Shares at such time as Permitted Holders that hold Multiple Voting Shares no longer hold and own, collectively, directly or indirectly, more than 15% of the beneficial ownership interests in the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for the purposes of such calculation).

For the purposes of the foregoing:

"Affiliate" means, with respect to any specified Person (as defined below), any other Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person;

"Members of the Immediate Family" means with respect to any individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Income Tax Act (Canada) (the "Tax Act")) or child or other descendants (whether by birth or adoption) of such individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons, and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"Permitted Holders" means (i) Janine Bombardier, Claire Bombardier Beaudoin, Laurent Beaudoin, Huguette Bombardier Fontaine, Jean-Louis Fontaine and J.R. André Bombardier, and the Members of the Immediate Family of each such individual; (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above; (iii) Bain Capital and any of its Affiliates and; (iv) CDPQ and any of its Affiliates;

"Person" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company; and

A Person is "controlled" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least 66⅔% of the votes for the election of directors and representing in the aggregate at least 66⅔% of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is

not a company or other body corporate, at least 66⅔% of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

Subscription Rights

In the event of any distribution or issuance, including by way of a share dividend (a "Distribution") of voting shares of the Company (other than Multiple Voting Shares, Subordinate Voting Shares issued upon the conversion of Multiple Voting Shares or voting shares issued pursuant to the exercise of a right attached to any security of the Company issued prior to the Distribution) (the "Voting Shares") or of securities convertible or exchangeable into Voting Shares or giving the right to acquire Voting Shares (other than options or other securities issued under compensatory plans or other plans to purchase Voting Shares or any other securities in favour of the management, directors, employees or consultants of the Company) (the "Convertible Securities" and, together with the Voting Shares, the "Distributed Securities"), the Company shall issue to the holder(s) of Multiple Voting Shares rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, mutatis mutandis (except for the ultimate underlying securities that shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Multiple Voting Shares (the "Rights to Subscribe").

The Rights to Subscribe shall be issued to the holder(s) of Multiple Voting Shares in a proportion equal to their respective holdings of Multiple Voting Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the "Subscription Securities") shall be issued and must be paid for concurrently with the completion of the Distribution and payment to the Company of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than (i) if the Distributed Securities are Subordinate Voting Shares, the price at which Subordinate Voting Shares are then being issued or distributed, (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed, and (iii) if the Distributed Securities are Voting Shares other than Subordinate Voting Shares, the higher of (a) the weighted average price of the transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 20 trading days preceding the Distribution of such Voting Shares or of (b) the weighted average price of transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such Voting Shares.

The privileges attached to Subscription Securities that are securities convertible or exchangeable into or giving the right to acquire Multiple Voting Shares shall only be exercisable if and whenever the same privileges attached to the Convertible Securities are exercised and shall not result in the issuance of a number of Multiple Voting Shares that increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated with the Multiple Voting Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

The right to receive Rights to Subscribe as described above, and the legal or beneficial ownership of the Rights to Subscribe, may be assigned in whole or in part among Permitted Holders, provided that written notice of any such assignment shall be sent promptly to the other holders of Multiple Voting Shares and the Company.

Subordinate Voting Shares have no pre-emptive or subscription rights to purchase any securities of the Company. An issuance of participating (equity) securities will not be rendered invalid due to a failure by the Company to comply with the foregoing.

Subdivision or Consolidation

No subdivision or consolidation of the Subordinate Voting Shares or the Multiple Voting Shares may be carried out unless, at the same time, the Multiple Voting Shares or the Subordinate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of the Articles of the Company from time to time in effect, but subject to the provisions of Articles of the Company, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of the Articles of the Company that would adversely affect the powers, preferences or rights of the holders of Subordinate Voting Shares, including an amendment to the terms of the Articles of the Company that provide that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Certain Class Votes

Without limiting other rights at law of any holders of Multiple Voting Shares or Subordinate Voting Shares to vote separately as a class or the terms of the following paragraph, neither the holders of the Multiple Voting Shares nor the holders of the Subordinate Voting Shares shall be entitled to vote separately as a class upon a proposal to amend the Articles of the Company in the case of an amendment of the kind referred to in paragraph (a) of subsection 176(1) of the *Canada Business Corporations Act* and, as regards the creation of additional classes of preferred shares that are non-voting, paragraph (e) of subsection 176(1) of the *Canada Business Corporations Act*.

The holders of the Subordinate Voting Shares shall be entitled to vote separately as a class (but will not have any dissent rights) in respect of any amalgamation, arrangement, business combination or sale, lease, exchange or transfer of all or substantially all the property of the Company (as such expressions are interpreted for the purposes of the *Canada Business Corporations Act*) in connection with which or following which any holder of Multiple Voting Shares would, directly or indirectly, receive or be entitled to receive consideration, money, property or securities of greater value per share or different in kind than the consideration or distribution available to holders of Subordinate Voting Shares, unless the holders of Subordinate Voting Shares are otherwise already entitled to vote separately as a class in respect of such transaction under any applicable law (including, without limitation, securities laws in any jurisdiction, together with the rules, regulations, orders and notices made thereunder and the local, uniform and national published instruments and policies adopted by the securities regulatory authority in such jurisdiction, as applied and interpreted by such securities regulatory authority) or the rules, notices, policies and procedures or any decision of any applicable stock exchange.

Issuance of Additional Multiple Voting Shares

Subject to the provisions of the Articles of the Company, the Company may not issue Multiple Voting Shares without the approval of at least 66⅔% of the votes cast at a meeting of the holders of Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or conversion on a pro rata basis as between the Subordinate Voting Shares and the Multiple Voting Shares or the issuance of Multiple Voting Shares upon the exercise of the Rights to Subscribe.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Beaudier Group, Bain Capital and CDPQ, as the owners of all the outstanding Multiple Voting Shares, entered into a coattail agreement dated May 29, 2013 with the Company and Computershare Trust Company of Canada (the "Coattail Agreement"). The Coattail Agreement contains provisions customary for dual class, TSX-listed companies designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale of Multiple Voting Shares by any of Beaudier Group, Bain Capital or CDPQ if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares;
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Multiple Voting Shares by Beaudier Group, Bain Capital or CDPQ to a Permitted Holder, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would constitute an exempt take-over bid (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles of the Company.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action is conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee. The Company agreed to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada and (b) the approval of at least 66⅔% of the votes cast by holders of Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares held by Beaudier Group, Bain Capital, CDPQ, their affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms that would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

The Company is authorized to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of Preferred Shares, except as otherwise provided in the terms specific to a series of Preferred Shares or as required by law, will not be entitled to vote at meetings of holders of Shares. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series.

Advance Notice Requirements for Director Nominations

The Company's by-laws provide that shareholders seeking to nominate candidates for election as directors must provide timely written notice to the Company's secretary at its principal executive offices. To be timely, a shareholder's notice must be received (i) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the shareholder may be received not later than the close of business on the 10th day following the date of such public announcement; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Company's by-laws also prescribe the proper written form for a shareholder's notice. The Board of Directors may, in its sole discretion, waive any requirement under these provisions. These provisions shall be automatically repealed and cease to have effect upon the termination of the Nomination Rights Agreement entered into between the Company and the Beaudier Group, Bain Capital and CDPQ. See "Material Contracts — Securityholders Agreement — Nomination Rights Agreement".

MARKET FOR SECURITIES AND TRADING PRICE AND VOLUME

The Subordinate Voting Shares are listed for trading on the TSX under the symbol “DOO” and on the Nasdaq Global Select Market under the symbol “DOOO”. The following table shows the monthly range of high and low prices per Subordinate Voting Share at the close of market on the TSX, as well as total monthly volumes and average daily volumes of the Subordinate Voting Shares traded on the TSX for Fiscal 2019:

Month	Price per Subordinate Voting Share ($) Monthly Low	Price per Subordinate Voting Share ($) Monthly High	Subordinate Voting Shares Total Monthly Volume	Subordinate Voting Shares Average Daily Volume
February 2018	44.46	53.24	3,623,831	190,728
March 2018	43.63	50.49	4,720,212	224,772
April 2018	48.85	55.70	4,190,077	199,527
May 2018	49.73	62.08	4,671,277	212,331
June 2018	59.01	66.36	6,441,892	306,757
July 2018	59.79	66.18	4,175,583	198,837
August 2018	60.71	74.67	3,640,366	165,471
September 2018	58.30	71.80	7,741,591	407,452
October 2018	49.30	62.17	8,512,000	386,909
November 2018	40.23	53.92	5,405,047	245,684
December 2018	32.36	51.46	7,248,327	381,491
January 2019	33.90	41.19	4,861,834	220,992

The Multiple Voting Shares are not listed for trading on any stock exchange.

DIRECTORS AND OFFICERS

The following table sets out for each of the Company’s directors and executive officers, the person’s name, province or state, and country of residence, position with the Company, principal occupation during the five preceding years and, if a director, the date on which the person became a director. The Company’s directors are expected to hold office until the Company’s next annual general meeting of shareholders. The Company’s directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, a total of 1,319,611 Subordinate Voting Shares, representing in the aggregate 3.1% of all of the Company’s issued and outstanding Subordinate Voting Shares, 1.4% of all of the Company’s issued and outstanding Shares and 0.4% of the total voting power attached to all of the Company’s issued and outstanding Shares as at March 20, 2019. Messrs. Laurent Beaudoin and J. R. André Bombardier, through their indirect ownership or control of Beaudier Inc. and 4338618 Canada Inc., respectively, were also deemed to beneficially own or control a total of 20,486,150 Multiple Voting Shares, representing in the aggregate 37.9% of all of the Company’s issued and outstanding Multiple Voting Shares, 21.1% of the Company’s issued and outstanding Shares and 33.4% of the total voting power attached to all of the Company’s issued and outstanding Shares as at March 20, 2019.

Directors

Name and Province or State and Country of Residence	Age	Position(s)/Title	Director Since	Principal Occupation
LAURENT BEAUDOIN[1] Québec, Canada	80	Director	2003	Corporate Director[2]
JOSHUA BEKENSTEIN[3] Massachusetts, U.S.	60	Director	2003	Managing Director at Bain Capital Investors, LLC (a private equity fund)
JOSÉ BOISJOLI[4] Québec, Canada	61	Director, President and Chief Executive Officer	2011	President and Chief Executive Officer of the Company
J.R. ANDRÉ BOMBARDIER Québec, Canada	76	Director	2003	Vice-Chairman of Bombardier Inc.
WILLIAM H. CARY[5] Florida, U.S.	60	Director	2015	Corporate Director
MICHAEL HANLEY[6][7] Québec, Canada	53	Director	2012	Corporate Director
LOUIS LAPORTE[7][8] Québec, Canada	58	Director	2013	Executive Vice-President of Beaudier Inc. (a private holding company)
ESTELLE MÉTAYER[5] Québec, Canada	48	Director	2014	President of EM Strategy Inc. (a strategy consulting firm) and adjunct professor at McGill University
NICHOLAS G. NOMICOS[4] Massachusetts, U.S.	56	Director	2016	Managing Director of Nonantum Capital Partners, LLC (a middle market private equity firm)
DANIEL J. O'NEILL[5][7] Québec, Canada	67	Director	2004	Corporate Director
EDWARD PHILIP[4][7] Florida, U.S.	53	Director	2005	Corporate Director
JOSEPH ROBBINS Massachusetts, U.S.	39	Director	2013	Principal at Bain Capital Partners, LLC (a private equity fund)
BARBARA J. SAMARDZICH[4] Michigan, U.S.	60	Director	2017	Corporate Director

(1) Chair of the Board of Directors of the Company.
(2) Mr. Beaudoin stepped down from the position of Chairman of Bombardier Inc. in February 2015. He remained a director and was awarded the title of Chairman Emeritus and retired from Bombardier Inc. in 2018.
(3) Chair of the Human Resources, Nomination and Governance Committee.
(4) Member of the Investment and Risk Committee.
(5) Member of the Audit Committee.
(6) Chair of the Audit Committee.
(7) Member of the Human Resources, Nomination and Governance Committee.
(8) Chair of the Investment and Risk Committee.

Executive Officers

Name and Province or State and Country of Residence	Age	Position(s)/Title
JOSÉ BOISJOLI Québec, Canada	61	President and Chief Executive Officer
TRACY CROCKER Minnesota, U.S.	59	President, BRP Marine Group
KARIM DONNEZ Québec, Canada	42	Senior Vice-President, Strategy, Business Development and Transformation
BERNARD GUY Québec, Canada	54	Senior Vice-President, Global Product Strategy
ANNE-MARIE LABERGE Québec, Canada	53	Senior-Vice President, Global Brands, Marketing and Communication
MARTIN LANGELIER Québec, Canada	48	Senior Vice-President, General Counsel and Public Affairs
DENYS LAPOINTE Québec, Canada	57	Senior Vice-President, Design, Innovation and Creative Services
ANNE LE BRETON Québec, Canada	47	Senior Vice-President, Human Resources
SÉBASTIEN MARTEL Québec, Canada	47	Chief Financial Officer
JOSÉE PERREAULT Québec, Canada	56	Senior Vice-President, Can-Am On-Road vehicles
SANDY SCULLION Québec, Canada	51	Senior Vice-President, Global Retail & Services - Powersports
THOMAS UHR Québec, Canada	54	Senior Vice-President, Product Engineering and Manufacturing Operations - Powersports

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Laurent Beaudoin, Director

Mr. Beaudoin is Chair of the Board of Directors since December 2003. Mr. Beaudoin, who was the Chief Executive Officer and Chairman of Bombardier Inc. since 1966, handed over his responsibilities as Chief Executive Officer in June 2008, and remained Chairman of the Board of Directors of Bombardier Inc. until he stepped down in February 2015. He remained a director and was awarded the title of Chairman Emeritus and retired from Bombardier Inc. in 2018. Mr. Beaudoin joined Bombardier Inc. in 1963 as Comptroller. From 2002 to 2012, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland. He was President of FIRST Robotics Quebec from 2010 until he retired in 2018. Mr. Beaudoin is also President of Beaudier Inc., a holder of Multiple Voting Shares. Mr. Beaudoin holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year by the Financial Post. He is a Chartered Accountant and a Fellow of the *Ordre des comptables agréés du Québec*.

Joshua Bekenstein, Director

Mr. Bekenstein is a Managing Director at Bain Capital. Prior to joining Bain Capital in 1984, Mr. Bekenstein spent several years at Bain & Company, Inc., where he was involved with companies in a variety of industries. Mr. Bekenstein is a member of the Board of Directors, the Chair of the Human Resources and Compensation Committee and a member of the Nominating and Governance Committee of Dollarama Inc. and Canada Goose Holdings Inc. He also serves as a director of several other corporations, including Bright Horizons Family Solutions Inc. for which he is a member of the

Compensation Committee and The Michaels Companies, Inc. He previously served as a member of the board of directors of The Gymboree Corporation, Burlington Stores, Inc. and Waters Corporation. Mr. Bekenstein received a Bachelor of Arts from Yale University and a Master of Business Administration (MBA) from Harvard Business School.

J.R. André Bombardier, Director

Mr. Bombardier is the Vice-Chairman of Bombardier Inc., a position he has held since 1978. He joined Bombardier Inc. in 1969 as Vice President, Industrial Division, and then successively held the positions of Vice-President, Research and Development, Ski-Doo Division; Assistant to the President in charge of new products, Vice President of Marketing, Marine Products Division, and President of the Roski Ltd. subsidiary, before taking the position he now holds. Mr. Bombardier is also President of 4338618, a holder of Multiple Voting Share. Mr. Bombardier holds a Bachelor of Arts from the *Séminaire de Sherbrooke* as well as a Bachelor of Commerce with a major in Finance from the *Université de Sherbrooke*. He is also a graduate of the Harvard International Senior Managers Program. He is the brother-in-law of Chairman Laurent Beaudoin.

William H. Cary, Director

Mr. Cary served as the President and Chief Operating Officer of GE Capital, the financial services unit of the General Electric Company, from November 2008 until January 2015 and as a Senior Vice-President of General Electric from November 2006 until January 2015. He served as the President of GE Money (Global), a subsidiary of GE Capital, from February 2008 until his promotion to President and Chief Operating Officer of GE Capital in November 2008. Mr. Cary joined General Electric in 1986 as a member of the Financial Management Program and served in a variety of financial and operating positions around the world. He also served as a member of General Electric's Corporate Executive Council and was a member of the GE Capital board of directors. He is currently on the board of directors of Rush Enterprises, Inc. and Ally Financial Inc.

Michael Hanley, Director

Mr. Hanley is a corporate director with many years of experience in senior management roles and corporate governance. He sits on the Board of Directors and chairs the Audit Committee of Industrial Alliance Insurance and Financial Services Inc., and of ShawCor Ltd. Mr. Hanley also sits on the board of LyondellBasell Industries N.V. since 2018 and is a member of its Audit Committee and of its Health, Safety, Environment an Operations Committee. He was on the Board of Directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the *Ordre des comptables professionnels agréés du Québec* (CPA) since 1987.

Louis Laporte, Director

Mr. Laporte has been the Executive Vice-President of Beaudier Inc., a private holding company and a holder of Multiple Voting Share, since 2004. Mr. Laporte managed for Beaudier Group the acquisition of the recreational products business of Bombardier Inc. in 2003. Prior to 2003, Mr. Laporte was the owner and operator of a number of privately held companies, such as Dudley Inc., one of Canada's leading lock manufacturers and distributors, and AMT Marine Inc., a manufacturer, subcontractor and supplier of *Sea-Doo* jet boats, where he contributed to the production and participated in the initial design and engineering of the *Sea-Doo* jet boat for BRP. Mr. Laporte is and has been a director of several privately-owned companies. Mr. Laporte holds a Bachelor of Accounting Sciences from the *Université du Québec à Montréal* (UQAM) and a Bachelor of Commerce from McGill University. Mr. Laporte is a Chartered Accountant.

Estelle Métayer, Director

Ms. Métayer is the president of EM Strategy Inc. and an adjunct professor at McGill University. She currently also serves on the Board of Directors and Strategy Committee of Audemars Piguet Holding S.A. (Switzerland) and on the advisory boards of Ricardo Media Inc. (Canada), Groupe Sélection (Canada) and LifeScore Limited (UK). She sits on the Board of Directors of the Metropolitan Montreal Chamber of Commerce where she serves on the executive committee and chairs the business development committee. Prior to that, she served on the Board of Directors of Blockstream Corporation (Montreal/Silicon Valley) between 2016 and 2018, Zag Bank (Calgary, Canada) between 2015 and 2017 and Ubisoft Entertainment SA between 2012 and 2016 where she chaired the compensation committee. Prior thereto, Ms. Métayer worked at the ING Bank (Netherlands), Bouygues (France), and in Canada at McKinsey & Company, CAE Inc., and Competia Inc. which she founded and sold in 2004. Ms. Métayer is a certified director of the Institut des Administrateurs Français and attended the High Performing Boards Program at Harvard Business School. She was trained in the Netherlands, where she obtained her MBA and Drs. from the University of Nijenrode.

Nicholas G. Nomicos, Director

Mr. Nomicos is a Managing Director of Nonantum Capital Partners, LLC, a middle market private equity firm that he founded with other executives in 2018. Prior to that, Mr. Nomicos was at Bain Capital where he worked from 1999 to 2016 as an Operating Partner focused on investments in the manufacturing and consumer product sectors and as a Managing Director of Bain Capital Credit, LP, the credit arm of Bain Capital. Previously, Mr. Nomicos was a senior corporate development and manufacturing executive at Oak Industries Inc., and he spent several years at Bain & Company, Inc. where he was an engagement manager. Mr. Nomicos serves as director, chairs the Human Resources and Compensation Committee, and is a member of the Audit Committee of Dollarama Inc. He received a Master of Business Administration (MBA) from Harvard Business School and a Bachelor of Science in Engineering from Princeton University.

Daniel J. O'Neill, Director

Mr. O'Neill is a Corporate Director. He currently serves as a director of CannaRoyalty Corp. (doing business as Origin House) since 2018 and is also Chairman of its Audit Committee. He was previously Executive Chairman of Electronic Cigarettes International Group (ECIG) from 2014 to 2017. Prior to that, he was the President and Chief Executive Officer of WinSport Canada, a not-for-profit organization that owns and operates the Canada Olympic Park in Calgary (Alberta). In 2005, Mr. O'Neill served as Vice-Chairman, Synergies & Integration of Molson Coors Brewing Company. He was President and Chief Executive Officer of Molson Inc. from 2000 to 2005, prior to its merger with Adolph Coors Company. Before that, he was Executive Vice-President of H.J. Heinz Company and President and Chief Executive Officer of Star-Kist Foods. He also worked at S.C. Johnson, a consumer products company. He was a director of H.J. Heinz Company from 1998 to 1999. Mr. O'Neill holds a Bachelor of Arts from Carleton University and a Master of Business Administration (MBA) from Queen's University. He also attended the Program for Management Development at Harvard Business School.

Edward Philip, Director

Edward Philip served as the Chief Operating Officer of Partners in Health (a non-profit health care organization) from January 2013 until March 2017. In addition, Mr. Philip was a Special Partner at Highland Consumer Fund (consumer-oriented private equity fund), serving in this role from 2013 until

2017. He served as Managing General Partner at Highland Consumer Fund from 2006 to 2013. Prior thereto, Mr. Philip served as President and Chief Executive Officer of Decision Matrix Group, Inc. (research and consulting firm) from May 2004 to November 2005. Prior thereto, he was Senior Vice-President of Terra Networks, S.A. (global Internet company) from October 2000 to January 2004. In 1995, Mr. Philip joined Lycos, Inc. (an Internet service provider and search company) as one of its founding members. During his time with Lycos, Inc., Mr. Philip held the positions of President, Chief Operating Officer and Chief Financial Officer at different times. Prior to joining Lycos, Inc., Mr. Philip was the Vice-President of Finance for The Walt Disney Company, and prior thereto Mr. Philip spent a number of years in investment banking. Mr. Philip holds a Master of Business Administration from Harvard Business School. He is a director of Hasbro Inc. and sits on its Compensation Committee as well as on its Nominating, Governance and Social Responsibility Committee. Mr. Philip also serves as a director of United Continental Holdings, Inc. and sits on its Audit Committee, its Executive Committee, and its Nominating and Governance Committee.

Joseph Robbins, Director

Mr. Robbins is a Principal at Bain Capital (a private equity fund). Since joining the firm in 2008, he has worked with a number of companies in the energy, technology and consumer sectors. Previously, Mr. Robbins worked at Sentient Jet, LLC, a leading provider of jet membership services, and at the Boston Consulting Group. Mr. Robbins currently serves on the Board of Directors of Big Tex Trailers, Inc. and Blackhawk Specialty Tools, LLC. Mr. Robbins holds a Master of Business Administration (MBA) (with high distinction) from Harvard Business School, where he was a Baker Scholar, and a Bachelor of Arts in Social Studies from Harvard College.

Barbara J. Samardzich, Director

Ms. Samardzich is a Corporate Director. Ms Samardzich previously held various senior leadership positions across her 26-year career with Ford Motor Company. Before retiring in 2016, she was the Vice-President and Chief Operating Officer of Ford Europe leading a team of over 30,000 employees. In previous years, she served as Vice-President, Product Development; Vice-President, Global Powertrain Engineering and held various roles in powertrain and vehicle engineering within Ford. She has also worked in various engineering roles at Westinghouse Electric Corporation. Ms. Samardzich sits on the board of directors of several companies including Adient plc where she is a member of the Audit Committee and is Chair of the Compensation Committee, Aktiebolaget SKF, and Velodyne LiDAR. Ms. Samardzich holds a Bachelor and Masters degree in Mechanical Engineering as well as a Masters degree in Engineering Management. She has won many awards including 2016 Automotive News Europe “25 Leading Women in the European Auto Industry” and 2011 Automobilwoche “Top 50 Automotive Women”.

Executive Officer Who Also Serves as Director

José Boisjoli, President and Chief Executive Officer

Mr. Boisjoli is President and Chief Executive Officer of BRP since December 2003, when BRP became a standalone company. In October 1998, Mr. Boisjoli was named President of the Snowmobile and Watercraft division, the largest division of Bombardier Recreational Products Inc. In April 2001, he was given the added responsibility of managing the ATV division. Mr. Boisjoli joined Bombardier Recreational Products Inc. in 1989, after eight years in the pharmaceutical and road safety equipment industries. Mr. Boisjoli serves on the board of directors of McCain Foods Group Inc. since January 2019. Mr. Boisjoli received a Bachelor of Engineering from the *Université de Sherbrooke*. In April 2005, Mr. Boisjoli received the prestigious title of Executive of the Year by Powersports Magazine, the most important powersports magazine in the United States. Mr. Boisjoli was also named CEO of the year 2017 by the Canadian business newspaper *Les Affaires*.

Executive Officers Who Do Not Serve as Directors

Tracy Crocker, President, BRP Marine Group

Mr. Crocker is President of BRP's Marine Group since 2018. Prior to his current position, he was Senior Vice-President and General Manager of the Evinrude division. He also held the positions of Executive Vice-President and General Manager of Arctic Cat's recreational off-road vehicles unit. Before entering the powersports industry, he worked for over 20 years in various general manager leadership positions for companies such as Ecolab, Nabisco and Pepsi in both North American and international roles. He spent the early part of his career in sales and marketing positions at Procter & Gamble. Mr. Crocker holds a Bachelor's degree in Finance from the University of Iowa and a Master's degree in Business Administration from Pepperdine University in California.

Karim Donnez, Senior Vice-President, Strategy, Business Development and Transformation

Mr. Donnez is Senior Vice-President, Strategy, Business Development and Transformation at BRP since July 1, 2015. Prior to joining BRP, Mr. Donnez was General Manager Operations – Refinery & Energy and member of the Rio Tinto Kennecott Executive Committee (Exco) and the Rio Tinto America Savings Plans Investment Committee. He was also General Manager Strategy and Commercial Investments for Rio Tinto Kennecott in Salt Lake City (U.S.A.) while being a member of the Investment Committee. Prior to this, Mr. Donnez was responsible for various business transformation initiatives as part of the corporate global functions at Rio Tinto, headquartered in London (U.K.). Mr. Donnez also worked several years at Accenture as a senior manager in the Management Consulting practice, focusing on strategy, post-merger integrations and change management mandates. Mr. Donnez holds a Master of Science degree in Engineering, from Arts & Métiers Paris Tech in Paris (France) and a Master in Business Administration (international strategy and finance) from HEC in Montréal (Canada).

Bernard Guy, Senior Vice-President, Global Product Strategy

Bernard Guy is Senior Vice-President, Global Product Strategy since 2017. Prior to his current position, Mr. Guy was vice-president, regional general manager, North America at BRP since 2014. He also held the positions of Vice-President, Sales and Network Development, North America from 2012 to 2014, Vice-President, Sales and Marketing, *Can-Am* from to 2009 to 2012 and Director, *Can-Am* Marketing from 2006 to 2009. Mr. Guy joined BRP as a Project Engineer for *Ski-Doo* snowmobile R&D in 1987. Over the course of his career, Mr. Guy held several roles of increasing responsibilities in many sectors of the business, such as engineering, process reengineering, procurement, business development, strategy and product planning. Mr. Guy holds a Bachelor in Mechanical Engineering (1986) and a Master of Business Administration (1992) from the *Université de Sherbrooke*.

Anne-Marie LaBerge, Senior-Vice President, Global Brands and Communication

Ms. LaBerge is Senior-Vice President, Global Brands and Communication since October 2016. Ms. LaBerge is a business executive with 20 years of brand and marketing experience in the telecommunications industry. Ms. LaBerge began her career in 1996 at TELUS, the second largest telecommunications company in Canada where she held various management positions including Vice-President, Brand and Marketing Communications until May 2016. In 2018, she was named one of the five "marketing visionaries" of the year in Québec as chosen by the editorial team of the Infopresse magazine. Ms. LaBerge won the CMO Club Marketing Innovation Award in 2017. She also received the 2011 Strategy Magazine's Marketer of the Year award and the 2011 Québec Women in Business – Large Corporations award. She served on the Board of Directors of Imvescor, a Canadian public company in the restaurant industry from 2016 to 2018.

Martin Langelier, Senior Vice-President, General Counsel and Public Affairs

Mr. Langelier is Senior Vice-President, General Counsel and Public Affairs of BRP since 2014. In addition to his responsibilities relating to traditional legal services, he also oversees the management of intellectual property, product safety, product compliance, internal audit and public affairs at BRP. Mr. Langelier joined the company in 2000 and has since then held various roles within the legal department with increasing responsibilities, leading to his appointment as Vice-President, General Counsel and Secretary in 2008. Before joining the powersports industry, he worked in private practice for the legal firm DeGrandpré Chait LLP in Montreal, Canada. Mr. Langelier holds a Bachelor of Laws from the *Université de Sherbrooke* and a Master of Business Administration (MBA) in International Business from the Birmingham Business School, England. He is a member of the Barreau du Québec (Québec's bar association) and also acts as a director on the board of directors of *Manufacturiers et Exportateurs du Québec*.

Denys Lapointe, Senior Vice-President, Design, Innovation and Creative Services

Mr. Lapointe is Senior Vice-President of Design, Innovation and Creative Services at BRP. Prior to his current position, Mr. Lapointe was Executive Vice-President of Design & Innovation (2008-2012), Vice-President Design & Innovation (2001-2008) and Vice-President Design Sea-Doo/Ski-Doo from 1995 to 2001. He joined the Company as a junior product designer for Sea-Doo watercraft in 1985. Mr. Lapointe holds a Bachelor of Arts in Design from the Université du Québec à Montréal. Mr. Lapointe is a board member of the Centre de technologies avancées BRP – *Université de Sherbrooke* (CTA) and a member of the Advisory Board for the College for Creative Studies in Detroit, Michigan. He is a member of the following design associations: the International Council Society of Industrial Designers, the Industrial Designers Society of America, the Association of Canadian Industrial Designers and the Association des designers industriels du Québec. Mr. Lapointe was inducted into the National Marine Manufacturers Association Canada (NMMA Canada) Hall of Fame in 2017 for his contributions to the marine industry.

Anne Le Breton, Senior Vice-President, Human Resources

Ms. Le Breton has been with BRP since 2002. Up until January 2016, she was Vice-President, Human Resources for the Global Sales & Consumer Experience and Product Engineering & Manufacturing Operations divisions. Ms. Le Breton previously headed human resources for BRP's International division operations from the Company's offices in Lausanne. Prior to joining BRP, Ms. Le Breton worked in the aerospace division of Bombardier Inc. as human resources manager in Canada and the United States. Ms. Le Breton has a bachelor's degree in industrial relations from Université de Montréal.

Sébastien Martel, Chief Financial Officer

Mr. Martel is Chief Financial Officer since May 2014. Before his appointment, Mr. Martel was Vice-President, Strategic Planning and Business Development. Mr. Martel has been with BRP since 2004 and has assumed different roles in the finance function of increasing responsibilities, such as: Director, Financial Information, and Vice-President, Finance & Controls. Prior to joining BRP, Mr. Martel worked at Deloitte & Touche LLP as well as at Arthur Anderson LLP as a senior manager in the audit processes on public companies, where he was involved in various initiatives dealing with Canadian and US GAAP, public offerings, derivatives instruments, venture capital financing, etc. Mr. Martel has an undergraduate degree and a diploma in Chartered Accountancy from McGill University.

Josée Perreault, Senior Vice-President, Can-Am On-Road vehicles

Ms. Perreault is Senior Vice-President, *Can-Am On-Road vehicles* since October 2016. Ms. Perreault has over 23 years of experience in the international wholesale and retail business within the consumer goods industry. She served as the Senior Vice-President of World Business of Oakley from 2010 to 2015. She joined Oakley in 1994 as General Manager of the Montréal subsidiary. Ms. Perreault subsequently held numerous positions worldwide within Oakley in Paris and Zurich as the Regional Vice-President of Europe, Middle-East and Africa region. Prior to joining Oakley, Ms. Perreault held many positions in Canadian companies related to business and brand management. In the past, she also served as independent director on the board of directors of two public companies, namely Lumenpulse Inc. and of WSP Global Inc.

Sandy Scullion, Senior Vice-President, Global Retail & Services - Powersports

Mr. Scullion is Senior Vice-President, Global Retail & Services - Powersports since 2018. Mr. Scullion joined the company in 1994 as a District Sales Manager and gradually worked his way up the ranks. From 2016 to 2018, he was Senior Vice-President and General Manager, Global Retail and Services and from 2014 to 2016, he was Vice-President and Regional Manager of BRP's Western Europe, Middle East and Africa (WEMEA) region. Previously, he worked with the North American Parts, Accessories and Clothing (PAC) team for nearly ten years, six of those as Vice-President of PAC and Global Distribution. Under his leadership, the image of "accessorization and lifestyle" associated with BRP's brands was transformed and BRP saw major growth in PAC revenues. Mr. Scullion has a Bachelor in Business Administration from Université Laval in Canada with a specialization in Finance.

Thomas Uhr, Senior Vice-President, Product Engineering and Manufacturing Operations - Powersports

Thomas Uhr is Senior Vice-President, Product Engineering and Manufacturing Operations - Powersports since 2018. Mr. Uhr was General Manager of BRP-Rotax GmbH & Co. KG and Vice-President, Powertrain BRP and R&D/Operations of Lynx snowmobiles from 2014 to 2018. Mr. Uhr has worked in the automotive industry for more than 20 years. He holds a degree in Production Technology Engineering from the University of Aachen, Germany.

Corporate Cease Trade Orders

None of the Company's directors or executive officers is, as at the date of this Annual Information Form, or has been, within the 10 years prior to the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

Bankruptcies

None of the Company's directors or executive officers is, as at the date of this Annual Information Form, or has been, within the 10 years prior to the date of this Annual Information Form, a director or executive officer of any company (including the Company), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for (i) Daniel J. O'Neill who was from 2014 to 2017 the Executive Chairman of Electronic Cigarettes International Group (ECIG), which filed for bankruptcy in March 2017, and (ii) Joshua Bekenstein who is a director of Toys "R" Us, Inc., which filed for bankruptcy in September 2017, and who was from 2010 to 2017 a director of The Gymboree Corporation, which filed for bankruptcy in June 2017.

None of the Company's directors or executive officers has, within the 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or comprise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Shareholder Bankruptcies

No shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No shareholder holding a sufficient number of securities to affect materially the control of the Company, nor any personal holding company of any such person, has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the shareholder.

Securities Penalties or Sanctions

No director or executive officer of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has:

- been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "Directors and Officers" and "Interest of Management and Others in Material Transactions".

Indemnification and Insurance

The Company has implemented a director and officer insurance program and has entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as

directors and executive officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the Company's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved from time to time in legal proceedings and regulatory actions of a nature considered normal to its business and operations. As at March 20, 2019, the Company had approximately 160 pending litigation cases. The Company is currently a defendant in patent proceedings relating to its PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences, including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. The Company intends to vigorously defend its position in such proceedings, as well as any other action in which it is involved from time to time. See "Risk Factors — The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below or as described elsewhere in this Annual Information Form, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Reimbursement to Bombardier Inc., a company related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational products business of Bombardier Inc., the Company is required to reimburse to Bombardier Inc. income taxes that amounted to $22.3 million as of January 31, 2019. The reimbursement will begin when Bombardier Inc. starts making any income tax payments in Canada and/or the United States.

In addition, in connection with the above-mentioned transaction, the Company entered into a trademark license agreement whereby it has the right to continue to use certain trademarks of Bombardier Inc. that were not otherwise assigned to the Company in connection with such transaction, subject to certain conditions. The license allows the Company to use "Bombardier" in the corporate name of certain subsidiaries of the Company as long as, among other things, Beaudier Group maintains at least a 10% voting or equity interest in the Company.

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is Deloitte LLP, 1190 avenue des Canadiens-de-Montréal, Suite 500, Montreal, Québec, H3B 0M7.

The transfer agent and registrar for the Subordinate Voting Shares and Multiple Voting Shares is Computershare Investor Services Inc. at their offices in Montreal and Toronto.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last financial year ended January 31, 2019, or entered into prior to such date, but which are still in effect and that are required to be filed with Canadian securities regulatory authorization in accordance with Section 12.2 of *National Instrument – 51-102 Continuous Disclosure Obligations*. Each of the summaries below describes certain material provisions of the relevant material contract and is subject to, and qualified in its entirety by reference to, the relevant material contract, a copy of which is available on the SEDAR website at www.sedar.com.

Underwriting Agreements

On October 2, 2017, Beaudier Inc., 4338618 Canada Inc., Bain Capital, CDPQ and other selling shareholders entered into an underwriting agreement with a syndicate of underwriters and the Company pursuant to which they sold, on a bought deal basis, 10,000,000 Subordinate Voting Shares of the Company at a price of $43.35 per Subordinate Voting Share for aggregate gross proceeds of $433,500,000. The Company did not receive any proceeds from the bought deal secondary offering.

On September 13, 2018, Beaudier Inc., 4338618 Canada Inc., Bain Capital and other selling shareholders entered into an underwriting agreement with a syndicate of underwriters and the Company pursuant to which they sold 8,700,000 Subordinate Voting Shares of the Company at a price of $47.00 per Subordinate Voting Share for aggregate gross proceeds of $408,900,000. The Company did not receive any proceeds from the bought deal secondary offering.

Term Credit Agreement

Pursuant to a fourth amended and restated credit agreement entered into between a syndicate of lenders and subsidiaries of the Company on May 23, 2018 (the “Term Credit Agreement”), term facilities in the aggregate principal amount of U.S.$900.0 million maturing on May 23, 2025 are made available to Bombardier Recreational Products Inc. in U.S. dollars (the “Term Facility”), of which U.S.$ 895.5 million of indebtedness was outstanding as of January 31, 2019.

Securityholders Agreements

In connection with the IPO on May 29, 2013, the Beaudier Group, Bain Capital, CDPQ and the Company entered into a nomination rights agreement (the “Nomination Rights Agreement”), an amended and restated registration rights agreement (the “Registration Rights Agreement”) and the Coattail Agreement.

Nomination Rights Agreement

The Nomination Rights Agreement provides that Beaudier Group, Bain Capital and CDPQ shall cast all votes to which they are entitled to fix the size of the Board of Directors at 13 members and to elect members of the Board in accordance with the provisions thereof. The Beaudier Group, Bain Capital and CDPQ have certain rights to designate members of the Board of Directors. As of the date of this Annual Information Form, Bain Capital, Beaudier Group and CDPQ are entitled to designate three, three and one member(s) of the Board of Directors, respectively, under the terms of the Nomination Rights Agreement.

Registration Rights Agreement

The Registration Rights Agreement provides for demand registration rights in favour of the parties to the Registration Rights Agreement that enable them to require the Company to qualify by prospectus in Canada or, following the one-year anniversary of the closing of the IPO and subject to certain conditions, the United States, all or any portion of the Shares held by them for a distribution to the public, provided such demand will result in a minimum offering size of $50,000,000.

The Registration Rights Agreement also provides for incidental registration rights allowing the parties to the Registration Rights Agreement to include their Subordinate Voting Shares in certain public offerings of Subordinate Voting Shares, subject to certain underwriters' cutback rights.

Coattail Agreement

See "Description of the Capital Structure — Shares — Take-Over Bid Protection" for a description of the Coattail Agreement.

INTEREST OF EXPERTS

The current independent auditor of the Company, Deloitte LLP, who has issued an auditor's report dated March 21, 2019 in respect of the Company's consolidated financial statements, which comprise the consolidated statements of financial position as at January 31, 2019 and January 31, 2018 and the consolidated statements of net income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, has informed the Company that it is independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDIT COMMITTEE

Charter of the Audit Committee

The Board has adopted a written charter (the "Charter of the Audit Committee") describing the mandate of the audit committee of the Company (the "Audit Committee"). The Charter of the Audit Committee reflects the purpose of the Audit Committee, which is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to ensuring that adequate procedures are in place for the review of the Company's public disclosure documents that contain financial information, ensuring that an effective internal audit process has been implemented, ensuring that an effective risk management and financial control framework has been implemented and tested by the Company's management, providing better communication between directors, management, internal auditors and external auditors, overseeing the work and reviewing the independence of the external auditors and reporting to the Board of Directors on any outstanding issue. The text of the Charter of the Audit Committee is attached to this Annual Information Form as Appendix A.

Composition of the Audit Committee

As set forth in the Charter of the Audit Committee, the Audit Committee must be composed of a minimum of three directors, each of whom needs to be independent and to meet the criteria for financial literacy established by applicable laws, including National Instrument 52-110 – *Audit Committees*. As of the date hereof, the Audit Committee is composed of Ms. Métayer and Messrs. Hanley, O'Neill and Cary, all of whom are independent and meet the criteria for financial literacy established by applicable laws, including National Instrument 52-110 – *Audit Committees*. Mr. Hanley is the Chair of the Audit Committee.

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used by the Company to prepare its financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Mr. William H. Cary. Mr. Cary served as the President and Chief Operating Officer of GE Capital, the financial services unit of the General Electric Company, from November 2008 until January 2015 and as a Senior Vice-President of General Electric from November 2006 until January 2015. He served as the President of GE Money (Global), a subsidiary of GE Capital, from February 2008 until his promotion to President and Chief Operating Officer of GE Capital in November 2008. Mr. Cary joined General Electric in 1986 as a member of the Financial Management Program and served in a variety of financial and operating positions around the world. He also served as a member of General Electric's Corporate Executive Council and was a member of the GE Capital board of directors. He is currently on the board of directors of Rush Enterprises, Inc. and Ally Financial Inc.

Mr. Michael Hanley (chair). Mr. Hanley is a corporate director with many years of experience in senior management roles and corporate governance. He sits on the Board of Directors and chairs the Audit Committee of Industrial Alliance Insurance and Financial Services Inc., and of ShawCor Ltd. Mr. Hanley also sits on the board of LyondellBasell Industries N.V. since 2018 and is a member of its Audit Committee and of its Health, Safety, Environment an Operations Committee. He was on the Board of Directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the Ordre des comptables professionnels agréés du Québec (CPA) since 1987.

Ms. Estelle Métayer. Ms. Métayer is the president of EM Strategy Inc. and an adjunct professor at McGill University. She currently also serves on the Board of Directors and Strategy Committee of Audemars Piguet Holding S.A. (Switzerland) and on the advisory boards of Ricardo Media Inc. (Canada), Groupe Sélection (Canada) and LifeScore Limited (UK). She sits on the Board of Directors of the Metropolitan Montreal Chamber of Commerce where she serves on the executive committee and chairs the business development committee. Prior to that, she served on the Board of Directors of Blockstream Corporation (Montreal/Silicon Valley) between 2016 and 2018, Zag Bank (Calgary, Canada) between 2015 and 2017 and Ubisoft Entertainment SA between 2012 and 2016 where she chaired the compensation committee. Prior thereto, Ms. Métayer worked at the ING Bank (Netherlands), Bouygues (France), and in Canada at McKinsey & Company, CAE Inc., and Competia Inc. which she founded and sold in 2004. Ms. Métayer is a certified director of the Institut des Administrateurs Français and attended the High Performing Boards Program at Harvard Business School. She was trained in the Netherlands, where she obtained her MBA and Drs. from the University of Nijenrode.

Mr. Daniel J. O'Neill. Mr. O'Neill is a Corporate Director. He currently serves as a director of CannaRoyalty Corp. (doing business as Origin House) since 2018 and is also Chairman of its Audit Committee. He was previously Executive Chairman of Electronic Cigarettes International

Group (ECIG) from 2014 to 2017. Prior to that, he was the President and Chief Executive Officer of WinSport Canada, a not-for-profit organization that owns and operates the Canada Olympic Park in Calgary (Alberta). In 2005, Mr. O'Neill served as Vice-Chairman, Synergies & Integration of Molson Coors Brewing Company. He was President and Chief Executive Officer of Molson Inc. from 2000 to 2005, prior to its merger with Adolph Coors Company. Before that, he was Executive Vice-President of H.J. Heinz Company and President and Chief Executive Officer of Star-Kist Foods. He also worked at S.C. Johnson, a consumer products company. He was a director of H.J. Heinz Company from 1998 to 1999. Mr. O'Neill holds a Bachelor of Arts from Carleton University and a Master of Business Administration (MBA) from Queen's University. He also attended the Program for Management Development at Harvard Business School.

Independent Auditor Fees

In Fiscal 2019 and Fiscal 2018, the Company was invoiced the following fees by its independent auditor, Deloitte LLP:

	Fiscal 2019	Fiscal 2018
Audit Fees(1)	$1,702,980	$1,614,381
Audit Related Fees(2)	706,399	450,208
Tax Fees(3)	148,020	156,749
All Other Fees(4)	207,920	79,037
Total Fees Paid	**2,765,319**	**2,300,375**

(1) "Audit Fees" include fees necessary to perform the annual audit or reviews of the consolidated financial statements. The Fiscal 2018 amount was modified as a result of a reclassification of certain fees in Fiscal 2019.

(2) "Audit Related Fees" include fees for assurance and related services by the independent auditor that are reasonably related to the performance of the audit or review of the Company's financial statements other than those included in "Audit Fees", such as advisory on accounting and reporting matters. The Fiscal 2018 amount was modified as a result of a reclassification of certain fees in Fiscal 2019.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.

(4) "Other Fees" include fees for products and services provided by the independent auditor other than those included above, including consulting services.

The Audit Committee is responsible for the pre-approval of all and any non-audit services to be provided to the Company or its subsidiary entities by the independent auditor. At least annually, the Audit Committee shall review and confirm the independence of the independent auditor.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's information circular for its annual meeting of shareholders.

Additional information is provided in the audited consolidated financial statements and management's discussion and analysis of the Company for the Fiscal 2019.

GLOSSARY OF TERMS

"**3WV**" means three-wheeled vehicle.

"**Annual Information Form**" means this annual information form of the Company dated March 21, 2019.

"**ATV**" means all-terrain vehicle.

"**Audit Committee**" means the audit committee of the Company.

"**Bain Capital**" means Bain Capital Luxembourg Investments S.à r.l.

"**Beaudier Group**" means, collectively, Beaudier Inc. and 4338618 Canada Inc.

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**CDPQ**" means the Caisse de dépôt et placement du Québec, and includes any of its affiliates.

"**Charter of the Audit Committee**" means the written charter describing the mandate of the Audit Committee, as adopted and amended by the Board of Directors upon the recommendation of the Audit Committee.

"**Coattail Agreement**" means the coattail agreement entered into by the Beaudier Group, Bain Capital and CDPQ, as the owners of all the outstanding Multiple Voting Shares, the Company and a trustee on May 29, 2013.

"**Company**" means BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them, unless otherwise noted or the context otherwise requires.

"**Convertible Securities**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**CPSC**" means the Consumer Product Safety Commission.

"**Distributed Securities**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**Distribution**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**Fiscal 2017**" means the Company's fiscal year ended January 31, 2017.

"**Fiscal 2018**" means the Company's fiscal year ending January 31, 2018.

"**Fiscal 2019**" means the Company's fiscal year ending January 31, 2019.

"**hp**" means horsepower.

"**IFRS**" means the International Financing Reporting Standards.

"**international**" means all jurisdictions other than Canada and the United States.

"**Investment and Risk Committee**" means the investment and risk committee of the Company.

"**IPO**" means the initial public offering of the Company which closed on May 29, 2013.

"**IT**" means information technology.

"**Multiple Voting Shares**" means multiple voting shares in the capital of the Company.

"**Nomination Rights Agreement**" means the nomination rights agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on May 29, 2013.

"**North America**" means Canada and the United States, and excludes Mexico.

"**OEM**" means original equipment manufacturer.

"**PAC**" means parts, accessories and clothing and other services sold to third parties.

"**Person**" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

"**Preferred Shares**" means preferred shares in the capital of the Company.

"**Propulsion Systems**" means *Evinrude* outboard engines and *Rotax* engines.

"**PWC**" means personal watercraft.

"**Registration Rights Agreement**" means the amended and restated registration rights agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on May 29, 2013.

"**Revolving Credit Facilities**" means the third amended and restated credit agreement entered into by subsidiaries of the Company on May 23, 2018 (as amended on March 14, 2019) pursuant to which credit facilities in the aggregate principal amount of $700 million are made available to Bombardier Recreational Products Inc.

"**Rights to Subscribe**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**Seasonal Products**" means *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs.

"**Second Amended and Restated Management Agreement**" means the management agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on December 18, 2003, as same was amended and restated effective as of May 29, 2013.

"**Shares**" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

"**SSV**" means side-by-side vehicle.

"**Subordinate Voting Shares**" means subordinate voting shares in the capital of the Company.

"**Subscription Securities**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"**TSX**" means the Toronto Stock Exchange.

"**Voting Shares**" has the meaning set out under the heading "Description of the Capital Structure — Shares — Subscription Rights".

"**Year-Round Products**" means *Can-Am* ATVs, SSVs and 3WVs.

"**2017 Secondary Offering**" has the meaning set out under the heading "General Development of the Business".

"**2018 Secondary Offering**" has the meaning set out under the heading "General Development of the Business".

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

1.0 Introduction

This charter (the "Charter") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of BRP Inc. (the "Company").

2.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- Financial reporting and disclosure requirements;
- Ensuring that an effective risk management and financial control framework has been implemented and tested by management of the Company;
- External and internal audit processes;
- Helping directors meet their responsibilities;
- Providing better communication between directors and the external auditor as well as between directors and the internal audit function;
- Ensuring the independence of the external auditor and the internal audit function;
- Increasing the credibility and objectivity of financial reports; and
- Strengthening the role of directors by facilitating in-depth discussions among directors, management, the external auditor and the internal audit function regarding significant issues involving judgment and impacting quality controls and reporting.

3.0 Composition and Membership

(a) The Board will appoint the members ("Members") of the Committee. The Members will be appointed at the first meeting of the Board following the election of directors by the shareholders of the Company to hold office until the next annual meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for independence established by applicable laws, including sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees. All members shall be financially literate or shall become financially literate within a reasonable period of time after their appointment to the Committee; a member of the Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

(c) The Board will appoint one of the Members to act as the chair of the Committee (the "Chair"). The secretary of the Company (the "Secretary") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

4.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. The Committee should meet within the 45 days following the end of the first three fiscal quarters of the Company and within 90 days following the end of the fiscal year of the Company. Members may attend all meetings either in person, by videoconference or by telephone. The Committee shall keep minutes of each meeting.

(b) At the request of the external auditor of the Company, the Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive, the General Counsel, the Chair of the Investment and Risk Committee or any Member, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their members to act as chair of the meeting.

(d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) The Chief Financial Officer and the Chief Audit Executive shall have direct access to the Committee and shall attend all meetings of the Committee, and the Chief Executive Officer and the Chair of the Board shall receive notice of and have the right to attend all meetings of the Committee, except in each case such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Committee. The external auditor shall receive notice of and have the right to attend any meetings of the Committee, at the Company's expense, except such part of the meeting, if any, which is a private session not involving the external auditor.

(f) The Committee shall maintain a free and open line of communication with management, the Chief Financial Officer, the Chief Audit Executive and the external auditor. The Committee may invite directors, officers, consultants and employees of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The Committee shall meet in camera without members of management in attendance or with the Chief Financial Officer or the Chief Audit Executive on a regular basis and as appropriate or required.

(g) In advance of every meeting of the Committee, the Chair, with the assistance of the Secretary, the Chief Financial Officer and the Chief Audit Executive, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.

5.0 Duties and Responsibilities

The Committee will carry out, among other things, the following responsibilities:

5.1 Financial Statements and Reporting

- Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and its financial reporting practices and system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of the Company's financial statements and the compliance by the Company with laws and regulations and its own Code of Ethics.

- Review significant accounting and reporting issues, including complex or unusual material transactions and highly judgmental areas, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or provisions included in any financial statements, and recent professional and regulatory pronouncements, and understand their impact on and presentation in the financial statements.

- Review and discuss with management and the external auditor the results of the audit, including any difficulties encountered and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.

- Review the financial statements, and consider whether they are complete, adequate, consistent with information known to the Members, and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's management discussion and analysis, and other financial information provided by the Company to any governmental body or the public and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's annual information form and related regulatory filings before release to the extent that same include financial information, and consider the accuracy and completeness of the financial information contained therein and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's press releases containing financial information before the Company publicly discloses this information and, if appropriate, recommend to the Board their approval and disclosure.

- Review and discuss with management any litigation matters which could significantly affect the financial statements, and review the manner in which these matters are disclosed in the financial statements.

- Review and discuss any regulatory compliance issues which could significantly affect the financial statements.

- Review and discuss any corporate governance issues which could significantly affect the financial statements.

- Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards.

- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

- Review interim financial reports with management and the external auditor before disclosure and filing with regulators, and consider whether they are complete and consistent with the information known to the Members and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.

- To the extent not previously reviewed by the Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in any prospectus or other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.

- Review the statement of management's responsibility for the financial statements as signed by the management of the Company and included in any published document.

- Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.

- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

- Monitor the application and update, as necessary, of the Company's Disclosure Policy.

5.2 Internal Control

- With the assistance of the external auditor, the Chief Financial Officer and the Chief Audit Executive, consider the effectiveness and the adequacy of the Company's internal control systems, including information technology security and control.

- Take all reasonable measures to ensure that the Board and management comply with all of the Company's policies or practices relating to business ethics and integrity (including the Authorities and Limits Policy and the Segregation of Duties Policy).

- Understand the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on any identified weaknesses, deficiencies or significant findings and recommendations, together with management's responses and actions taken to remedy the issues identified.

- Review and discuss with the Chief Executive Officer and Chief Financial Officer the process for the certifications to be provided in the Company's public disclosure documents.

- Review, monitor, report, and, where appropriate, provide recommendations to the Board of Directors on the Company's disclosure controls and procedures.

5.3 External Audit

- Manage the relationship between the Company and the external auditor.

- Recommend to the Board the appointment or discharge and compensation of the Company's external auditor.

- Fill the role as the direct contact for the external auditor.

- Oversee the work of the external auditor, including the resolution of disagreements between the external auditor and management.

- Review any suggestions made by the external auditor for improvement of the Company's operations or internal control.

- Pre-approve all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Company or its subsidiary entities by the Company's external auditor.

- At least annually, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chair of the Committee.

- At least annually, review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit function.

- To the extent practicable, at least annually, review the performance of the external auditor.

- At least annually, review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditor and the Company, including non-audit services, discussing the relationships with the auditor and discussing any restrictions placed on them or other difficulties encountered in the course of the audit.

- At least annually, meet separately with the external auditor to discuss the access to requested information and level of cooperation from management during the performance of their work.

- On a regular basis, the Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive, the Chair of the Investment and Risk Committee or any other representative of management whose presence is requested by the Chair of the Committee or any of the Members, and the external auditor shall meet separately with the Committee, in a private session held during the course of a meeting.

- On a regular basis, review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditor of the Company.

- Periodically rotate the lead partner for the external auditor.

5.4 Internal Audit Function

- Review and approve the charter, nature, scope of work and organizational structure of the internal audit function as well as the annual audit plan and any major changes thereon.

- Ensure that the internal audit function has the necessary resources to fulfill its mandate and responsibilities.

- Approve the appointment and dismissal of the Chief Audit Executive, as well as approve his/her performance evaluation and compensation. The Chief Audit Executive shall report directly to the Committee.

- Periodically review the audit plan status, including a progress report on the internal audit mandates and a follow-up on past due recommendations.

- Review internal audit reports, including management responses, and ensure that the necessary steps are taken to follow up on important report recommendations.

- Review with the assistance of the Chief Audit Executive the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.

- Ensure the independence and effectiveness of the internal audit function, including by requiring that the function be free of any influence that could adversely affect its ability to objectively assume its responsibilities, by ensuring that it reports to the Committee, and by meeting regularly with the Chief Audit Executive without management being present in order to discuss, among others, the questions he/she raises regarding the relationship between the internal audit function and management and access to the information required.

5.5 Compliance

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the "Complaints of Illegal or Unethical Conduct Policy").

- Review the effectiveness of the Complaints of Illegal or Unethical Conduct Policy and follow-up (including disciplinary action) of any instances of non-compliance.

- Review the findings of any examinations by regulatory agencies, and any auditor observations.

- Obtain regular updates from management and the Company's legal counsel regarding compliance matters in respect of the Complaints of Illegal or Unethical Conduct Policy.

5.6 Other Responsibilities

- Perform other activities related to this Charter as requested by the Board.

- Investigate and assess any issue that raises significant concern to the Committee, with the assistance, if so required by the Committee, of the Chief Financial Officer, the Chief Audit Executive and/or the external auditor.

- Evaluate the Committee's and individual members' performance on a regular basis.

- Communicate and collaborate with other committees of the Board of Directors to ensure coordination in the fulfillment of any responsibilities of the Committee which may overlap with the responsibilities of other committees.

6.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditor.

7.0 Limitation on Committee's Duties

Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.

In contributing to the Committee's discharge of its duties under this Charter, each Member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which the member of the Board are subject.

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. The terms contained herein are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

8.0 Reporting

The Chair should report to the Board at each Board meeting on the Committee's activities since the last Board meeting. As required by applicable rules and regulations, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities. The Secretary should circulate the minutes of each meeting of the Committee to the members of the Board.

9.0 Access to Information and Authority

The Committee will be granted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with the external auditor, the Chief Financial Officer, the Chief Audit Executive as well as any other employee of the Company as it deems necessary.

10.0 Review of Charter

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration. The Board may, amend this Charter (as required).

Exhibit 99.2



Consolidated Financial Statements

BRP Inc.

For the years ended January 31, 2019 and 2018

Deloitte LLP
La Tour Deloitte
1190 Avenue des Canadiens-de-Montreal
Suite 500
Montreal QC H3B 0M7
Canada

Tél.: 514-393-7115
Téléc.: 514-390-4100
www.deloitte.ca

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BRP Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of BRP Inc. and subsidiaries (the "Company") as of January 31, 2019, January 31, 2018 and February 1, 2017, the related statements of net income, comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended January 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2019, January 31, 2018 and February 1, 2017, and its financial performance and its cash flows for each of the two years in the period ended January 31, 2019, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective February 1, 2018, the Company has retrospectively changed its method of accounting for revenue due to the adoption of IFRS 15 Revenue from Contracts with Customers.

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. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ Deloitte LLP[1]

Montreal, Canada
March 21, 2019
We have served as the Company's auditor since fiscal 2006.

1 CPA auditor, CA, public accountancy permit No. A124391

BRP Inc.

CONSOLIDATED STATEMENTS OF NET INCOME

[in millions of Canadian dollars, except per share data]

	Notes	Years ended January 31, 2019	January 31, 2018 Restated (Note 31)
Revenues	21	**$5,243.8**	$4,452.5
Cost of sales	22	**3,990.4**	3,407.4
Gross profit		**1,253.4**	1,045.1
Operating expenses			
Selling and marketing		**336.9**	288.6
Research and development		**221.7**	198.6
General and administrative		**214.7**	166.3
Other operating expenses	24	**7.5**	13.9
Total operating expenses		**780.8**	667.4
Operating income		**472.6**	377.7
Financing costs	25	**76.9**	56.6
Financing income	25	**(3.0)**	(2.2)
Foreign exchange (gain) loss on long-term debt		**69.8**	(53.3)
Income before income taxes		**328.9**	376.6
Income tax expense	26	**101.6**	137.5
Net income		**$227.3**	$239.1
Attributable to shareholders		**$227.0**	$238.9
Attributable to non-controlling interest		**$0.3**	$0.2
Basic earnings per share	20	**$2.31**	$2.23
Diluted earnings per share	20	**$2.28**	$2.21

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[in millions of Canadian dollars]

	Notes	Years ended January 31, 2019	January 31, 2018 Restated (Note 31)
Net income		**$227.3**	$239.1
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income			
Net changes in fair value of derivatives designated as cash flow hedges		**(6.0)**	4.3
Net changes in unrealized gain (loss) on translation of foreign operations		**(10.8)**	24.4
Income tax (expense) recovery		**1.1**	(0.8)
		(15.7)	27.9
Items that will not be reclassified subsequently to net income			
Actuarial losses on defined benefit pension plans	17	**(17.2)**	(23.1)
Loss on fair value of restricted investments		**(0.4)**	—
Income tax recovery		**4.4**	6.0
		(13.2)	(17.1)
Total other comprehensive income (loss)		**(28.9)**	10.8
Total comprehensive income		**$198.4**	$249.9
Attributable to shareholders		**$198.2**	$249.3
Attributable to non-controlling interest		**$0.2**	$0.6

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in millions of Canadian dollars]
As at

	Notes	January 31, 2019	January 31, 2018 Restated (Note 31)	February 1, 2017 Restated (Note 31)
Cash		**$100.0**	$226.0	$298.6
Trade and other receivables	7	**388.3**	328.8	325.3
Income taxes and investment tax credits receivable		**13.6**	19.9	46.2
Other financial assets	8	**12.8**	11.5	3.5
Inventories	9	**946.2**	742.8	682.1
Other current assets		**24.9**	20.4	20.9
Total current assets		**1,485.8**	**1,349.4**	**1,376.6**
Investment tax credits receivable		**14.5**	4.5	4.2
Other financial assets	8	**20.0**	21.4	20.1
Property, plant and equipment	10	**905.1**	766.8	673.2
Intangible assets	11	**478.7**	314.6	317.1
Deferred income taxes	26	**169.6**	165.0	202.0
Other non-current assets		**3.5**	1.9	2.3
Total non-current assets		**1,591.4**	1,274.2	1,218.9
Total assets		**$3,077.2**	$2,623.6	$2,595.5
Trade payables and accruals	13	**$1,003.5**	$805.5	$718.5
Provisions	14	**408.6**	378.8	344.3
Other financial liabilities	15	**108.3**	133.5	94.7
Income tax payable		**68.3**	42.6	29.6
Deferred revenues		**71.3**	62.1	63.0
Current portion of long-term debt	16	**18.4**	19.8	22.7
Total current liabilities		**1,678.4**	1,442.3	1,272.8
Long-term debt	16	**1,197.1**	995.0	929.4
Provisions	14	**111.6**	86.3	88.1
Other financial liabilities	15	**28.4**	27.8	28.7
Deferred revenues		**129.7**	122.3	105.4
Employee future benefit liabilities	17	**237.1**	224.8	194.1
Deferred income taxes	26	**0.9**	1.2	2.5
Other non-current liabilities		**16.8**	15.9	13.5
Total non-current liabilities		**1,721.6**	1,473.3	1,361.7
Total liabilities		**3,400.0**	2,915.6	2,634.5
Deficit		**(322.8)**	(292.0)	(39.0)
Total liabilities and deficit		**$3,077.2**	$2,623.6	$2,595.5

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[in millions of Canadian dollars]

For the year ended January 31, 2019

	Attributed to shareholders							
	Capital Stock (Note 18)	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance as at January 31, 2018	**$234.8**	**$(7.8)**	**$(551.8)**	**$27.7**	**$0.1**	**$(297.0)**	**$5.0**	**$(292.0)**
Net income	**—**	**—**	**227.0**	**—**	**—**	**227.0**	**0.3**	**227.3**
Other comprehensive loss	**—**	**—**	**(13.2)**	**(10.7)**	**(4.9)**	**(28.8)**	**(0.1)**	**(28.9)**
Total comprehensive income (loss)	**—**	**—**	**213.8**	**(10.7)**	**(4.9)**	**198.2**	**0.2**	**198.4**
Dividends (Note 18)	**—**	**—**	**(35.3)**	**—**	**—**	**(35.3)**	**—**	**(35.3)**
Issuance of subordinate shares	**9.4**	**(3.2)**	**—**	**—**	**—**	**6.2**	**—**	**6.2**
Repurchase of subordinate shares (Note 18)	**(26.4)**	**38.6**	**(223.0)**	**—**	**—**	**(210.8)**	**—**	**(210.8)**
Stock-based compensation	**—**	**10.7**	**[a] —**	**—**	**—**	**10.7**	**—**	**10.7**
Balance as at January 31, 2019	**$217.8**	**$38.3**	**$(596.3)**	**$17.0**	**$(4.8)**	**$(328.0)**	**$5.2**	**$(322.8)**

[a] Includes $0.4 million of income tax expense.

For the year ended January 31, 2018
Restated (Note 31)

	Attributed to shareholders							
	Capital Stock (Note 18)	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance as at February 1, 2017, as previously reported	$303.0	$26.9	$(169.1)	$3.5	$(3.4)	$160.9	$4.6	$165.5
Adjustment for IFRS 15 and IFRS 9	—	—	(204.5)	0.2	—	(204.3)	(0.2)	(204.5)
Balance as at February 1, 2017, as restated	303.0	26.9	(373.6)	3.7	(3.4)	(43.4)	4.4	(39.0)
Net income	—	—	238.9	—	—	238.9	0.2	239.1
Other comprehensive income (loss)	—	—	(17.1)	24.0	3.5	10.4	0.4	10.8
Total comprehensive income	—	—	221.8	24.0	3.5	249.3	0.6	249.9
Dividends	—	—	(25.3)	—	—	(25.3)	—	(25.3)
Issuance of subordinate shares	13.7	(5.3)	—	—	—	8.4	—	8.4
Repurchase of subordinate shares	(81.9)	—	(374.7)	—	—	(456.6)	—	(456.6)
Subordinate shares subject to repurchase (Note 18)	—	(38.6)	—	—	—	(38.6)	—	(38.6)
Stock-based compensation	—	9.2	[a] —	—	—	9.2	—	9.2
Balance as at January 31, 2018	$234.8	$(7.8)	$(551.8)	$27.7	$0.1	$(297.0)	$5.0	$(292.0)

[a] Includes $0.7 million of income tax recovery.

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[in millions of Canadian dollars]

	Notes	Years ended January 31, 2019	January 31, 2018 Restated (Note 31)
OPERATING ACTIVITIES			
Net income		**$227.3**	$239.1
Non-cash and non-operating items:			
Depreciation expense		**177.3**	149.2
Income tax expense	26	**101.6**	137.5
Foreign exchange (gain) loss on long-term debt		**69.8**	(53.3)
Interest expense and transaction costs	25	**65.0**	47.2
Other		**6.7**	9.0
Cash flows generated from operations before changes in working capital		**647.7**	528.7
Changes in working capital:			
(Increase) decrease in trade and other receivables		**(50.2)**	7.9
Increase in inventories		**(178.2)**	(42.2)
Increase in other assets		**(29.2)**	(15.6)
Increase in trade payables and accruals		**180.7**	75.0
Increase (decrease) in other financial liabilities		**10.5**	(0.2)
Increase in provisions		**39.6**	40.3
Increase in other liabilities		**9.6**	19.5
Cash flows generated from operations		**630.5**	613.4
Income taxes paid, net of refunds		**(69.3)**	(52.6)
Net cash flows generated from operating activities		**561.2**	560.8
INVESTING ACTIVITIES			
Business combinations, net of acquired cash	5	**(173.0)**	—
Additions to property, plant and equipment	10	**(278.1)**	(215.3)
Additions to intangible assets	11	**(20.5)**	(15.1)
Proceeds on disposal of property, plant and equipment		**0.3**	—
Other		**0.8**	(0.8)
Net cash flows used in investing activities		**(470.5)**	(231.2)
FINANCING ACTIVITIES			
Decrease in revolving credit facilities		**(0.9)**	—
Issuance of long-term debt	16	**146.6**	137.5
Long-term debt amendment fees	16	**(8.9)**	(2.1)
Repayment of long-term debt	16	**(16.8)**	(24.6)
Interest paid		**(52.9)**	(42.1)
Issuance of subordinate voting shares	18	**6.2**	8.4
Repurchase of subordinate voting shares	18	**(248.6)**	(454.7)
Dividends paid	18	**(35.3)**	(25.3)
Other		**(2.6)**	(1.6)
Net cash flows used in financing activities		**(213.2)**	(404.5)
Effect of exchange rate changes on cash		**(3.5)**	2.3
Net decrease in cash		**(126.0)**	(72.6)
Cash at the beginning of year		**226.0**	298.6
Cash at the end of year		**$100.0**	$226.0

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

BRP Inc. ("BRP") is incorporated under the laws of Canada. BRP's multiple voting shares are owned by Beaudier Inc. and 4338618 Canada Inc. (collectively, "Beaudier Group"), Bain Capital Luxembourg Investments S.à r.l. ("Bain Capital") and La Caisse de dépôt et placement du Québec ("CDPQ"), (collectively, the "Principal Shareholders") whereas BRP's subordinate voting shares are listed in Canada on the Toronto Stock Exchange under the symbol DOO and in the United States on the Nasdaq Global Select Market under the symbol DOOO.

BRP and its subsidiaries (the "Company") design, develop, manufacture and sell powersports vehicles and marine products. The Company's Powersports segment comprises "Year-Round Products" which consist of all-terrain vehicles, side-by-side vehicles and three-wheeled vehicles; "Seasonal Products" which consist of snowmobiles and personal watercraft; and "Powersports PAC and OEM Engines" which consist of parts, accessories and clothing ("PAC"), engines for karts, motorcycles and recreational aircraft and other services. Additionally, the Company's "Marine" segment consist of outboard and jet boat engines, boats and related PAC and other services. The Company's products are sold mainly through a network of independent dealers, independent distributors and to original equipment manufacturers (the "Customers"). The Company distributes its products worldwide and manufactures them in Canada, Mexico, Austria, the United States and Finland.

The Company's headquarters is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These consolidated financial statements for the years ended January 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). On February 1, 2018, the Company adopted *IFRS 15 "Revenue from contracts with customers"* ("IFRS 15") and *IFRS 9 "Financial instruments"* ("IFRS 9") as described in note 31. The comparative figures have been restated to reflect the adoption of these two new standards.

These consolidated financial statements have been prepared on a historical cost basis except for certain transactions that are measured using a different basis as explained below in this significant accounting policies section.

On March 21, 2019, the Board of Directors of the Company approved these consolidated financial statements for the years ended January 31, 2019 and 2018.

b) Basis of consolidation

These consolidated financial statements include the financial statements of BRP and its subsidiaries. BRP controls all of its subsidiaries that are wholly owned through voting equity interests, except for Regionales Innovations Centrum GmbH in Austria for which a non-controlling interest of 25% is recorded upon consolidation and BRP Commerce & Trade Co. Ltd in China for which a non-controlling interest of 20% is recorded upon consolidation. BRP is also part of a joint venture located in Austria, RIC TECH GmbH, for which BRP owns 58% of the voting equity interests.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

b) Basis of consolidation [continued]

The most significant subsidiaries of BRP included in these consolidated financial statements are as follows:

- Bombardier Recreational Products Inc., located in Canada;
- BRP US Inc., located in the United States;
- BRP-Rotax GmbH & Co. KG, located in Austria;
- BRP European Distribution SA, located in Switzerland, and
- BRP Finland Oy, located in Finland.

All inter-company transactions and balances have been eliminated upon consolidation.

c) Foreign currencies

The consolidated financial statements of the Company are presented in Canadian dollars, the currency of the primary economic environment ("functional currency") in which it operates. The functional currency of foreign operations is their local currency, corresponding to the currency in which the majority of their third-party transactions are denominated.

Transactions in foreign currency

For the purpose of preparing financial statements, the Company applies the following procedures on transactions and balances in currencies other than their functional currency. Monetary items are translated using exchange rates in effect at the statement of financial position date and non-monetary items are translated using exchange rates prevailing at the transaction date. Revenues and expenses (other than depreciation, which is translated at the same exchange rates as the related assets) are translated using exchange rates in effect on the transaction dates or at the average exchange rates of the period. Translation gains or losses are recorded in the consolidated statement of net income.

Consolidation of foreign operations

All assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. Revenues and expenses are translated at the average exchange rates for the period. The Company's gains and losses on translation of foreign operations are recognized in other comprehensive income and accumulated in equity until the Company no longer controls the foreign operation. At that time, gains or losses on translation accumulated in equity are entirely reclassified to net income.

d) Inventory valuation

Materials and work in progress, finished products and parts and accessories are valued at the lower of weighted average cost or net realizable value. The cost of work in progress and finished products manufactured by the Company includes the cost of materials, direct labour and directly attributable manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale.

Inventories are written down to net realizable value when the cost of inventories is determined to be not fully recoverable. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of write-down is reversed.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

e) Property, plant and equipment

Property, plant and equipment includes land, building, equipment and tooling held for use in the development, production and distribution activities or for administrative purposes. They are stated at cost less accumulated depreciation and accumulated impairment charges.

The cost of an item of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, which also includes the borrowing costs incurred during the construction.

Property, plant and equipment is depreciated, with the exception of land, using the straight-line method over their estimated useful lives. If an item of property, plant and equipment is composed of significant components having different estimated useful lives, depreciation is calculated on a component basis using the straight-line method over their respective useful lives. The Company's estimated useful lives per category are the following:

Tooling	3 to 7 years
Equipment	3 to 20 years
Building	10 to 60 years

Depreciation of assets under development begins when they are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Fully depreciated building, equipment and tooling are retained in the cost and accumulated depreciation accounts until such assets are removed from service. In the case of disposals, cost and related accumulated depreciation amounts are removed from the consolidated statement of financial position, and the net amounts, less proceeds from disposal, is recorded in the consolidated statement of net income.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph g).

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

f) Intangible assets

Goodwill represents the excess of the purchase price of businesses acquired over the fair value of the net assets acquired. Goodwill is systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that it might be impaired. Goodwill is tested for impairment at the cash generating unit ("CGU") level representing the lowest level at which management monitors it.

Trademarks are carried at cost and are not depreciated due to their indefinite expected useful lives for the Company. The assessment of indefinite expected useful lives is reviewed at each year-end. Trademarks are systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that they might be impaired. Trademarks are tested for impairment with the CGU to which they relate.

Software and licences, dealer networks and customer relationships are carried at cost and are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

Software and licences	3 to 5 years
Dealer networks	5 to 20 years
Customer relationships	10 to 15 years

At the end of each reporting period, the Company reviews the carrying amounts of its software and licences, dealer networks and customer relationships in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph g).

Expenditures related to research and development activities are recognized as expense in the period in which they are incurred, except for development activities if specific criteria for capitalization as intangible assets are met.

g) Impairment of property, plant and equipment and intangible assets

An asset is impaired when its carrying amount is above its recoverable amount. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In that case, the asset is assessed for impairment within a CGU, representing the lowest level of assets for which there are separately identifiable cash inflows. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. Value in use is determined using a discounted future net cash flows approach. Fair value less costs of disposal reflects the amount the Company could obtain from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. If there is no active market for the asset, the fair value is assessed by using appropriate valuations models dependent on the nature of the asset or CGU, such as discounted cash flow models. The impairment charge recorded in the consolidated statement of net income is the difference between the carrying amount and the recoverable amount.

At the end of each reporting period, the Company reviews the carrying amount of assets (excluding goodwill) or CGU impaired in previous periods in order to determine if there is any indication that its recoverable amount has increased. If any such indication exists, an impairment test is performed and the impairment recovery is recorded in the consolidated statement of net income up to the carrying amount that would have existed had the impairment charge never been recorded in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one party and a financial liability or equity for another party. Financial instruments are initially recorded at fair value when the Company becomes a party to the transaction and are subsequently revalued at fair value or amortized cost at the end of each reporting period depending on their classification.

When the Company acquires or issues a financial instrument that is not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance are incorporated in the carrying amount and amortized in the consolidated statement of net income using the effective interest rate method. When the Company acquires or issues a financial instrument measured at fair value through profit or loss, all transaction costs are expensed as incurred.

A modification of financial liabilities that includes a prepayment option at par with no break costs is equivalent to an extinguishment. When a modification is accounted for as an extinguishment, the original financial instrument is derecognized, including any unamortized transaction costs and any costs or fees incurred related to the modification, and the new instrument arising from the modification is recognized at fair value.

Financial assets and financial liabilities other than derivatives

At the end of each reporting period, financial assets and financial liabilities that are not derivatives are measured at fair value or amortized cost using the effective interest method depending on the following classification:

- Restricted investments are measured at fair value through other comprehensive income at the end of each reporting period.
- Cash and trade and other receivables are measured at amortized cost at the end of each reporting period.
- Revolving credit facilities, trade payables and accruals, other financial liabilities and long-term debt (excluding finance leases) are measured at amortized cost at the end of each reporting period.

Derivative financial instruments

Derivative financial instruments are financial assets or financial liabilities recorded at fair value through profit or loss. They are measured at fair value at the end of each reporting period including those derivatives that are embedded in financial and non-financial contracts that are not closely related to the host contract.

In the consolidated statement of net income, changes in fair value of derivatives used to manage foreign exchange exposure on working capital elements are recorded in other operating expenses.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

h) Financial instruments [continued]

Derivative financial instruments under cash flow hedge accounting

The Company applies cash flow hedge accounting when forecasted cash flows are highly probable to occur and all other cash flow hedge criteria are met. The effective portion of the change of fair value of derivative financial instruments designated as hedging items under the cash flow hedge model is recorded in other comprehensive income and accumulated in equity until the hedged transaction is recognized in the consolidated statement of net income. The ineffective portion is recognized in the consolidated statement of net income at each period end. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the cash flows of the respective hedged items during the period for which the hedge is designated.

If a derivative financial instrument accounted for using the cash flow hedge model has been settled prior to maturity or the hedge relationship is no longer meeting cash flow hedge criteria, accumulated gains or losses associated with the derivative financial instrument remain in equity as long as the underlying hedged transaction is expected to occur and are recognized in the consolidated statement of net income in the period in which the underlying hedged transaction is recognized in the consolidated statement of net income. In the event that the underlying hedged transaction is settled prior to maturity or is not expected to occur anymore, gains or losses accumulated in equity at this date are immediately reclassified in the consolidated statement of net income. Gains or losses related to derivative financial instruments accounted for using the cash flow hedge model are recorded in the same category as the hedged item in the consolidated statement of net income.

i) Derecognition of receivables

Receivables are derecognized from the consolidated statement of financial position only when the Company's contractual rights to the cash flows expire or when the Company has transferred to a third party substantially all the risks and rewards on receivables sold.

j) Dealer holdback programs

The Company provides dealer incentive programs whereby at the time of shipment, the Company invoices an amount to the dealer that is reimbursable upon ultimate sale and warranty registration of the product. The Company presents the amounts due to dealers in other current financial liabilities in the consolidated statement of financial position.

k) Provisions

Provisions represent liabilities for which the amount or timing of payment is uncertain. Provisions are recorded in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Additionally, provisions are recorded for contracts under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received.

Provisions are measured at each period end at the best estimate of the expenditure required to settle the obligation. To account for the effect of the time value of money, provisions are measured at the present value of the outflows required to settle the obligation using a risk free rate adjusted to the specific risk of the obligation. They are re-measured at each consolidated statement of financial position date using interest rates prevailing at this date and an interest expense is recorded to reflect the passage of time.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

k) Provisions [continued]

The main provisions of the Company are described in more detail below:

Products related provisions

When the products are sold, the Company records a provision related to limited product warranties covering periods from 6 months to 5 years.

The Company records a provision for product liability claims or possible claims incurred but not reported at the end of each reporting period.

The Company provides for estimated sales promotions at time of revenue recognition. Examples of these costs include product rebates given to clients, volume discounts and retail financing programs. In the consolidated statement of net income, cash sales promotions are recorded as a reduction of revenues whereas non-cash sales promotions, such as delivery of free products or services to consumers, are included in cost of sales.

Restructuring provision

The Company provides for estimated direct restructuring costs to be incurred in a restructuring plan in the period the Company has a detailed formal plan describing the restructuring activity and has communicated the main features of the plan to those affected by it.

l) Leases

The Company leases assets for production, distribution and administrative purposes. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment by the Company of whether the arrangement conveys a right to use the asset. Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. Otherwise, leases are classified as operating leases.

Operating lease expense is recognized on a straight-line basis over the lease term.

Finance lease payments are recorded at the present value at the inception of the lease and apportioned at each disbursement date between financing costs and the lease liability using the implicit interest rate of the lease. They are presented in property, plant and equipment, intangible assets and long-term debt in the consolidated statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

m) Employee benefits

Current benefits

The Company records an expense in the consolidated statement of net income for wages, salaries, bonuses, share based compensations and social security contributions of employees in the period the services are rendered. Current benefit associated with manufacturing employees is included in the cost of inventory produced as described above in paragraph d).

Future benefits

The Company sponsors several Canadian and foreign funded and unfunded defined benefit and defined contribution pension plans covering most of its employees. The Company also provides other post-retirement benefit plans to certain employees.

Defined benefit plans and other post-retirement benefit plans

Annual costs of defined benefit pension plans and other post-retirement benefit plans, which include current service costs, net interest costs and past service costs, is actuarially determined using the projected unit credit method based on management's best estimate of discount rates, salary escalation, retirement ages of employees, life expectancy, inflation and health care costs.

Current service costs are recorded in the consolidated statement of net income when employees are rendering the services to the Company. For manufacturing employees, current service costs are included in the cost of inventory produced as described above in paragraph d).

Net interest costs are recorded in the consolidated statement of net income at each period following the passage of time.

Past service costs (gains) arising from the change in the present value of the defined benefit obligation resulting from a plan amendment or a curtailment are recorded in the consolidated statement of net income when the plan amendment or the curtailment occurs. A curtailment arises from a transaction that significantly reduces the number of employees covered by a plan.

In the consolidated statement of net income, costs related to defined benefit pension plans and other post-retirement benefit plans are classified separately depending on their nature. Current service costs and past service costs (gains) are presented within operating income whereas the net interest expense on the employee future benefit liability is presented in financing costs.

The liability recognized in the consolidated statement of financial position is the present value of the plan obligations less the fair value of the plan assets at that date. Plan obligations are determined based on expected future benefit payments discounted using market interest rates prevailing as at January 31 and plan assets are stated at their fair value at that date. Actuarial gains and losses that arise in calculating the present value of plan obligations and the fair value of plan assets are recorded in other comprehensive income and accumulated directly in retained earnings.

Defined contribution plans

Defined contribution plan expenses are recorded in the consolidated statement of net income when employees are rendering the services to the Company. Expenses associated with manufacturing employees are included in the cost of inventory produced as described above in paragraph d). Defined contribution plans expenses are entirely presented within operating income.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

n) Revenue recognition

The Company's revenues are derived primarily from the sale of products and related parts and accessories. Each sale is considered as a single performance obligation and revenues are recognized when products are shipped, which correspond to the point in time when the Customers have obtained control of the asset and the Company has satisfied its performance obligation. Revenues are measured at an amount equal to the consideration to which the Company expects to be entitled, which takes into account sales promotions and expected returns to occur after the shipment date. When, in addition to the regular warranty coverage, an extended warranty coverage is given with the purchase of the product, a portion of the revenue representing the value of the extended warranty is deferred. The value deferred is based on the stand-alone selling price of both the unit sold and the extended warranty given. The deferred revenue is then recognized over the extended warranty coverage period.

o) Government assistance

Government assistance, including research and development tax credits, is recorded when the Company is complying with the assistance program requirements and the recovery is reasonably assured. Government assistance received but contingently repayable is recorded in the consolidated statement of net income as long as it is probable that the conditions for repayment will not be met. Government assistance granted to compensate expenses are presented in the consolidated statement of net income as a reduction of the expense they relate to, whereas assistance granted for the acquisition of property, plant and equipment is deducted from the cost of the related asset.

p) Stock-based compensation

The Company grants stock options to officers, employees and, in limited circumstances, to consultants of the Company that are settled by the issuance of common shares. The Company establishes compensation expense for those grants based on the fair value of each tranche of option at the grant date. The compensation expense is recognized in the consolidated statement of net income over the vesting period of each tranche based on the number of options that are ultimately expected to vest. The Company estimates stock option forfeitures at time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The corresponding amount is recorded in contributed surplus within equity.

q) Income taxes

The Company's income tax expense represents the sum of the taxes currently payable based on taxable income of the year and deferred taxes. Deferred income tax assets and liabilities are determined based on the differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws expected to be in effect when the differences reverse. Current and deferred income taxes are recognized in the consolidated statement of net income except to the extent it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or in equity.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

r) Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares from stock option plans. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options.

s) Business combinations

Business combinations are recorded by using the acquisition method. Under this method, the purchase consideration is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities ("Net assets") based on the fair value at the acquisition date, with the excess of the purchase consideration amount allocated to goodwill. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, which period shall not exceed twelve months from the acquisition date and are adjusted to reflect the transaction as of the acquisition date.

The results of the acquired businesses are included in the consolidated financial statements from the date of the acquisition. Acquisition costs are expensed as incurred.

Intangible assets and goodwill arising from business combinations are accounted for by applying the acquisition method of accounting to these transactions. In measuring the fair value of the assets acquired and the liabilities assumed and estimating their useful lives, the Company uses significant estimates and assumptions regarding cash flow projections, economic risk, and weighted average cost of capital. These estimates and assumptions determine the amount allocated to intangible assets and goodwill, as well as the amortization period for intangible assets with finite lives.

t) Segmented information

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other components of the entity). The related operations can be clearly distinguished and the revenues and gross profit are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance.

Following the acquisition of Alumacraft (as defined thereafter) on June 28, 2018, the Company established a Marine Group. As a result, the Company has two operating and reportable segments: Powersports and Marine. The Powersports segment includes Year-Round Products, Seasonal Products and Powersports PAC and OEM Engines. The Marine segment includes outboard and jet boat engines, boats and related PAC and other services.

The comparative figures have been modified to reflect the new categories of revenues and the new segments following the acquisition of Alumacraft and Triton (as defined thereafter) and the creation of the Marine Group.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

a) Significant estimates in applying the Company's accounting policies

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare these consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties. Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and the strategic plan are approved by management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply the Company's accounting policies and considers that the most critical ones are the following:

Estimating the net realizable value of inventory

The net realizable value of materials and work in progress is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products. The net realizable value of finished products and parts and accessories is determined by comparing inventory components and value with expected sales prices, sales program and new product features.

Estimating the useful life of tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform they are related to.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying Company's accounting policies [continued]

Estimating the fair value of Net assets acquired in business combinations

The acquisition method, which requires significant estimates and judgments, is used to record business combinations. As part of the allocation process, estimated fair values are assigned to the Net assets acquired, including trademark and dealer network. The estimation is based on the Company's expectations with respect to future cash flows, economic conditions and discount rate. The excess of the purchase consideration over the estimated fair value of the Net assets acquired is then assigned to goodwill.

Estimating impairment on property, plant and equipment and intangible assets

Management assesses the value in use of property, plant and equipment and intangible assets mainly at groups of CGU level using a discounted cash flow approach by product line based on annual budget and strategic plan process. When the Company acquired the recreational products business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. Trademarks of $136.0 million and goodwill of $114.7 million were related to this transaction as at January 31, 2019 and 2018 and February 1, 2017 respectively. In addition, trademarks of $63.5 million and goodwill of $53.5 million were recorded following the acquisition of Alumacraft and Triton (as defined thereafter).

Trademarks impairment test

For the purpose of impairment testing, Ski-Doo®, Sea-Doo®, Evinrude®, Alumacraft® and Manitou® trademarks are allocated to their respective CGU. As at January 31, 2019, the carrying amount of trademarks amounting to $199.8 million is related to *Ski-Doo*, *Sea-Doo*, *Evinrude*, *Alumacraft* and *Manitou* for $63.5 million, $59.1 million, $13.4 million, $25.6 million and $38.2 million respectively. As at January 31, 2018 and February 1, 2017, the carrying amount of trademarks amounting to $136.0 million was related to *Ski-Doo*, *Sea-Doo* and *Evinrude* for $63.5 million, $59.1 million and $13.4 million respectively.

Recoverable amount

The Company determines the recoverable amount of these trademarks separately using value-in-use calculation. Value in use uses cash flow projections from the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. The figures used as the basis for the key assumptions in the value-in-use calculation includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value using a pre-tax discount rate of 10.9% to 15.0%. These discount rates were calculated by adding to the Company's weighted average cost of capital the risk factor associated with the product line tested. In assessing value in use, growth rates between 0.0% and 1.3% were used to calculate the terminal value of the Ski-Doo®, Sea-Doo® and Evinrude® trademarks. The Company performs sensitivity analysis on the cash flows and growth rate in order to confirm that the trademarks are not impaired.

Goodwill impairment test

For the purpose of impairment testing, goodwill of $114.7 million created in 2003 was allocated to the group of CGU representing all the Company's product lines as at January 31, 2019 and 2018 and February 1, 2017 respectively. For the purpose of impairment testing as at January 31, 2019, goodwill of $21.1 million related to Alumacraft (as defined thereafter) acquisition and $32.4 million related to Triton (as defined thereafter) acquisition was allocated to their respective CGU.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying Company's accounting policies [continued]

Estimating impairment on property, plant and equipment and intangible assets [continued]

Recoverable amount

The group of CGUs' recoverable amount is based on a value-in-use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. These figures used as the basis for the key assumptions in the value-in-use calculation includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value using a pre-tax discount rate of 10.9%. In assessing value in use, a growth rate of 0.3% was used to calculate the terminal value. The Company performs sensitivity analysis on the cash flows and growth rate in order to confirm that goodwill is not impaired.

Estimating recoverability of deferred tax assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

Estimating provisions for product regular warranty, product liability, sales program and restructuring

The regular warranty cost is established by product and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the regular warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims. In addition, the product liability provision at the end of the reporting period includes incurred, but not reported claims based on average historical cost information.

Sales program provision is estimated based on current program features, historical data and expected retail sales for each product line.

Restructuring provision is initially estimated based on restructuring plan estimated costs in relation with the plan features approved by management. Restructuring provision is reviewed at each period end in order to take into account updated information in relation with the realization of the plan. If necessary, the provision is adjusted accordingly.

Estimating the discount rates used in assessing defined benefit plan expenses and liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

b) Significant judgments in applying the Company's accounting policies

Management needs to make certain judgments in order to apply the Company's accounting policies and the most significant ones are the following:

Impairment of property, plant and equipment and intangible assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset. Therefore, management performs impairment testing by grouping assets into CGUs.

Functional currency

The Company operates worldwide, but its design, development, manufacturing and distribution operations are highly integrated, which require significant judgements from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"*. Management established an accounting policy where the functional currency of each entity is deemed to be its local currency unless the assessment of the criteria established by IAS 21 to assess the functional currency leads to the determination of another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

4. FUTURE ACCOUNTING CHANGES

IFRS 16 Leases

In January 2016, the International Accounting Standards Board ("IASB") issued *IFRS 16 "Leases"* ("IFRS 16") that sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is twelve months or less or when the underlying asset has a low value. The effective date of IFRS 16 for the Company is February 1, 2019 and the Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings at that date, subject to permitted practical expedients. Therefore, the Company will not restate comparative information.

The adoption of IFRS 16 will result in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the statement of financial position for a majority of its leases that are considered operating leases under IAS 17 "Leases". A depreciation expense on the right-of-use asset and an interest expense on the lease liability will replace the operating lease expense. IFRS 16 will change the presentation of cash flows relating to leases in the Company's Consolidated Statements of Cash Flows, but does not cause a difference in the amount of cash transferred between the parties of a lease. The Company is currently finalizing the quantification of the impact of IFRS 16 on its consolidated financial statements. As at February 1, 2019, it is estimated that total assets will increase by approximately $190 million, total liabilities will increase by approximately $210 million and deficit will increase by approximately $20 million. The Company is continuing to assess the overall impact of the new standard, including the required changes to the disclosures in its consolidated financial statements. The Company is also reviewing certain processes related to leases for information technology systems and internal controls over financial reporting.

4. FUTURE ACCOUNTING CHANGES [CONTINUED]

IFRIC 23 Uncertainty over income tax treatments

In June 2017, the IASB released *IFRIC 23 "Uncertainty over income tax treatments"*. IFRIC 23 clarifies the application of recognition and measurement requirements in *IAS 12 "Income taxes"*, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 will become effective for the Company fiscal year beginning on February 1, 2019. The Company has determined the adoption of this standard will not have a significant impact on its consolidated financial statements.

Amendments to IFRS 3 Business combinations

In October 2018, the IASB issued amendments to *IFRS 3 "Business combinations"*. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for the Company to transactions for which the acquisition date is on or after February 1, 2020. The Company is currently assessing the impact of the adoption of these amendments on its consolidated financial statements.

Other standards or amendments

The IASB issued other standards or amendments to existing standards that are not expected to have a significant impact on the Company's consolidated financial statements.

5. BUSINESS COMBINATIONS

On June 28, 2018, the Company acquired 100% of Alumacraft Holdings, LLC and its wholly-owned subsidiary Alumacraft Boat Co. ("Alumacraft") for a purchase consideration of U.S. $61.0 million ($80.9 million), paid in cash. Alumacraft is a recreational boat manufacturer with two manufacturing facilities located in St. Peter, Minnesota (United States) and in Arkadelphia, Arkansas (United States).

On August 28, 2018, the Company acquired 100% of Triton Industries, Inc. ("Triton") for a purchase consideration of U.S. $75.0 million ($97.4 million), paid in cash. Triton is a pontoon boat manufacturer under the Manitou brand with a manufacturing facility located in Lansing, Michigan (United States).

The two acquisitions allow the Company to pursue its growth strategy in the marine market, and to create synergies with the existing operations of the Company.

The value of the assets acquired and liabilities assumed were as follows, as at their respective acquisition dates:

	Alumacraft		Triton	Total
Assets acquired				
Current assets	**$23.5**	**[b]**	**$14.1**	**$37.6**
Property, plant and equipment	**5.7**		**9.7**	**15.4**
Trademark	**25.8**		**37.7**	**63.5**
Dealer network	**19.1**		**27.5**	**46.6**
Goodwill [a]	**21.0**	**[c]**	**32.5**	**53.5**
Total assets acquired	**95.1**		**121.5**	**216.6**
Liabilities assumed				
Current liabilities	**10.6**		**7.4**	**18.0**
Deferred income taxes	**3.6**		**16.7**	**20.3**
Total liabilities assumed	**14.2**		**24.1**	**38.3**
Net assets acquired and total consideration paid in cash[d]	**$80.9**		**$97.4**	**$178.3**

[a] Goodwill arises principally from expected synergies and future growth.

[b] Including cash of $5.3 million.

[c] Only $2.8 million of goodwill is deductible for tax purposes.

[d] Repayment of Alumacraft and Triton debt is included in the purchase consideration.

5. BUSINESS COMBINATIONS [CONTINUED]

The Company's consolidated statement of net income include the operating results of Alumacraft and Triton since their respective acquisition dates. For the year ended January 31, 2019, they represent revenues of $94.9 million. Net income for the year ended January 31, 2019 was not significant.

If the Company had acquired Alumacraft and Triton at the beginning of the year ended January 31, 2019, it would have increased revenues by approximately $104 million.

The Company incurred acquisition-related costs of $2.7 million, which have been recorded in general and administrative expenses.

6. SEGMENTED INFORMATION

Details of segment information were as follows:

For the year ended January 31, 2019	Powersports segment	Marine segment	Inter-segment eliminations	Total
Revenues	**$4,753.5**	**$522.3**	**$(32.0)**	**$5,243.8**
Cost of sales	**3,560.2**	**462.2**	**(32.0)**	**3,990.4**
Gross profit	**1,193.3**	**60.1**	**—**	**1,253.4**
Total operating expenses				**780.8**
Operating income				**472.6**
Financing costs				**76.9**
Financing income				**(3.0)**
Foreign exchange loss on long-term debt				**69.8**
Income before income taxes				**328.9**
Income tax expense				**101.6**
Net income				**$227.3**

For the year ended January 31, 2018	Powersports segment	Marine segment	Inter-segment eliminations	Total
Revenues	$4,026.5	$464.0	$(38.0)	$4,452.5
Cost of sales	3,073.6	371.8	(38.0)	3,407.4
Gross profit	952.9	92.2	—	1,045.1
Total operating expenses				667.4
Operating income				377.7
Financing costs				56.6
Financing income				(2.2)
Foreign exchange gain on long-term debt				(53.3)
Income before income taxes				376.6
Income tax expense				137.5
Net income				$239.1

6. SEGMENTED INFORMATION [CONTINUED]

The following table provides geographic information on Company's revenues, property, plant and equipment and intangible assets. The attribution of revenues was based on customer locations.

	Revenues		Property, plant and equipment and intangible assets		
	Years ended		As at		
	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018	February 1, 2017
United States	**$2,817.1**	$2,247.7	**$328.7**	$134.9	$126.2
Canada	**845.5**	772.2	**519.9**	502.6	486.6
Western Europe	**346.0**	327.3	**52.6**	43.5	41.8
Scandinavia	**404.7**	360.1	**9.4**	10.0	9.1
Asia Pacific	**355.7**	320.3	**55.8**	48.4	42.4
Eastern Europe	**197.7**	153.1	**11.0**	9.8	8.5
Latin America	**143.8**	145.3	**0.6**	0.7	1.2
Mexico	**107.8**	104.6	**245.9**	192.6	165.4
Austria	**16.7**	14.1	**159.9**	138.9	109.1
Africa	**8.8**	7.8	**—**	—	—
	$5,243.8	$4,452.5	**$1,383.8**	$1,081.4	$990.3

7. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Trade receivables	**$326.0**	$280.0	$286.8
Allowance for doubtful accounts	**(3.7)**	(3.4)	(3.9)
	322.3	276.6	282.9
Sales tax and other government receivables	**54.3**	42.3	34.5
Other	**11.7**	9.9	7.9
Total trade and other receivables	**$388.3**	$328.8	$325.3

8. OTHER FINANCIAL ASSETS

The Company's other financial assets were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Restricted investments [a]	**$15.7**	$17.3	$16.1
Derivative financial instruments	**3.4**	5.5	1.3
Other	**13.7**	10.1	6.2
Total other financial assets	**$32.8**	$32.9	$23.6
Current	**12.8**	11.5	3.5
Non-current	**20.0**	21.4	20.1
Total other financial assets	**$32.8**	$32.9	$23.6

[a] The restricted investments are publicly traded bonds that can only be used for severance payments and pension costs associated with Austrian pension plans, and are not available for general corporate use.

The non-current portion is mainly attributable to the restricted investments.

9. INVENTORIES

The Company's inventories were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Materials and work in progress	**$396.6**	$325.9	$286.0
Finished products	**339.5**	255.0	250.9
Parts, accessories and clothing	**210.1**	161.9	145.2
Total inventories	**$946.2**	$742.8	$682.1

The Company recognized in the consolidated statements of net income during the year ended January 31, 2019, a write-down on inventories of $18.5 million ($10.1 million for the year ended January 31, 2018) and reversed previously recorded write-downs of $4.4 million ($5.0 million for the year ended January 31, 2018).

Additionally, during the year ended January 31, 2019, the Company recorded $3,543.2 million of inventories in cost of sales ($3,050.8 million for the year ended January 31, 2018).

10. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment were as follows, as at:

	Tooling	Equipment	Building	Land	Total
January 31, 2019					
Cost	**$844.8**	**$757.9**	**$353.0**	**$48.0**	**$2,003.7**
Accumulated depreciation	**552.4**	**409.8**	**136.4**	**—**	**1,098.6**
Carrying amount	**$292.4**	**$348.1**	**$216.6**	**$48.0**	**$905.1**
January 31, 2018					
Cost	$744.6	$628.4	$311.8	$45.5	$1,730.3
Accumulated depreciation	489.2	354.5	119.8	—	963.5
Carrying amount	$255.4	$273.9	$192.0	$45.5	$766.8
February 1, 2017					
Cost	$703.3	$563.1	$291.1	$45.5	$1,603.0
Accumulated depreciation	480.8	341.4	107.6	—	929.8
Carrying amount	$222.5	$221.7	$183.5	$45.5	$673.2

As at January 31, 2019 and 2018 and February 1, 2017, assets under development amounted to $81.7 million, $65.5 million and $51.8 million respectively and were included in the cost of property, plant and equipment.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2019:

	Carrying amount as at January 31, 2018	Additions [a]	Business combinations	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2019 [b]
Tooling	**$255.4**	**$119.4**	**$0.4**	**$(0.1)**	**$(83.2)**	**$0.5**	**$292.4**
Equipment	**273.9**	**127.6**	**4.9**	**(0.3)**	**(57.7)**	**(0.3)**	**348.1**
Building	**192.0**	**29.1**	**9.5**	**—**	**(15.1)**	**1.1**	**216.6**
Land	**45.5**	**0.8**	**0.6**	**—**	**—**	**1.1**	**48.0**
Total	**$766.8**	**$276.9**	**$15.4**	**$(0.4)**	**$(156.0)**	**$2.4**	**$905.1**

[a] Government assistance of $1.2 million has been recorded against the additions.

[b] Leased equipment of $4.7 million and leased building of $2.6 million are included in the carrying amount.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2018:

	Carrying amount as at February 1, 2017 [a]	Additions [b]	Business combinations	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2018 [c]
Tooling	$222.5	$99.6	$—	$—	$(71.0)	$4.3	$255.4
Equipment	221.7	94.2	—	(0.1)	(46.4)	4.5	273.9
Building	183.5	21.1	—	—	(13.8)	1.2	192.0
Land	45.5	—	—	—	—	—	45.5
Total	$673.2	$214.9	$—	$(0.1)	$(131.2)	$10.0	$766.8

[a] Leased equipment of $7.4 million and leased building of $3.1 million are included in the carrying amount.

[b] Government assistance of $0.4 million has been recorded against the additions.

[c] Leased equipment of $6.0 million and leased building of $2.8 million are included in the carrying amount.

11. INTANGIBLE ASSETS

The Company's intangible assets were as follows, as at:

	Goodwill	Trademarks	Software and licences	Dealer networks	Customer relationships	Total
January 31, 2019						
Cost	**$169.4**	**$199.8**	**$131.5**	**$109.3**	**$24.2**	**$634.2**
Accumulated depreciation	**—**	**—**	**84.3**	**52.3**	**18.9**	**155.5**
Carrying amount	**$169.4**	**$199.8**	**$47.2**	**$57.0**	**$5.3**	**$478.7**
January 31, 2018						
Cost	$116.0	$136.0	$114.1	$45.4	$24.6	$436.1
Accumulated depreciation	—	—	73.2	30.8	17.5	121.5
Carrying amount	$116.0	$136.0	$40.9	$14.6	$7.1	$314.6
February 1, 2017						
Cost	$115.9	$136.0	$109.4	$47.3	$22.6	$431.2
Accumulated depreciation	—	—	70.3	29.4	14.4	114.1
Carrying amount	$115.9	$136.0	$39.1	$17.9	$8.2	$317.1

The Company completed the required annual impairment test of goodwill and indefinite useful life trademarks as at the consolidated statement of financial position dates and concluded that no impairment had occurred during the years ended January 31, 2019 and 2018.

The following table explains the changes in Company's intangible assets during the year ended January 31, 2019:

	Carrying amount as at January 31, 2018	Additions	Business combinations	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2019 [a]
Goodwill	**$116.0**	**$—**	**$53.5**	**$—**	**$(0.1)**	**$169.4**
Trademarks	**136.0**	**—**	**63.5**	**—**	**0.3**	**199.8**
Software and licences	**40.9**	**20.5**	**—**	**(14.2)**	**—**	**47.2**
Dealer networks	**14.6**	**—**	**46.6**	**(5.3)**	**1.1**	**57.0**
Customer relationships	**7.1**	**—**	**—**	**(1.8)**	**—**	**5.3**
Total	**$314.6**	**$20.5**	**$163.6**	**$(21.3)**	**$1.3**	**$478.7**

[a] Leased software and licences of $0.7 million are included in the carrying amount.

The following table explains the changes in Company's intangible assets during the year ended January 31, 2018:

	Carrying amount as at February 1, 2017 [a]	Additions	Business combinations	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2018 [b]
Goodwill	$115.9	$—	$—	$—	$0.1	$116.0
Trademarks	136.0	—	—	—	—	136.0
Software and licences	39.1	15.1	—	(13.5)	0.2	40.9
Dealer networks	17.9	—	—	(2.8)	(0.5)	14.6
Customer relationships	8.2	—	—	(1.7)	0.6	7.1
Total	$317.1	$15.1	$—	$(18.0)	$0.4	$314.6

[a] Leased software and licences of $1.3 million are included in the carrying amount.

[b] Leased software and licences of $1.2 million are included in the carrying amount.

12. REVOLVING CREDIT FACILITIES

On May 23, 2018, the Company refinanced its $475.0 million revolving credit facilities to increase the availability by $100.0 million for a total availability of $575.0 million, to extend the maturity from June 2021 to May 2023 and to reduce the cost of borrowing by 0.25% (the "Revolving Credit Facilities"). The Company incurred transaction fees of $2.6 million related to this refinancing, which are amortized over the expected life of the Revolving Credit Facilities.

On May 31, 2017, the Company amended its $425.0 million revolving credit facilities agreement to increase the availability by $50.0 million for a total availability of $475.0 million. All other conditions of the revolving credit facilities remained unchanged. The Company incurred transaction fees of $0.5 million related to this amendment.

The applicable interest rates vary depending on a leverage ratio. The leverage ratio is defined in the Revolving Credit Facilities agreement by the ratio of net debt to consolidated cash flows of the Company's subsidiary, Bombardier Recreational Products Inc. (the "Leverage ratio"). The applicable interest rates are as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.45% to 3.25% per annum; or
  (b) U.S. Base Rate plus 0.45% to 2.25% per annum; or
  (c) U.S. Prime Rate plus 0.45% to 2.25% per annum;
(ii) Canadian dollars at either
  (a) Bankers' Acceptances plus 1.45% to 3.25% per annum; or
  (b) Canadian Prime Rate plus 0.45% to 2.25% per annum
(iii) Euros at Euro LIBOR plus 1.45% to 3.25% per annum.

In addition, the Company incurs commitment fees of 0.25% to 0.40% per annum on the undrawn amount of the Revolving Credit Facilities.

As at January 31, 2019, the cost of borrowing under the Revolving Credit Facilities was as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.75% per annum; or
  (b) U.S. Base Rate plus 0.75% per annum; or
  (c) U.S. Prime Rate plus 0.75% per annum;
(ii) Canadian dollars at either
  (a) Bankers' Acceptances plus 1.75% per annum; or
  (b) Canadian Prime Rate plus 0.75% per annum
(iii) Euros at Euro LIBOR plus 1.75% per annum.

As at January 31, 2019, the commitment fees on the undrawn amount of the Revolving Credit Facilities were 0.25% per annum.

The Company is required to maintain, under certain conditions, a minimum fixed charge coverage ratio. Additionally, the total available borrowing under the Revolving Credit Facilities is subject to a borrowing base calculation representing 75% of the carrying amount of trade and other receivables plus 50% of the carrying amount of inventories.

12. REVOLVING CREDIT FACILITIES [CONTINUED]

As at January 31, 2019 and 2018 and February 1, 2017, the Company had no outstanding indebtedness under the Revolving Credit Facilities. The Company had issued letters of credit for an amount of $2.5 million as at January 31, 2019 ($2.1 million as at January 31, 2018) and, in addition, $4.7 million of letters of credit were outstanding under other bank agreements as at January 31, 2019 ($5.2 million as at January 31, 2018).

13. TRADE PAYABLES AND ACCRUALS

The Company's trade payables and accruals were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Trade payables	**$687.4**	$560.2	$518.8
Wages and related employee accruals	**145.3**	122.0	97.1
Other accruals	**170.8**	123.3	102.6
Total trade payables and accruals	**$1,003.5**	$805.5	$718.5

14. PROVISIONS

The Company's provisions were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Product-related	**$462.1**	$373.9	$341.3
Restructuring	**0.6**	2.1	0.2
Other	**57.5**	89.1	90.9
Total provisions	**$520.2**	$465.1	$432.4
Current	**408.6**	378.8	344.3
Non-current	**111.6**	86.3	88.1
Total provisions	**$520.2**	$465.1	$432.4

Product-related provisions include provisions for regular warranty coverage on products sold, product liability provisions and provisions related to sales programs offered by the Company to its Customers in order to support the retail activity.

The non-current portion of provisions is mainly attributable to product-related provisions. As at January 31, 2019, the Company estimates that cash outflows related to those non-current provisions could occur from February 1, 2020 to January 31, 2024.

The changes in provisions were as follows:

	Product-related	Restructuring	Other	Total
Balance as at January 31, 2018	**$373.9**	**$2.1**	**$89.1**	**$465.1**
Expensed during the year	**582.2**	**0.3**	**12.6**	**595.1**
Additions through business combinations	**2.7**	**—**	**—**	**2.7**
Paid during the year	**(507.4)**	**(1.7)**	**(45.4)[a]**	**(554.5)**
Reversed during the year	**(3.5)**	**(0.1)**	**(3.3)**	**(6.9)**
Effect of foreign currency exchange rate changes	**15.6**	**—**	**4.5**	**20.1**
Unwinding of discount and effect of changes in discounting estimates	**(1.4)**	**—**	**—**	**(1.4)**
Balance as at January 31, 2019	**$462.1**	**$0.6**	**$57.5**	**$520.2**

[a] Payment of $33.8 million related to the patent infringement litigation cases with one of the Company's competitors.

15. OTHER FINANCIAL LIABILITIES

The Company's other financial liabilities were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Dealer holdback programs and customers deposits	**$96.9**	$82.0	$78.1
Due to Bombardier Inc. (Note 27)	**22.3**	22.0	22.2
Derivative financial instruments	**8.9**	10.0	10.0
Due to a pension management company (Note 17)	**2.3**	2.7	5.1
Financial liability related to NCIB (Note 18)	**—**	38.6	—
Other	**6.3**	6.0	8.0
Total other financial liabilities	**$136.7**	$161.3	$123.4
Current	**108.3**	133.5	94.7
Non-current	**28.4**	27.8	28.7
Total other financial liabilities	**$136.7**	$161.3	$123.4

The non-current portion is mainly comprised of the amount due to Bombardier Inc. in connection with indemnification related to income taxes.

16. LONG-TERM DEBT

As at January 31, 2019 and 2018, the maturity dates, interest rates, outstanding nominal amounts and carrying amounts of long-term debt were as follows:

				January 31, 2019	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount
Term Facility	May 2025	4.50%	4.50%	U.S. $895.5	**$1,176.9**
Term Loans	Dec. 2019 to Dec. 2028	0.75% to 1.75%	1.00% to 4.67%	Euro 21.6	**29.5**
Finance lease liabilities	Jan. 2021 to Dec. 2030	8.00%	8.00%	$11.7	**9.1**
Total long-term debt					**$1,215.5**
Current					**18.4**
Non-current					**1,197.1**
Total long-term debt					**$1,215.5**

				January 31, 2018	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount
Term Facility	June 2023	4.07%	4.07%	U.S. $789.0	**$969.9**
Term Loans	Dec. 2018 to Dec. 2028	0.75% to 2.19%	1.00% to 5.64%	Euro 24.7	**34.3**
Finance lease liabilities	Jan. 2021 to Dec. 2030	8.00%	8.00%	$14.0	**10.6**
Total long-term debt					**$1,014.8**
Current					**19.8**
Non-current					**995.0**
Total long-term debt					**$1,014.8**

16. LONG-TERM DEBT [CONTINUED]

				February 1, 2017	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount
Term Facility	June 2023	4.04%	4.04%	U.S. $696.5	**$907.5**
Term Loans	Dec. 2017 to Dec. 2028	0.75% to 2.19%	1.50% to 8.60%	Euro 24.8	**32.3**
Finance lease liabilities	Jan. 2018 to Dec. 2030	8.00%	8.00%	$16.6	**12.3**
Total long-term debt					**$952.1**
Current					**22.7**
Non-current					**929.4**
Total long-term debt					**$952.1**

The following table explains the changes in long-term debt during the year ended January 31, 2019:

		Statements of cash flows		Non-cash changes		
	Carrying amount as at January 31, 2018	Issuance	Repayment	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2019
Term Facility	**$969.9**	**$143.0**	**$(5.9)**	**$69.8**	**$0.1**	**$1,176.9**
Term Loans	**34.3**	**3.6**	**(8.5)**	**(0.4)**	**0.5**	**29.5**
Finance lease liabilities	**10.6**	**—**	**(2.4)**	**—**	**0.9**	**9.1**
Total	**$1,014.8**	**$146.6**	**$(16.8)**	**$69.4**	**$1.5**	**$1,215.5**

The following table explains the changes in long-term debt during the year ended January 31, 2018:

		Statements of cash flows		Non-cash changes		
	Carrying amount as at February 1, 2017	Issuance	Repayment	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2018
Term Facility	**$907.5**	**$125.0**	**$(9.3)**	**$(53.3)**	**$—**	**$969.9**
Term Loans	**32.3**	**12.5**	**(12.6)**	**2.8**	**(0.7)**	**34.3**
Finance lease liabilities	**12.3**	**—**	**(2.7)**	**0.1**	**0.9**	**10.6**
Total	**$952.1**	**$137.5**	**$(24.6)**	**$(50.4)**	**$0.2**	**$1,014.8**

Under security arrangements, amounts borrowed under the Revolving Credit Facilities and the term facility (the “Credit Facilities”) are secured by substantially all the assets of the Company.

16. LONG-TERM DEBT [CONTINUED]

a) Term Facility

On May 23, 2018, the Company refinanced its term facility to increase the principal amount by U.S. $111.0 million for a total principal of U.S. $900.0 million, to extend the maturity from June 2023 to May 2025 and to reduce the cost of borrowing by 0.50% (the "Term Facility"). The Term Facility agreement contains customary representations and warranties but includes no financial covenants. The Company incurred transaction costs of $8.9 million, which have been recorded in financing costs.

On October 10, 2017, the Company amended its term facility. This amendment reduced the cost of borrowing by 0.50% and reduced the LIBOR floor to 0.00%. It also increased the amount of borrowing by U.S. $100.0 million for a total nominal outstanding amount of U.S. $793.0 million. The maturity remained unchanged in June 2023 and the Company had the option to increase the amount of borrowing by U.S. $150.0 million under certain conditions. The Company incurred transaction costs of $2.1 million.

As at January 31, 2019, the cost of borrowing under the Term Facility was as follows:

(i) LIBOR plus 2.00% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.00%; or
(iii) U.S. Prime Rate plus 1.00%

Under the Term Facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

The Company is required to repay a minimum of 0.25% of the original nominal amount of U.S. $900.0 million each quarter, starting in the third quarter of the fiscal year ending January 31, 2019. Consequently, the Company repaid an amount of U.S. $4.5 million ($5.9 million) during the year ended January 31, 2019. Also, the Company may be required to repay a portion of the Term Facility in the event that Bombardier Recreational Products Inc. has an excess cash position at the end of the fiscal year and its leverage ratio is above a certain threshold level. As at January 31, 2019 and 2018, the Company was not required to repay any portion of the Term Facility under this requirement.

b) Term Loans

During the year ended January 31, 2019, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 2.4 million ($3.6 million), interest rates at Euribor three-months plus 1.00% and maturities between December 2022 and December 2023.

During the year ended January 31, 2018, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 8.3 million ($12.5 million), interest rates at 1.65% (1.90% starting in December 2021) or at Euribor three-months plus 1.00% and maturities between December 2021 and December 2028.

17. EMPLOYEE BENEFITS

Employee benefits expenses, which represent the expenses related to all forms of consideration provided by the Company in exchange for services rendered by its employees, were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Current remuneration	**$756.0**	$658.0
Post employment defined benefit plans	**10.9**	11.7
Post employment defined contribution plans	**32.1**	31.3
Termination benefits	**2.3**	3.6
Stock-based compensation (Note 19)	**11.1**	8.5
Other long-term benefits	**2.9**	2.1
Total	**$815.3**	$715.2

a) Post employment benefits

The Company sponsors defined contribution retirement plans and non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to a majority of its employees.

Canadian employees

The Company sponsors defined benefit pension plans and other post-retirement benefit plans for its Canadian executive employees and defined contribution plans for non-executive employees. Additionally, the Company retained defined benefit obligations with certain active and former employees for services rendered prior to 2005.

The Company's other post-retirement benefit plans provide during retirement non-contributory life insurance benefits and healthcare benefits to eligible employees that are funded on a pay-as-you-go basis. The healthcare benefits are payable from retirement to age 65.

The defined benefit plans are registered with the governments and follow their applicable laws. The plans are governed by a retirement committee composed of representatives from the employer and the employees. The retirement committee delegated its responsibilities to the investment committee, which is responsible for the investment policy with regard to the assets of the fund. This committee is composed of representatives from the employer. The plans have a strategy to decrease the risk level by increasing progressively, when the solvency of the plans will improve, the part of the plan assets in long-term fixed income securities. The Company is contributing to the plans the minimum funding obligations required under the current regulations. The weighted average duration of the defined benefit obligations is approximately 16 years. As at January 31, 2019, the Company expects that 50% of the future payments associated with its Canadian defined benefit obligations will be paid in the next 17 years.

In addition, the Company sponsors a defined benefit retirement plan to provide supplemental pension benefits to its executives ("SERP").

United States employees

In the United States, the Company offers a defined contribution plan to its employees as well as a defined benefit final average earnings non-registered supplementary executive retirement plan for its executive employees ("SERP").

17. EMPLOYEE BENEFITS [CONTINUED]

a) Post employment benefits [continued]

European employees

The Company's sponsors defined contribution plans to its employees in most of its European entities. In addition, the Company maintains an unfunded defined benefit plan and sponsors a lump sum retirement indemnity plan in Austria. Under the defined benefit plan, the benefits are based on such employees' length of service, applicable pension accrual rates and compensation at retirement. Under the lump sum retirement indemnity plan, the benefits are based on the length of service and compensation at retirement. These plans are regulated by the applicable Austrian laws. The weighted average duration of the defined benefit obligation is approximately 15 years. As at January 31, 2019, the Company expects that 50% of the future payments associated with its Austrian defined benefit obligations will be paid in the next 16 years.

As at January 31, 2019, the remaining liabilities of $2.3 million related to the termination of the defined benefit plan coverage for some of the Austrian employees and presented in other financial liabilities (Note 15) will be settled over the next four fiscal years.

b) Defined benefit plans

Actuarial risks

The significant actuarial risks to which the plans expose the Company are as follows:

Market related risks

Investment risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to high quality corporate fixed income investments. If the return on plan assets is below this rate, it will increase the plan liability. Currently, the funded plans have investments in equity securities and fixed income securities. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and income securities to leverage the return generated by the fund.

Interest risk

A decrease in the fixed income investments interest rate will increase the plans' liabilities. However, for funded plans, this will be partially offset by an increase in the fair value of the plans' fixed income securities.

Employee related risks

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans' liabilities.

Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans' liabilities.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Actuarial assumptions

The weighted average of the significant actuarial assumptions adopted to determine the defined benefit cost and the defined benefit obligation were as follows:

	Years ended			
	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Benefit cost actuarial assumptions [a]				
Discount rates used to determine:				
Current service cost	**3.75%**	**1.74%**	4.30%	1.95%
Net interest cost	**3.70%**	**1.64%**	4.05%	1.86%
Expected rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%
Mortality table	**CPM 2014 Private**	**AVOE 2008**	CPM 2014 Private	AVOE 2008
Defined benefit obligation actuarial assumptions [b]				
Discount rate	**3.85%**	**1.65%**	3.70%	1.64%
Rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%
Mortality table	**CPM 2014 Private**	**AVOE 2018**	CPM 2014 Private	AVOE 2008

[a] Determined as at beginning of the reporting periods

[b] Determined as at end of the reporting periods

The discount rate represents the market rate for high quality corporate fixed income investments consistent with the currency and the estimated term of the defined benefit plan obligation. The expected rate of compensation increase is determined considering the current salary structure, historical and anticipated wage increases.

Health care cost trend

The health care cost is assumed to increase to a rate of 5.33% in fiscal year 2020 and to a rate that will gradually decline over the next 15 years to reach 3.33% in fiscal year 2034. After this date, the rate is assumed to remain at 3.33%. An increase of 1% of the health care cost trend rate would not have a significant impact on the defined benefit cost and on the defined benefit obligations for the years ended January 31, 2019 and 2018.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Employee future benefit liabilities

The amounts arising from the Company's obligations under defined benefit obligations were as follows, as at:

	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Defined benefit obligation of funded plans	**$(347.6)**	**$(1.8)**	$(353.2)	$(2.0)
Fair value of plans assets	**262.4**	**1.2**	271.4	1.3
	(85.2)	**(0.6)**	(81.8)	(0.7)
Defined benefit obligation of unfunded plans	**(21.1)**	**(130.2)**	(17.1)	(125.2)
Employee future benefit liabilities	**$(106.3)**	**$(130.8)**	$(98.9)	$(125.9)

The following table provides a reconciliation of the changes in the pension plans' defined benefit obligations (funded and unfunded) as at the consolidated statement of financial position dates:

	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Defined benefit obligation at beginning of year	**$(370.3)**	**$(127.2)**	$(341.2)	$(112.0)
Current service cost	**(3.7)**	**(2.6)**	(3.3)	(2.5)
Interest cost	**(13.5)**	**(2.1)**	(13.6)	(2.2)
Past service gain	**—**	**1.4**	—	—
Actuarial losses from changes in demographic assumptions	**—**	**(6.0)**	—	—
Actuarial gains (losses) from changes in financial assumptions	**7.6**	**0.2**	(20.8)	(3.8)
Actuarial losses from experience adjustments	**(3.5)**	**(3.4)**	(7.6)	(1.9)
Employee contributions	**(0.1)**	**—**	(0.2)	—
Benefits paid	**14.8**	**5.0**	16.4	3.9
Pension payments transferred to other financial liabilities (Note 15)	**—**	**1.5**	—	—
Effect of foreign currency exchange rate changes	**—**	**1.2**	—	(8.7)
Defined benefit obligation at end of year	**$(368.7)**	**$(132.0)**	$(370.3)	$(127.2)

The following table provides a reconciliation of the changes in the pension plans' fair value of assets as at consolidated statement of financial position dates:

	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Assets fair value at beginning of year	**$271.4**	**$1.3**	$258.1	$1.0
Interest income	**9.9**	**—**	10.3	—
Administration costs	**(0.3)**	**—**	(0.4)	—
Actuarial gains (losses) from return on plan assets	**(12.1)**	**—**	11.0	—
Employer contributions	**8.2**	**4.9**	8.6	4.1
Employee contributions	**0.1**	**—**	0.2	—
Benefit paid	**(14.8)**	**(5.0)**	(16.4)	(3.9)
Effect of foreign currency exchange rate changes	**—**	**—**	—	0.1
Assets fair value at end of year	**$262.4**	**$1.2**	$271.4	$1.3

In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $13.7 million to all defined benefit pension plans for the year ending January 31, 2020.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Employee future benefit liabilities [continued]

The actual return (loss) on plan assets was as follows:

	Years ended			
	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Actual return (loss) on plan assets	**$(2.5)**	**$—**	$20.9	$—

The fair value of the plan assets for each category was as follows, as at:

	January 31, 2019	January 31, 2018
Publicly-traded Canadian equity securities	**$73.4**	$77.8
Publicly-traded foreign equity securities	**78.6**	83.5
Publicly-traded fixed income securities	**73.6**	77.0
Other	**38.0**	34.4
Total	**$263.6**	$272.7

The fair values of the above equity and fixed income securities were determined based on quoted market prices in active markets.

Defined benefit costs

Components of the total defined benefit costs recognized in the consolidated statement of net income were as follows:

	Years ended			
	January 31, 2019		January 31, 2018	
	Canada	Foreign	Canada	Foreign
Current service cost	**$ 3.7**	**$2.6**	$3.3	$2.5
Net interest on the future employee benefit liabilities	**3.6**	**2.1**	3.3	2.2
Administration costs	**0.3**	**—**	0.4	—
Past service gain	**—**	**(1.4)**	—	—
Defined benefit costs	**$ 7.6**	**$3.3**	$7.0	$4.7

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Sensitivity analysis

Actuarial assumptions that influence significantly the determination of the defined benefit obligations of the Company are the discount rate, the expected rate of compensation increase and the participants' longevity. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The impact on employee future benefit liabilities would be the following as at January 31, 2019:

	Increase (Decrease) of the liabilities
Discount rate	
Impact of a 0.5% increase	**$(34.6)**
Impact of a 0.5% decrease	**38.8**
Expected rate of compensation increase	
Impact of a 0.5% increase	**9.2**
Impact of a 0.5% decrease	**(8.6)**
Participant longevity	
Impact of a 1 year increase	**9.1**
Impact of a 1 year decrease	**(9.3)**

The sensitivity analysis presented above may not be representative of the potential change in the employee future benefit liabilities as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

18. CAPITAL STOCK

The authorized capital stock of the Company is comprised of an unlimited number of multiple voting shares carrying six votes per share with no par value, an unlimited number of subordinate voting shares carrying one vote per share with no par value and an unlimited number of non-voting preferred shares issuable in series with no par value.

The changes in capital stock issued and outstanding were as follows:

	Number of shares	Carrying Amount
Subordinate voting shares		
Balance as at February 1, 2017	**32,696,914**	**$296.6**
Issued upon exercise of stock options	460,449	13.7
Issued in exchange of multiple voting shares	16,070,872	1.3
Repurchased under the SIB	(8,599,508)	(67.6)
Repurchased under the NCIB	(2,320,900)	(14.3)
Balance as at January 31, 2018	**38,307,827**	**229.7**
Issued upon exercise of stock options	264,478	9.4
Issued in exchange of multiple voting shares	8,851,088	0.7
Repurchased under the NCIB	(4,383,370)	(26.4)
Balance as at January 31, 2019	**43,040,023**	**$213.4**
Multiple voting shares		
Balance as at February 1, 2017	79,023,344	$6.4
Exchanged for subordinate voting shares	(16,070,872)	(1.3)
Balance as at January 31, 2018	**62,952,472**	**$5.1**
Exchanged for subordinate voting shares	(8,851,088)	(0.7)
Balance as at January 31, 2019	**54,101,384**	**$4.4**
Total outstanding as at January 31, 2019	**97,141,407**	**$217.8**

18. CAPITAL STOCK [CONTINUED]

a) Normal course issuer bid program ("NCIB")

In March 2018, the Company announced the renewal of its NCIB to repurchase for cancellation up to 3,625,271 of its outstanding subordinate voting shares. During the year ended January 31, 2019, the Company repurchased the 3,625,271 subordinate voting shares for a total consideration of $212.3 million. In addition, during the same period, the Company completed the NCIB announced and started during the year ended January 31, 2018 and repurchased 758,099 subordinate voting shares for a total consideration of $36.3 million.

When the Company was not permitted to purchase subordinate voting shares due to regulatory restrictions or self-imposed blackout periods, an automatic share purchase plan with a designated broker allowed the purchase of subordinate voting shares under pre-set conditions. During the year January 31, 2019, the Company recognized a gain of $0.8 million in financing income related to the automatic share purchase plan. The gain represents the difference between the share price used to establish the financial liability at the end of each quarter and the amount actually paid to repurchase shares during the regulatory restrictions or self-imposed blackout periods.

For the year ended January 31, 2019, of the total consideration of $248.6 million, $26.4 million represents the carrying amount of the shares repurchased, $223.0 million represents the amount charged to retained losses and $0.8 million represents the gain recognized in net income.

In March 2017, the Company announced the renewal of its NCIB to repurchase for cancellation up to 3,078,999 of its outstanding subordinate voting shares. During the year ended January 31, 2018, the Company repurchased a total of 2,320,900 subordinate voting shares for a total consideration of $106.7 million.

As at January 31, 2018, a $38.6 million financial liability, with a corresponding amount in equity, was recorded in the consolidated statements of financial position in relation with the NCIB. This liability represented the value of subordinate voting shares expected to be repurchased by a designated broker under an automatic share purchase plan from February 1 to March 22, 2018. These subordinate voting shares are included in the outstanding subordinate voting shares as at January 31, 2018. During the year ended January 31, 2018, the Company recognized a loss of $1.0 million in financing costs related to the automatic share purchase plan.

For the year ended January 31, 2018, of the total consideration of $106.7 million, $14.3 million represents the carrying amount of the shares repurchased, $91.4 million represents the amount charged to retained losses and $1.0 million represents the loss recognized in the consolidated statement of net income.

b) Substantial issuer bid offer ("SIB")

On June 1, 2017, the Company announced a SIB to repurchase its subordinate voting shares for cancellation for a maximum amount of $350.0 million. During the year ended January 31, 2018, the Company repurchased 8,599,508 subordinate voting shares following the completion of the SIB for a total consideration of $350.0 million, of which $66.7 million represents the carrying amount of the shares repurchased and $283.3 million represents the amount charged to retained losses. Prior to the completion of the SIB, Beaudier group, Bain Capital and CDPQ converted respectively 3,168,019, 2,438,724 and 464,129 of multiple voting shares into an equivalent number of subordinate voting shares. These converted shares were repurchased in the SIB. The Company incurred $1.0 million of fees and expenses ($0.9 million net of income tax recovery of $0.1 million) related to the SIB, which were recorded in capital stock.

18. CAPITAL STOCK [CONTINUED]

c) Secondary offering

On September 18, 2018, Beaudier Group and Bain Capital completed a secondary offering of 8,700,000 subordinate voting shares of the Company through a syndicate of underwriters. Prior to such transaction, Beaudier Group and Bain Capital converted respectively 4,915,824 and 3,935,264 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $2.1 million of fees and expenses related to this secondary offering.

On October 17, 2017, Beaudier group, Bain Capital and CDPQ completed a secondary offering of 10,000,000 subordinate voting shares of the Company to a syndicate of underwriters. Prior to such transaction, Beaudier group, Bain Capital and CDPQ converted respectively 5,218,391, 4,017,091 and 764,518 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $0.5 million of fees and expenses related to this secondary offering.

d) Dividend

During the year ended January 31, 2019, the Company declared four quarterly dividends of $0.09 per share for holders of its multiple voting shares and subordinate voting shares. The dividends were paid on April 13, 2018, July 13, 2018, October 12, 2018 and January 11, 2019 for a total consideration of $35.3 million to shareholders.

During the year ended January 31, 2018, the Company declared three quarterly dividends of $0.08 per share for holders of its multiple voting shares and subordinate voting shares. The dividends were paid on July 13, 2017, October 13, 2017 and January 12, 2018 for a total consideration of $25.3 million to shareholders.

19. STOCK OPTION PLAN

Following an increase of 5,000,000 during the year ended January 31, 2019, a reserve of 10,814,828 subordinate voting shares are available to be granted in stock options to officers, employees and, in limited circumstances, to consultants of the Company under the Company's stock option plan. Such stock options are time vesting and 25% of the options will vest on each of the first, second, third and fourth anniversary of the grant. The stock options have a ten-year term at the end of which the options expire.

Under the stock option plan existing prior to the initial public offering of the Company's subordinate voting shares, the options vested or were eligible to vest in equal annual instalments on each of the five anniversary dates of the date of grant and were exercisable for a period of up to ten years from the grant date.

The following table summarizes the weighted-average fair value of options granted and the main assumptions that were used to calculate the fair value during the years ended January 31, 2019 and 2018:

	January 31, 2019	January 31, 2018
Weighted-average fair value at grant date	**$18.02**	$11.66
Weighted average assumptions used in the fair value models		
Share price	**$60.48**	$39.93
Risk-free interest rate	**2.20%**	1.16%
Expected life	**6.25 years**	6.25 years
Expected volatility	**27.64%**	30.43%
Expected annual dividend per share	**0.60%**	0.80%

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted. The expected volatility used in option pricing models is calculated based on historical volatility of similar listed entities.

The number of stock options varied as follows:

	Number of options	Weighted average exercise price
Balance as at February 1, 2017	**2,840,433**	**$22.39**
Granted	1,106,900	39.61
Forfeited/Cancelled	(87,150)	24.77
Exercised [a]	(460,449)	18.07
Balance as at January 31, 2018	**3,399,734**	**28.52**
Granted	937,150	60.16
Forfeited/Cancelled	(189,387)	48.88
Exercised [b]	(264,478)	23.50
Balance as at January 31, 2019	**3,883,019**	**$35.51**

[a] The weighted average stock price on these exercised stock options was $39.78.

[b] The weighted average stock price on these exercised stock options was $61.04.

19. STOCK OPTION PLAN [CONTINUED]

The following table summarizes information about stock options outstanding and exercisable, as at January 31, 2019:

	Outstanding			Exercisable	
Exercise price range	**Number of options**	**Weighted-average exercise price**	**Weighted-average remaining life (years)**	**Number of options**	**Weighted-average exercise price**
$0 to $4	**26,894**	**$0.85**	**2.1**	**26,894**	**$0.85**
$16 to $20	**17,550**	**19.00**	**7.1**	**9,125**	**18.90**
$20 to $24	**1,045,175**	**20.86**	**6.1**	**724,425**	**21.09**
$24 to $28	**955,900**	**27.08**	**6.0**	**795,050**	**26.96**
$28 to $32	**3,000**	**29.03**	**4.9**	**3,000**	**29.03**
$36 to $40	**963,950**	**39.45**	**8.4**	**215,000**	**39.45**
$40 to $44	**119,500**	**40.46**	**9.4**	**11,275**	**40.90**
$44 to $48	**13,800**	**47.67**	**9.0**	**3,450**	**47.67**
$60 to $64	**737,250**	**62.69**	**9.4**	**—**	**—**
Balance as at January 31, 2019	**3,883,019**	**$35.51**	**7.4**	**1,788,219**	**$25.78**

The following table summarizes information about stock options outstanding and exercisable, as at January 31, 2018:

	Outstanding			Exercisable	
Exercise price range	**Number of options**	**Weighted-average exercise price**	**Weighted-average remaining life (years)**	**Number of options**	**Weighted-average exercise price**
$0 to $4	56,180	$0.60	2.5	56,180	$0.60
$4 to $8	9,029	6.63	4.5	7,648	6.54
$16 to $20	18,125	18.92	8.1	5,025	18.66
$20 to $24	1,147,725	20.86	7.1	646,000	21.26
$24 to $28	1,057,100	27.07	7.0	601,725	26.91
$28 to $32	5,875	29.03	5.9	5,875	29.03
$36 to $40	1,046,800	39.45	9.4	—	—
$40 to $44	45,100	40.90	9.7	—	—
$44 to $48	13,800	47.67	10.0	—	—
Balance as at January 31, 2018	3,399,734	$28.52	7.7	1,322,453	$22.89

Share based compensation expense of $11.1 million for the year ended January 31, 2019 ($8.5 million for the year ended January 31, 2018) has been recorded in general and administrative expenses in the consolidated statements of net income.

As at January 31, 2019, the total unrecognized compensation cost related to unvested share-based payments totalled $15.1 million ($12.2 million as at January 31, 2018).

20. EARNINGS PER SHARE

a) Basic earnings per share

Details of basic earnings per share were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Net income attributable to shareholders	**$227.0**	$238.9
Weighted average number of shares	**98,291,845**	106,961,014
Earnings per share - basic	**$2.31**	$2.23

b) Diluted earnings per share

Details of diluted earnings per share were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Net income attributable to shareholders	**$227.0**	$238.9
Weighted average number of shares	**98,291,845**	106,961,014
Dilutive effect of stock options	**1,297,043**	956,073
Weighted average number of diluted shares	**99,588,888**	107,917,087
Earnings per share - diluted	**$2.28**	$2.21

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on share value on the Toronto Stock Exchange for the period during which the options were outstanding.

21. REVENUES

Details of revenues were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Powersports		
Year-Round Products	**$2,240.6**	$1,810.0
Seasonal Products	**1,803.5**	1,553.9
Powersports PAC and OEM Engines	**707.5**	659.7
Marine	**492.2**	428.9
Total	**$5,243.8**	$4,452.5

22. COST OF SALES

Cost of sales comprise costs of inventories sold, production overheads unallocated to inventories, warranty and distribution costs, costs related to sales programs that involve a free product or service delivered to clients, write-down of inventories, reversal of write-down of inventories, depreciation of property, plant and equipment and intangible assets used to manufacture and distribute products.

23. GOVERNMENT ASSISTANCE

The Company's government assistance, including tax credits, was as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Recorded against research and development expense	**$23.1**	$17.8
Recorded against other elements of operating income	**1.2**	4.3
	$24.3	$22.1
Recorded against the cost of property, plant and equipment	**$1.2**	$0.4

24. OTHER OPERATING EXPENSES

Details of other operating expenses were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Loss on litigation	**$1.3**	$5.9
Restructuring costs	**0.2**	2.1
Foreign exchange (gain) loss on working capital elements	**24.2**	(14.8)
(Gain) loss on forward exchange contracts	**(18.8)**	19.7
Other	**0.6**	1.0
Total	**$7.5**	$13.9

For the years ended January 31, 2019 and 2018, the Company recorded as an expense total damages and related costs of respectively $1.3 million and $5.9 million related to multiple lawsuits with one of its competitors whereby each party is claiming damages for the alleged infringement of some of its patents.

During the year ended January 31, 2018, the Company relocated its North American sales office in Texas, U.S., and $2.0 million of severance and $0.1 million of other costs were recorded as restructuring related to this activity.

25. FINANCING COSTS AND INCOME

Details of financing costs and financing income were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Interest on long-term debt	**$50.5**	$40.7
Transaction costs on long-term debt	**8.9**	2.1
Interest and commitment fees on revolving credit facilities	**5.6**	4.4
Net interest on employee future benefit liabilities (Note 17)	**5.7**	5.5
Financial guarantee losses	**1.2**	0.8
Unwinding of discount of provisions	**2.5**	1.2
Other	**2.5**	1.9
Financing costs	**76.9**	56.6
Financing income	**(3.0)**	(2.2)
Total	**$73.9**	$54.4

26. INCOME TAXES

a) Income tax expense

Details of income tax expense were as follows:

	Years ended	
	January 31, 2019	**January 31, 2018**
Current income tax expense		
Related to current year	**$113.5**	$101.6
Related to prior years	**1.8**	1.1
	115.3	102.7
Deferred income tax expense (recovery)		
Temporary differences	**(24.6)**	(9.0)
Effect of income tax rate changes on deferred income taxes	**1.6**	51.0
Increase (decrease) in valuation allowance	**9.3**	(7.2)
	(13.7)	34.8
Income tax expense	**$101.6**	$137.5

The reconciliation of income taxes computed at the Canadian statutory rates to income tax expense recorded was as follows:

	Years ended			
	January 31, 2019		**January 31, 2018**	
Income taxes calculated at statutory rates	**$87.8**	**26.7%**	$100.9	26.8%
Increase (decrease) resulting from:				
Income tax rate differential of foreign subsidiaries	**(6.1)**		(5.8)	
Effect of income tax rate changes on deferred income taxes [a]	**1.6**		51.0	
Increase (decrease) in valuation allowance	**9.3**		(7.2)	
Recognition of income taxes on foreign currency translation	**(1.3)**		(0.7)	
Permanent differences [b]	**12.5**		(4.0)	
Other	**(2.2)**		3.3	
Income tax expense	**$101.6**		$137.5	

[a] The effect of income tax rate changes on deferred income taxes for the year ended January 31, 2018 result mainly from the U.S. tax reform.

[b] The permanent differences result mainly from the foreign exchange (gain) loss on the long-term debt denominated in U.S. dollars.

The income tax statutory rate is 26.7% for the year ended January 31, 2019 (26.8% for the year ended January 31, 2018). The income tax statutory rate is the Bombardier Recreational Products Inc. combined rate applicable in jurisdictions in which it operates.

26. INCOME TAXES [CONTINUED]

b) Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income taxes asset (liability) were as follows, as at:

	January 31, 2019	January 31, 2018	February 1, 2017
Related to current assets and liabilities			
Inventories	**$26.9**	$20.0	$19.0
Investment tax credits receivable	**(2.2)**	(8.6)	(15.2)
Trade payables and accruals	**9.9**	7.3	7.3
Provisions	**91.0**	80.9	90.6
Other financial liabilities	**15.9**	13.4	18.0
Deferred revenues	**15.5**	15.5	18.1
Other	**4.3**	1.5	2.1
	161.3	130.0	139.9
Related to non-current assets and liabilities			
Property, plant and equipment	**(47.0)**	(40.1)	(30.1)
Intangible assets	**(56.9)**	(37.4)	(37.6)
Provisions	**15.5**	17.6	25.6
Long-term debt	**6.4**	(1.1)	7.8
Deferred revenues	**31.0**	29.1	30.1
Employee future benefit liabilities	**45.4**	42.8	37.9
Other non-current liabilities	**1.9**	1.4	3.7
Other	**4.8**	4.8	5.4
	1.1	17.1	42.8
Related to non-capital losses carried forward	**10.3**	10.9	18.3
Related to capital losses carried forward	**29.3**	29.9	29.7
	202.0	187.9	230.7
Unrecognized tax benefits	**(33.3)**	(24.1)	(31.2)
Total	**$168.7**	$163.8	$199.5

As at January 31, 2019, the Company had non-capital losses and capital losses available to reduce future taxable income.

As at January 31, 2019, non-capital losses amounted to $30.6 million ($36.1 million as at January 31, 2018), of which $28.2 million ($34.6 million as at January 31, 2018) is available to reduce future federal taxable income in the United States and $2.4 million ($1.5 million as at January 31, 2018) is available to reduce future taxable income in other tax jurisdictions. The $30.6 million of non-capital losses will expire from fiscal year 2031 until fiscal year 2033.

26. INCOME TAXES [CONTINUED]

b) Deferred income taxes [continued]

As at January 31, 2019, the balance of deductible capital losses amounted to $110.5 million ($112.7 million as at January 31, 2018) and are available to offset future taxable capital gains in Canada for an unlimited period of time.

As at January 31, 2019, the Company has $25.4 million in investment tax credits receivable, of which $20.0 million are refundable and $5.4 million are available to reduce income taxes in future periods (respectively $20.5 million, $16.0 million and $4.5 million as at January 31, 2018). The $5.4 million ($4.5 million as at January 31, 2018) are available to reduce future income taxes of other tax jurisdictions.

As at January 31, 2019 and 2018, deferred income taxes assets have been entirely recognized except for certain elements, consisting mainly of deductible capital losses carried forward, as the Canadian and Quebec taxation laws required those losses to be offset with available capital gains in order to be deductible.

In addition, deferred income taxes have not been provided for the undistributed earnings of foreign subsidiaries since either income taxes would not be applicable upon distribution of earnings or the Company determined that such earnings will be indefinitely reinvested. However, distribution in the form of dividends or otherwise from countries where earnings are indefinitely reinvested may be subject to income taxes.

27. RELATED PARTY TRANSACTIONS

The Company had related party transactions during the years ended January 31, 2019 and 2018. The most significant ones are described below and were made on an arm's length basis, unless otherwise indicated.

a) Transactions with key management personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The key management personnel of the Company are its directors and the executive officers.

The Company incurred the following benefit expenses in relation with key management personnel:

	Years ended	
	January 31, 2019	**January 31, 2018**
Current remuneration	**$ 16.1**	$ 14.2
Post-employment benefits	**1.1**	1.6
Termination benefits	**0.5**	—
Stock-based compensation expense	**6.1**	4.6
Total	**$ 23.8**	$ 20.4

27. RELATED PARTY TRANSACTIONS [CONTINUED]

b) Due to Bombardier Inc., a company related to Beaudier group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company is committed to reimburse to Bombardier Inc. income taxes amounting to $22.3 million as at January 31, 2019 ($22.0 million as at January 31, 2018 and $22.2 million as at February 1, 2017). The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or in the United States.

c) Secondary offering

During the year ended January 31, 2019, Beaudier group and Bain Capital completed a secondary offering for a total of 8,700,000 subordinate voting shares of the Company through a syndicate of underwriters and the Company incurred approximately $2.1 million of fees and expenses related to this secondary offering (see Note 18).

During the year ended January 31, 2018, Beaudier group, Bain Capital and CDPQ completed a secondary offering for a total of 10,000,000 subordinate voting shares of the Company to a syndicate of underwriters and the Company incurred approximately $0.5 million of fees and expenses related to this secondary offering (see Note 18).

28. FINANCIAL INSTRUMENTS

a) Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Company's financial instruments take into account the credit risk embedded in the instrument. For financial assets, the credit risk of the counterparty is considered whereas for financial liabilities, the Company's credit risk is considered.

In order to determine the fair value of its financial instruments, the Company uses, when active markets exist, quoted prices from these markets ("Level 1" fair value). When public quotations are not available in the market, fair values are determined using valuation techniques. When inputs used in the valuation techniques are only inputs directly and indirectly observable in the marketplace, fair value is presented as "Level 2" fair value. If fair value is assessed using inputs that require considerable judgment from the Company in interpreting market data and developing estimates, fair value is presented as "Level 3" fair value. For Level 3 fair value, the use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

28. FINANCIAL INSTRUMENTS [CONTINUED]

a) Fair value [continued]

The fair value, fair value level and valuations techniques and inputs of restricted investments, derivative financial instruments and long-term debt were as follows:

		As at January 31, 2019		As at January 31, 2018		As at February 1, 2017	
	Fair value level	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Restricted investments (Note 8)	Level 2 [a]	**$15.7**	**$15.7**	$17.3	$17.3	$16.1	$16.1
Derivative financial instruments							
Forward exchange contracts							
Favourable (Note 8)	Level 2 [b]	**$3.4**	**$3.4**	$5.5	$5.5	$1.3	$1.3
(Unfavourable)	Level 2 [b]	**(6.9)**	**(6.9)**	(7.7)	(7.7)	(7.8)	(7.8)
Inflation rate swap	Level 2 [c]	**(2.0)**	**(2.0)**	(2.3)	(2.3)	(2.2)	(2.2)
Total derivative financial instruments	Level 2	**$(5.5)**	**$(5.5)**	$(4.5)	$(4.5)	$(8.7)	$(8.7)
Term Facility (Note 16)	Level 1 [d]	**$(1,176.9)**	**$(1,161.4)**	$(969.9)	$(965.1)	$(907.5)	$(909.8)
Term Loans (Note 16)	Level 2 [e]	**(29.5)**	**(28.6)**	(34.3)	(34.9)	(32.3)	(36.5)

[a] Valued using discounted cash flows at a discount rate that reflects the current market rate for this type of investments at the end of the reporting period.

[b] Valued using discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties for favourable position or the credit risk of the Company for unfavourable positions.

[c] Valued using discounted cash flows. Future cash flows are estimated based on forward inflation rates (from observable yield curves at the end of the reporting period) and contract inflation rates, discounted at a rate that reflects the credit risk of the Company.

[d] Valued using quoted bid prices in an active market.

[e] Valued using discounted cash flows. Cash flows used for valuation are those contractually due and are discounted at a rate that reflects the credit risk of the Company.

For cash, trade and other receivables, Revolving Credit Facilities, trade payables and accruals, dealer holdback programs and customer deposits, the carrying amounts reported on the consolidated statements of financial position or in the notes approximate the fair values of these items due to their short-term nature.

During the years ended January 31, 2019 and 2018, no changes in fair value level classifications occurred.

28. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk

The foreign exchange risk associated with financial instruments is defined by the risk that the future cash flows of a recorded financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk associated with financial instruments arises from financial instruments denominated in a currency other than the functional currency of the Company.

The Company's significant foreign exchange risk exposure associated with financial instruments are with Credit Facilities, trade and other receivables, trade payables and accruals and derivative financial instruments.

The table below presents the impact on consolidated net income and consolidated other comprehensive income of a variation of foreign exchange rates on financial instruments subject to foreign exchange risks as at January 31, 2019 and 2018:

	As at January 31, 2019			As at January 31, 2018		
Increase (Decrease)	**Percentage of Variation [a]**	**Impact on Net income**	**Impact on Other comprehensive income**	**Percentage of Variation [a]**	**Impact on Net income**	**Impact on Other comprehensive income**
USD / CAD	**5%**	**$ (49.5) [b]**	**$—**	5%	$ (38.1) [b]	$—
Euro / CAD	**5%**	**$3.0**	**$—**	5%	$0.8	$—
Other	**3%**	**$3.8**	**$1.0**	3%	$(3.1)	$(1.2)

[a] Based on variations that might exist at the closing dates.

[b] Mainly from the long-term debt denominated in U.S. dollars.

The Company uses foreign exchange contracts to manage its foreign currency risks mainly on trade payables and certain other financial liabilities denominated in U.S. dollars and the Company uses short-term foreign exchange contracts to manage its daily cash position.

For currencies over which the Company cannot achieve an offset through its recurring business transactions, mainly for the Australian dollar, the Swedish krona, the Norwegian krone and the Great Britain pound, the Company uses foreign exchange contracts according to the Company's hedging policy. Under this policy, the Company hedges up to 50% of the budgeted revenue exposure in these currencies during the annual budget period and continually increases the coverage up to 80% six months before the expected exposures arise. Management periodically reviews the relevant hedging position and may hedge at any level within the authorized parameters of the policy, up to the maximum percentage allowed.

As at January 31, 2019, the maximum length of time over which the Company is hedging its exposure to variability in future cash flow from anticipated sales is 12 months. All foreign exchange contracts used to hedge highly probable anticipated sales are recorded under the cash flow hedge model. The Company does not trade in derivative financial instruments for speculative purposes.

28. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk [continued]

The following tables set out the notional amounts outstanding under hedging foreign exchange contracts, the carrying amount, the average contractual exchange rates and the settlement periods of these contracts:

	As at January 31, 2019							
							Carrying amount	
	Sell currency	Buy currency	Average rate		Notional amount	Canadian equivalent notional amount [a]	Other financial assets	Other financial liabilities
Less than 1 year								
	AUD	**CAD**	**0.9352**	**AUD**	**48.0**	**$45.9**	**$—**	**$0.9**
	GBP	**Euro**	**1.1015**	**GBP**	**12.0**	**20.7**	**—**	**0.7**
	NOK	**Euro**	**0.1005**	**NOK**	**325.0**	**50.6**	**—**	**0.9**
	SEK	**Euro**	**0.0950**	**SEK**	**601.0**	**87.3**	**0.1**	**1.3**

[a] Exchange rates as at January 31, 2019 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

	As at January 31, 2018							
							Carrying amount	
	Sell currency	Buy currency	Average rate		Notional amount	Canadian equivalent notional amount [a]	Other financial assets	Other financial liabilities
Less than 1 year								
	AUD	CAD	0.9755	AUD	44.5	$44.1	$—	$0.6
	NOK	Euro	0.1056	NOK	285.0	45.5	0.9	—
	SEK	Euro	0.1050	SEK	485.0	75.7	2.1	—

[a] Exchange rates as at January 31, 2018 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

28. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk [continued]

The following tables set out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement periods of these contracts:

	As at January 31, 2019					
	Sell currency	Buy currency	Average rate		Notional amount	Canadian equivalent notional amount [a]
Less than 1 year						
	AUD	**CAD**	**0.9371**	**AUD**	**53.3**	**$51.0**
	CAD	**AUD**	**0.9549**	**AUD**	**4.0**	**3.8**
	CAD	**Euro**	**1.5141**	**Euro**	**9.7**	**14.6**
	CAD	**JPY**	**0.0120**	**JPY**	**23.6**	**0.3**
	CAD	**MXN**	**0.0688**	**MXN**	**138.6**	**9.6**
	CAD	**USD**	**1.3218**	**USD**	**315.2**	**414.2**
	Euro	**CAD**	**1.5223**	**Euro**	**114.2**	**171.9**
	Euro	**CHF**	**0.8784**	**CHF**	**0.1**	**0.1**
	Euro	**GBP**	**1.1446**	**GBP**	**0.5**	**0.8**
	Euro	**NOK**	**0.1031**	**NOK**	**19.2**	**3.0**
	Euro	**SEK**	**0.0968**	**SEK**	**55.4**	**8.0**
	GBP	**Euro**	**1.1031**	**GBP**	**12.5**	**21.5**
	JPY	**CAD**	**0.0121**	**JPY**	**46.0**	**0.6**
	MXN	**CAD**	**0.0687**	**MXN**	**62.7**	**4.3**
	NOK	**Euro**	**0.1009**	**NOK**	**411.2**	**64.1**
	NZD	**CAD**	**0.9078**	**NZD**	**2.0**	**1.8**
	SEK	**Euro**	**0.0956**	**SEK**	**804.1**	**116.8**
	USD	**CAD**	**1.3232**	**USD**	**127.0**	**166.9**

[a] Exchange rates as at January 31, 2019 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

	As at January 31, 2018					
	Sell currency	Buy currency	Average rate		Notional amount	Canadian equivalent notional amount [a]
Less than 1 year						
	AUD	CAD	0.9755	AUD	44.5	$ 44.1
	BRL	USD	0.3064	BRL	7.5	2.9
	CAD	Euro	1.5354	Euro	0.7	1.1
	CAD	MXN	0.0656	MXN	67.1	4.4
	CAD	USD	1.2477	USD	356.1	437.7
	Euro	CAD	1.5269	Euro	36.2	55.3
	Euro	NOK	0.1044	NOK	27.6	4.4
	Euro	SEK	0.1021	SEK	62.7	9.8
	GBP	CHF	1.3205	GBP	0.3	0.5
	GBP	Euro	1.1426	GBP	0.4	0.7
	JPY	CAD	0.0114	JPY	50.3	0.6
	NOK	Euro	0.1053	NOK	351.2	56.1
	SEK	Euro	0.1040	SEK	703.6	109.8
	USD	CAD	1.2534	USD	102.6	126.1

[a] Exchange rates as at January 31, 2018 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

28. FINANCIAL INSTRUMENTS [CONTINUED]

c) Liquidity risk

Liquidity risk is defined as the Company's exposure to the risk of not being able to meet its financial obligations. The Company manages its liquidity risk by continuously monitoring its operating cash requirements and by the use of its funding sources to ensure its financial flexibility and mitigate its liquidity risk (see Note 29).

The following table summarizes the financial liabilities instalments payable when contractually due as at January 31, 2019:

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total amount
Trade payables and accruals	$1,003.5	$—	$—	$—	$1,003.5
Long-term debt (including interest)	72.9	137.4	139.6	1,206.6	1,556.5
Derivative financial instruments	6.9	—	—	2.0	8.9
Other financial liabilities (including interest)	101.5	0.8	0.5	25.1	127.9
Total	**$1,184.8**	**$138.2**	**$140.1**	**$1,233.7**	**$2,696.8**

d) Interest risk

The Company is exposed to the variation of interest rates on financial instruments mainly on its Credit Facilities. As at January 31, 2019, an increase or decrease of a 0.25 percentage base point would have resulted in a $3.1 million impact on consolidated net income and consolidated comprehensive income for the year ended January 31, 2019. As at January 31, 2018, an increase or decrease of a 0.25 percentage base point would have resulted in a $2.6 million impact on consolidated net income and consolidated comprehensive income for the year ended January 31, 2018. Percentages of variations of interest rates above are based on changes that might exist at the consolidated statement of financial position dates and have been applied on the Company's financial instruments subject to interest rate changes.

e) Credit risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets and on amounts guaranteed under dealer and distributor financing agreements.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under dealer and distributor financing agreements does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring independent dealers' and distributor credit.

28. FINANCIAL INSTRUMENTS [CONTINUED]

e) Credit risk [continued]

The following table provides further details on receivables for which the Company considers to be exposed to credit risk as at January 31, 2019 and 2018 and February 1, 2017:

	January 31, 2019	January 31, 2018	February 1, 2017
Trade and other receivables	**$ 388.3**	$ 328.8	$ 325.3
Sales tax and other government receivables	**(54.3)**	(42.3)	(34.5)
Total exposed to credit risk	**$ 334.0**	$ 286.5	$ 290.8
Not past due	**$ 324.6**	$ 281.1	$ 282.7
Past due			
Under 60 days	**8.8**	5.4	7.9
From 60 to 90 days	**0.7**	0.7	0.9
Over 90 days	**3.6**	2.7	3.2
Allowance for doubtful accounts	**(3.7)**	(3.4)	(3.9)
Total exposed to credit risk	**$ 334.0**	$ 286.5	$ 290.8

The counterparties to the derivative financial instruments and restricted investments are all investment grade financial institutions, which the Company anticipates will satisfy their obligations under these contracts. Over the past years, the Company has not incurred significant losses related to credit risk on its financial assets.

As described in Note 30 b), the Company has provided financial guarantees to third party financing companies in case of dealers' inability to meet their obligations under their financing agreements with the financing companies.

29. CAPITAL MANAGEMENT

The Company's primary uses of capital are for capital investments and working capital. Based on the current level of operations, management believes that cash on hand, cash flows from operations and available borrowings under the Credit Facilities will enable the Company to meet its working capital, capital expenditure, debt service and other funding requirements.

The Company's capital is composed of long-term debt and shareholders' equity. The Company's aim is to maintain a level of capital that is adequate to meet several objectives, including an acceptable Leverage ratio in order to provide access to adequate funding sources to support current operations, pursue its internal growth strategy and maintain capital flexibility. The Company may repurchase subordinate voting shares for cancellation pursuant to a NCIB or SIB, issue capital stock, or vary the amount of dividends paid to shareholders.

The Company's objective is to maintain a Leverage ratio of 3.5 or less, which was continuously achieved during the years ended January 31, 2019 and 2018.

30. COMMITMENTS AND CONTINGENCIES

In addition to the commitments and contingencies described elsewhere in these consolidated financial statements, the Company is subject to the following (all amounts presented are undiscounted):

a) Operating leases

As at January 31, 2019, the Company's minimum commitments under operating lease agreements were as follows:

	Total amount
Less than 1 year	$34.9
1-3 years	61.5
4-5 years	49.0
More than 5 years	104.1
Total	**$249.5**

The Company's expense under operating lease agreements was $35.8 million and $33.8 million for the years ended January 31, 2019 and 2018, respectively. The main future commitments under operating leases are attributable to the Company's manufacturing facilities located in Finland and in Mexico, to offices located in Canada and to warehouses used for the distribution of parts, accessories and clothing. The Company is committed to lease these properties for periods extending up to 2034.

b) Dealer and distributor financing arrangements

The Company, most of its independent dealers and some of its independent distributors are parties to agreements with third-party financing service providers. These agreements provide financing to facilitate the purchase of the Company's products and improve the Company's working capital by allowing an earlier collection of accounts receivable from dealers and distributors.

The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $1,998.1 million and $1,576.9 million as at January 31, 2019 and 2018, respectively. The breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows:

	Currency	January 31, 2019	January 31, 2018
Total outstanding as at	CAD	**$1,998.1**	$1,576.9
United States	USD	**$1,107.2**	$877.4
Canada	CAD	**$422.3**	$386.6
Europe	Euro	**€ 39.8**	€ 38.1
Australia and New Zealand	AUD	**$62.4**	$53.6
Latin America	USD	**$0.8**	$0.3

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is generally limited to the greater of U.S. $25.0 million ($32.9 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally limited to the greater of U.S. $10.0 million ($13.1 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. In Australia and New Zealand, the obligation to repossess new and unused products is limited to the greater of AUD 5.0 million ($4.8 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boats, the repurchase obligation is decreasing according to the age of the inventory and there is ultimately no obligation to repurchase for boats older than 900 days.

30. COMMITMENTS AND CONTINGENCIES [CONTINUED]

b) Dealer and distributor financing arrangements [continued]

The maximum amount subject to the Company's obligation to purchase new and unused products from the finance companies was $226.9 million as at January 31, 2019 ($208.6 million in North America, $13.1 million in Europe and $5.2 million in Australia and New Zealand).

For the year ended January 31, 2019, the Company has recorded a loss related to repossessed units amounting to $1.2 million (loss of $0.8 million for the year ended January 31, 2018).

c) Guarantees under various agreements

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties and which are customary in the industry, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements, and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses they incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered as a consequence of the transaction.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability that stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Company has not made any significant payments under such or similar indemnification agreements.

The Company shall indemnify directors and officers of the Company for various losses including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to acts taking place during the period over which the indemnified party served as a trustee, director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

d) Litigation

The Company intends to vigorously defend its position in litigation matters to which it is a party. Management believes the Company has recorded adequate provisions to cover potential losses in relation to pending legal actions. Additionally, the Company has a general liability insurance coverage for claims relating to injuries or damages incurred with the Company's products. This insurance coverage limits the potential losses associated with legal claims related to product usage.

While the final outcome with respect to actions pending as at January 31, 2019 cannot be predicted with certainty, it is the management's opinion that their resolution will not have material effects on the Company's future results of operations or cash flows.

31. ADOPTION OF IFRS 15 AND IFRS 9

The Company adopted the following new accounting standards effective February 1, 2018.

IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued *IFRS 15 "Revenue from contracts with customers"*. The objective of this standard is to establish a single comprehensive model for entities to be used in accounting for revenue arising from contracts with customers. The most significant impacts for the Company are (i) the recognition of all sales promotions at the time of sale rather than at the later of either revenue recognition or the announcement of the sales program under *IAS 18 "Revenue"*, and (ii) the deferral of a portion of the revenue recognized upon the sale of a product when, in addition to the regular warranty coverage, an extended warranty coverage is given with the purchase of the product.

The Company decided to apply the standard retrospectively to prior reporting periods presented in accordance with the transition rules of IFRS 15. As such, all comparative information in these consolidated financial statements has been prepared as if IFRS 15 had always been in effect since February 1, 2017.

IFRS 9 Financial instruments

In July 2014, the IASB published the final version of *IFRS 9 "Financial instruments"* that introduced new classification requirements, new measurement requirements and a new hedge accounting model. The final version of the standard replaces earlier versions of IFRS 9 and completes the IASB project to replace *IAS 39 "Financial instruments: recognition and measurement"*. In October 2017, the IASB issued a clarification on accounting treatment for debt modification or exchange that does not result in derecognition.

The Company applied the standard retrospectively to prior reporting periods presented in accordance with the transitional provisions. As a result, all comparative information in these consolidated financial statements has been prepared as if IFRS 9 had been in effect since February 1, 2017.

Classification and measurement of financial assets and liabilities

IFRS 9 uses a new approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For classification and measurement of financial liabilities, most of the requirements in IAS 39 were carried forward in IFRS 9. The impact on financial assets and financial liabilities for the Company is not significant.

Impairment of financial assets

IFRS 9 introduced a new expected credit loss impairment model that requires more timely recognition of expected credit losses. The new standard requires entities to account for expected credit losses when financial instruments are first recognized and to recognize full lifetime expected losses on a more timely basis. The impact of this new model for the Company is not significant.

Change to financial liabilities

On retrospective adoption of IFRS 9, the Company changed its accounting related to the identification of a substantial modification that is accounted for as an extinguishment. As a result of this change, the Company has determined that the modification of financial liabilities that includes a prepayment option at par with no break costs is equivalent to an extinguishment. When a modification is accounted for as an extinguishment, the original financial instrument is derecognized, including any unamortized transaction costs and any costs or fees incurred related to the modification, and the new instrument arising from the modification is recognized at fair value.

31. ADOPTION OF IFRS 15 AND IFRS 9 [CONTINUED]

IFRS 9 Financial instruments [continued]

Hedge accounting

IFRS 9 also introduced a new hedge accounting model. The new model aligns hedge accounting more closely with an entity's risk management objectives and strategies. The impact of this new model for the Company is not significant.

Impact on prior reporting periods

The effect of adoption of IFRS 15 and IFRS 9 on the consolidated statements of net income for the year ended January 31, 2018 was as follows:

		Year ended January 31, 2018		
	Reference	Previously reported	Adjust-ments	Restated
Revenues	A, B	$4,486.9	$(34.4)	$4,452.5
Cost of sales	B	3,419.4	(12.0)	3,407.4
Gross profit		1,067.5	(22.4)	1,045.1
Operating expenses				
Selling and marketing		288.6	—	288.6
Research and development		198.6	—	198.6
General and administrative		166.3	—	166.3
Other operating expenses		13.9	—	13.9
Total operating expenses		667.4	—	667.4
Operating income		400.1	(22.4)	377.7
Financing costs	C	60.1	(3.5)	56.6
Financing income		(2.2)	—	(2.2)
Foreign exchange gain on long-term debt	C	(51.9)	(1.4)	(53.3)
Income before income taxes		394.1	(17.5)	376.6
Income tax expense		119.6	17.9	137.5
Net income		$274.5	$(35.4)	$239.1
Attributable to shareholders		$274.2	$(35.3)	$238.9
Attributable to non-controlling interest		$0.3	$(0.1)	$0.2
Basic earnings per share		$2.56	$(0.33)	$2.23
Diluted earnings per share		$2.54	$(0.33)	$2.21

31. ADOPTION OF IFRS 15 AND IFRS 9 [CONTINUED]

Impact on prior reporting periods [continued]

The effect of adoption of IFRS 15 and IFRS 9 on the consolidated statements of financial position as at January 31, 2018 and February 1, 2017 was as follows:

		As at January 31, 2018			As at February 1, 2017		
	Reference	Previously reported	Adjust-ments	Restated	Previously reported	Adjust-ments	Restated
Cash		$226.0	$—	$226.0	$298.6	$—	$298.6
Trade and other receivables		330.1	(1.3)	328.8	326.7	(1.4)	325.3
Income taxes and investment tax credits receivable		19.9	—	19.9	46.2	—	46.2
Other financial assets		11.5	—	11.5	3.5	—	3.5
Inventories		752.5	(9.7)	742.8	689.8	(7.7)	682.1
Other current assets		18.3	2.1	20.4	18.2	2.7	20.9
Total current assets		1,358.3	(8.9)	1,349.4	1,383.0	(6.4)	1,376.6
Investment tax credits receivable		4.5	—	4.5	4.2	—	4.2
Other financial assets		21.4	—	21.4	20.1	—	20.1
Property, plant and equipment		766.8	—	766.8	673.2	—	673.2
Intangible assets		314.6	—	314.6	317.1	—	317.1
Deferred income taxes		91.0	74.0	165.0	116.4	85.6	202.0
Other non-current assets		1.8	0.1	1.9	2.2	0.1	2.3
Total non-current assets		1,200.1	74.1	1,274.2	1,133.2	85.7	1,218.9
Total assets		$2,558.4	$65.2	$2,623.6	$2,516.2	$79.3	$2,595.5
Trade payables and accruals		$805.5	$—	$805.5	$718.5	$—	$718.5
Provisions	A, B	255.0	123.8	378.8	232.5	111.8	344.3
Other financial liabilities		133.5	—	133.5	94.7	—	94.7
Income tax payable		42.6	—	42.6	29.6	—	29.6
Deferred revenues	B	—	62.1	62.1	—	63.0	63.0
Current portion of long-term debt		19.8	—	19.8	22.7	—	22.7
Other current liabilities		7.3	(7.3)	—	6.0	(6.0)	—
Total current liabilities		1,263.7	178.6	1,442.3	1,104.0	168.8	1,272.8
Long-term debt	C	970.8	24.2	995.0	901.0	28.4	929.4
Provisions	A, B	96.8	(10.5)	86.3	85.5	2.6	88.1
Other financial liabilities		27.8	—	27.8	28.7	—	28.7
Deferred revenues	B	—	122.3	122.3	—	105.4	105.4
Employee future benefit liabilities		224.8	—	224.8	194.1	—	194.1
Deferred income taxes		6.0	(4.8)	1.2	16.8	(14.3)	2.5
Other non-current liabilities		25.9	(10.0)	15.9	20.6	(7.1)	13.5
Total non-current liabilities		1,352.1	121.2	1,473.3	1,246.7	115.0	1,361.7
Total liabilities		2,615.8	299.8	2,915.6	2,350.7	283.8	2,634.5
Equity (deficit)		(57.4)	(234.6)	(292.0)	165.5	(204.5)	(39.0)
Total liabilities and equity (deficit)		$2,558.4	$65.2	$2,623.6	$2,516.2	$79.3	$2,595.5

The adoption of IFRS 15 and IFRS 9 had no impact on cash flow totals from operating, investing and financing activities.

31. ADOPTION OF IFRS 15 AND IFRS 9 [CONTINUED]

Impact on prior reporting periods [continued]

A. SALES PROMOTIONS

According to IFRS 15, all sales promotions are recognized at the time of sale rather than at the later of either revenue recognition or the announcement of the sales program under *IAS 18 "Revenue"*.

B. EXTENDED WARRANTY

According to IFRS 15, a portion of the revenue recognized upon the sale of a product should be deferred when, in addition to the regular warranty coverage, an extended warranty coverage is given with the purchase of the product. The deferred revenue is then recognized over the extended warranty coverage period and the warranty claims are recorded in cost of sales as incurred. Prior to the adoption of IFRS 15, when an extended warranty coverage was given with the purchase of the product, the expected costs during the coverage period was recognized in cost of sales at the later of either revenue recognition or the announcement of the sales program. The warranty claims were recorded against the provision.

C. TRANSACTION COSTS ON LONG-TERM DEBT

Following the adoption of IFRS 9, the unamortized transactions costs on long-term debt were derecognized.

32. SUBSEQUENT EVENTS

On March 14, 2019, the Company amended its $575.0 million Revolving Credit Facilities to increase the availability by $125.0 million for a total availability of $700.0 million, to extend the maturity from May 2023 to May 2024 and to improve the pricing grid.

BRP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE- AND TWELVE-MONTH PERIODS ENDED JANUARY 31, 2019

The following management's discussion and analysis ("MD&A") provides information concerning financial condition and results of operations of BRP Inc. (the "Company" or "BRP") for the fourth quarter and the fiscal year ended January 31, 2019. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2019. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from underlying forward-looking statements as a result of various factors, including those described in the "Forward-Looking Statements" section of this MD&A. This MD&A reflects information available to the Company as at March 21, 2019.

Basis of Presentation

The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All amounts presented are in Canadian dollars unless otherwise indicated. All references in this MD&A to "Fiscal 2019" are to the Company's fiscal year ended January 31, 2019, to "Fiscal 2018" are to the Company's fiscal year ended January 31, 2018 and to "Fiscal 2017" are to the Company's fiscal year ended January 31, 2017. Following the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"*, some of the comparative figures in this MD&A have been restated as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

This MD&A, approved by the Board of Directors on March 21, 2019, is based on the Company's audited consolidated financial statements and accompanying notes thereto for the years ended January 31, 2019 and 2018.

The Company's Powersports segment comprise Year-Round Products which consist of all-terrain vehicles (referred to as "ATVs"), side-by-side vehicles (referred to as "SSVs") and three-wheeled vehicles (referred to as "3WVs"); Seasonal Products which consist of personal watercraft (referred to as "PWCs") and snowmobiles; and Powersports PAC and OEM Engines which consist of parts, accessories and clothing ("PAC"), engines for karts, motorcycles and recreational aircraft and other services. Additionally, the Company's Marine segment consist of outboard and jet boat engines, boats and related PAC and other services.

Forward-Looking Statements

Certain statements in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that the Company's business guidance, objectives, plans and strategic priorities will be achieved.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risk factors described in the "Risk Factors" section of this MD&A.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

The Company made a number of economic and market assumptions in preparing and making forward-looking statements. The Company is assuming reasonable industry growth ranging from flat to high-single digits, moderate market share gains in Year-Round Products and Seasonal Products and constant market share for the Marine segment. The Company is also assuming interest rates increasing modestly, currencies remaining at near current levels and inflation in line with central bank expectations in countries where the Company is doing business.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including Normalized EBITDA, Normalized net income, Normalized income tax expense, Normalized effective tax rate, Normalized basic earnings per share and Normalized diluted earnings per share.

Normalized EBITDA is provided to assist investors in determining the financial performance of the Company's operating activities on a consistent basis by excluding certain non-cash elements such as depreciation expense, impairment charge and foreign exchange gain or loss on the Company's long-term debt denominated in U.S. dollars. Other elements, such as restructuring costs and acquisition related-costs, may also be excluded from net income in the determination of Normalized EBITDA as they are considered not being reflective of the operational performance of the Company. Normalized net income, Normalized income tax expense, Normalized effective tax rate, Normalized basic earnings per share and Normalized diluted earnings per share, in addition to the financial performance of operating activities, take into account the impact of investing activities, financing activities and income taxes on the Company's financial results.

The Company believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets, assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements and, also, as a component in the determination of the short-term incentive compensation for the Company's employees. Because other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies.

Normalized EBITDA is defined as net income before financing costs, financing income, income tax expense (recovery), depreciation expense and normalized elements. Normalized net income is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. Normalized income tax expense is defined as income tax expense adjusted to reflect the tax effect on normalized elements and to normalize specific tax elements. Normalized effective tax rate is based on Normalized net income before Normalized income tax expense. Normalized earnings per share - basic and Normalized earnings per share – diluted are calculated respectively by dividing the Normalized net income by the weighted average number of shares – basic and the weighted average number of shares – diluted. The Company refers the reader to the "Selected Consolidated Financial Information" section of this MD&A for the reconciliations of Normalized EBITDA and Normalized net income presented by the Company to the most directly comparable IFRS measure.

Overview

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and marine products. The Company is a diversified manufacturer of powersports vehicles and marine products, providing enthusiasts with a variety of exhilarating, stylish and powerful products for all year-round use on a variety of terrains. The Company's diversified portfolio of brands and products includes for Powersports: *Can-Am* ATVs, SSVs and 3WVs, *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs and *Rotax* engines for karts, motorcycles and recreational aircraft. For Marine, the portfolio of brands and products includes *Evinrude* outboard boat engines, *Rotax* engines for jet boats, and *Alumacraft* and *Manitou* boats. Additionally, the Company supports its line of products with a dedicated PAC business.

The Company employs approximately 12,500 people mainly in manufacturing and distribution sites in Mexico, Canada, Austria, the United States and Finland. The Company sells its products in over 120 countries. The products are sold directly through a network of approximately 3,400 dealers in 21 countries as well as through approximately 185 distributors serving approximately 875 additional dealers.

Highlights of the three-month period ended January 31, 2019

For the three-month period ended January 31, 2019, the Company's financial performance was the following when compared to the three-month period ended January 31, 2018:

- Revenues of $1,505.9 million, an increase of $279.9 million or 22.8%;
- Gross profit of $334.9 million representing 22.2% of revenues, an increase of $52.8 million;
- Net income of $82.7 million, an increase of $12.7 million, which resulted in a diluted earnings per share of $0.84, an increase of $0.16 per share or 23.5%;
- Normalized net income [1] of $85.8 million, an increase of $9.6 million, which resulted in a normalized diluted earnings per share [1] of $0.88, an increase of $0.14 per share or 18.9%.
- Normalized EBITDA [1] of $181.9 million representing 12.1% of revenues, an increase of $19.7 million or 12.1%;

Highlights of the year ended January 31, 2019

For the year ended January 31, 2019, the Company's financial performance was the following when compared to the year ended January 31, 2018:

- Revenues of $5,243.8 million, an increase of $791.3 million or 17.8%;
- Gross profit of $1,253.4 million representing 23.9% of revenues, an increase of $208.3 million;
- Net income of $227.3 million, a decrease of $11.8 million, which resulted in a diluted earnings per share of $2.28, an increase of $0.07 per share or 3.2%;
- Normalized net income [1] of $308.6 million, an increase of $63.1 million, which resulted in a normalized diluted earnings per share [1] of $3.10, an increase of $0.83 per share or 36.6%.
- Normalized EBITDA [1] of $655.9 million representing 12.5% of revenues, an increase of $119.7 million or 22.3%;

[1] See "Non-IFRS Measures" section.

In addition, during the year:

- The Company introduced the *Can-Am Ryker*, a new three-wheeled vehicle platform, and expanded its SSV lineup with the addition of two *Can-Am Maverick Sport* platforms.
- The Company acquired 100% of Alumacraft Holdings, LLC and its wholly-owned subsidiary Alumacraft Boat Co. ("Alumacraft"), a recreational boat manufacturer, and 100% of Triton Industries Inc. ("Triton"), a pontoon manufacturer selling under the *Manitou* brand.
- The Company successfully refinanced its term facility by reducing the cost of borrowing by 0.50%, increasing the amount of borrowing by U.S. $111.0 million and extending the maturity from June 2023 to May 2025. It also refinanced its revolving credit facilities to increase the availability by $100.0 million, to reduce the cost of borrowing by 0.25% and to extend the maturity from June 2021 to May 2023.
- The Company introduced a direct distribution model in Russia to support its growth strategy and increase its presence in the country.
- The Company's subordinate voting shares were listed in the United States on the Nasdaq Global Select Market under the symbol DOOO.

Recent event

On March 14, 2019, the Company amended its $575.0 million revolving credit facilities to increase the availability by $125.0 million for a total availability of $700.0 million, to extend the maturity from May 2023 to May 2024 and to improve the pricing grid.

On March 21, 2019, the Company's Board of Directors authorized the renewal of its normal course issuer bid program to purchase for cancellation up to 4,170,403 subordinate voting shares over the twelve-month period commencing on April 2, 2019 and ending no later than April 1, 2020, representing approximately 10% of the public float of 41,704,034 subordinate voting shares as at March 20, 2019. BRP's public float does not include any of its multiple voting shares.

Factors Affecting the Company's Results of Operations

Revenues and Sales Program Costs

The Company's revenues are derived primarily from the wholesale activities of the Company's manufactured vehicles, including Year-Round Products, Seasonal Products, Powersports PAC and OEM Engines as well as Marine products to dealers and distributors. Revenue recognition normally occurs when products are shipped to dealers or distributors from the Company's facilities.

In order to support the wholesale activities of the Company and the retail activities of dealers and distributors, the Company may provide support in the form of various sales programs consisting of cash and non-cash incentives. The cash incentives consist mainly of rebates given to dealers, distributors and consumers, volume discounts to dealers and distributors, free or extended coverage period under dealer and distributor inventory financing programs, and retail financing programs. The cost of these cash incentives is recorded as a reduction of revenues. The non-cash incentives consist mainly of extended warranty coverage or free PAC. When an extended warranty coverage is given with the purchase of a product, a portion of the revenue recognized upon the sale of that product is deferred and recognized during the extended warranty coverage period. The cost of the free PAC is recorded in cost of sales.

The support provided to dealers, distributors and consumers tends to increase when general economic conditions are difficult, when changing market conditions require the launch of new or more aggressive programs, or when dealer and distributor inventory is above appropriate levels.

Under dealer and distributor inventory financing arrangements, the Company could be required to purchase repossessed new and unused products in certain cases of default by dealers or distributors. The cost of repossession tends to increase when dealers or distributors are facing challenging and prolonged difficult retail conditions and when their non-current inventory level is high. During the current fiscal year and previous fiscal year, the Company did not experience significant repossessions under its dealer and distributor inventory financing arrangements. Refer to the "Off-Balance Sheet Arrangements" section of this MD&A for more information on dealer and distributor inventory financing arrangements.

Commodity Costs

Approximately 75% of the Company's cost of sales consists of material used in the manufacturing process. Therefore, the Company is exposed to the fluctuation of prices of certain raw materials such as aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Additionally, the Company is exposed to fuel price fluctuations related to its procurement and distribution activities. The Company does not hedge its long-term exposure to such price fluctuations. Therefore, an increase in commodity prices could negatively impact the Company's operating results if it is not able to transfer these cost increases to dealers, distributors or consumers.

Warranty Costs

The Company's manufacturer product warranties generally cover periods ranging from six months to five years for most products. In certain circumstances, the Company provides extended warranty coverage as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs, extended product warranties.

During its product development process, the Company ensures that high quality standards are maintained at each development stage of a new product. This includes the development of detailed product specifications, the evaluation of the quality of the supply chain and the manufacturing methods and detailed testing requirements over the development stage of the products. Additionally, product quality is ensured by quality inspections during and after the manufacturing process.

The Company records a regular warranty provision when products are sold. Management believes that, based on available information, the Company has adequate provisions to cover any future warranty claims on products sold. However, future claim amounts can differ significantly from provisions that are recorded in the consolidated statements of financial position. For extended warranty, the claims are recorded in cost of sales as incurred.

Foreign Exchange

The Company's revenues are reported in Canadian dollars but are mostly generated in U.S. dollars, Canadian dollars and euros. The Company's revenues reported in Canadian dollars are to a lesser extent exposed to foreign exchange fluctuations with the Australian dollar, the Brazilian real, the Swedish krona, the Norwegian krone, the Great Britain pound, the New Zealand dollar and the Russian ruble. The costs incurred by the Company are mainly denominated in Canadian dollars, U.S. dollars and euros and to a lesser extent in Mexican pesos. Therefore recorded revenues, gross profit and operating income in Canadian dollars are exposed to foreign exchange fluctuations. The Company's facilities are located in several different countries, which helps mitigate some of its foreign currency exposure.

The Company has an outstanding balance of U.S. $895.5 million ($1,176.9 million) under its U.S. $900.0 million ($1,182.8 million) term facility agreement (the "Term Facility"), which results in a gain or loss in net income when the U.S. dollar/Canadian dollar exchange rate at the end of the period is different from the opening period rate. Additionally, the Company's interest expense on the Term Facility is exposed to U.S. dollar/Canadian dollar exchange rate fluctuations. The Company does not currently hedge the U.S. dollar/Canadian dollar exchange rate fluctuation exposures related to its Term Facility, and therefore, an increase in the value of the U.S. dollar against the Canadian dollar could negatively impact the Company's net income.

For further details relating to the Company's exposure to foreign currency fluctuations, see "Financial Instruments – Foreign Exchange Risk" section of this MD&A.

Net Financing Costs (Financing Costs less Financing Income)

Net financing costs are incurred principally on long-term debt, defined benefit pension plan liabilities and revolving credit facilities. As at January 31, 2019, the Company's long-term debt of $1,215.5 million was mainly comprised of the Term Facility, which bears interest at LIBOR plus 2.00%. The Company does not hedge its exposure to interest rate fluctuations. Therefore, an increase in interest rates could negatively impact the Company's operating results.

Income Taxes

The Company is subject to federal, state and provincial income taxes in jurisdictions in which it conducts business. The Canadian income tax statutory rate was 26.7% for the three- and twelve-month periods ended January 31, 2019. However, the Company's effective consolidated tax rate is influenced by various factors, including the mix of accounting profits or losses before income tax among tax jurisdictions in which it operates in and the foreign exchange gain or loss on the Term Facility. The Company expects to pay cash taxes in all tax jurisdictions for the fiscal year ending January 31, 2020, except in the United States where the Company plans to utilize its tax attributes to offset taxable income or income tax payable.

Seasonality

The Company's revenues and operating income experience substantial fluctuations from quarter to quarter. In general, wholesale sales of the Company's products are highest in the period immediately preceding and during their particular season of use. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models, and production scheduling for particular types of products. As a result, the Company's financial results are likely to fluctuate significantly from period to period.

Selected Consolidated Financial Information

The selected consolidated financial information set out below for the twelve-month period ended January 31, 2019, and January 31, 2018, has been determined based on the audited consolidated financial statements and related notes issued on March 21, 2019. The selected consolidated financial information set out below for the twelve-month period ended January 31, 2017, has been determined based on the audited consolidated financial statements and related notes issued on March 20, 2018. The selected quarterly consolidated financial information set out below has been determined based on the annual audited consolidated financial statements and related notes issued on March 21, 2019 and from the third-quarter unaudited consolidated financial statements and related notes issued on November 29, 2018. All of these documents are available on SEDAR at www.sedar.com.

Net Income data

	Three-month periods ended		Twelve-month periods ended		
(in millions of Canadian dollars)	**January 31, 2019**	**January 31, 2018**	**January 31, 2019**	**January 31, 2018**	**January 31, 2017**
		Restated [1]		Restated [1]	
Revenues by category [2]					
Powersports					
Year-Round Products	**$597.6**	$509.1	**$2,240.6**	$1,810.0	$1,637.7
Seasonal Products	**577.6**	437.2	**1,803.5**	1,553.9	1,473.9
Powersports PAC and OEM Engines	**202.7**	187.3	**707.5**	659.7	621.7
Marine	**128.0**	92.4	**492.2**	428.9	438.2
Total Revenues	**1,505.9**	1,226.0	**5,243.8**	4,452.5	4,171.5
Cost of sales	**1,171.0**	943.9	**3,990.4**	3,407.4	3,162.6
Gross profit	**334.9**	282.1	**1,253.4**	1,045.1	1,008.9
As a percentage of revenues	***22.2%***	*23.0%*	***23.9%***	*23.5%*	*24.2%*
Operating expenses					
Selling and marketing	**88.1**	68.8	**336.9**	288.6	281.5
Research and development	**63.5**	52.6	**221.7**	198.6	184.1
General and administrative	**58.9**	40.3	**214.7**	166.3	163.9
Other operating expenses (income)	**(2.1)**	2.7	**7.5**	13.9	73.1
Total operating expenses	**208.4**	164.4	**780.8**	667.4	702.6
Operating income	**126.5**	117.7	**472.6**	377.7	306.3
Net financing costs	**19.2**	14.5	**73.9**	54.4	61.2
Foreign exchange (gain) loss on long-term debt	**0.8**	(47.4)	**69.8**	(53.3)	(82.0)
Income before income taxes	**106.5**	150.6	**328.9**	376.6	327.1
Income tax expense	**23.8**	80.6	**101.6**	137.5	70.1
Net income	**$82.7**	$70.0	**$227.3**	$239.1	$257.0
Attributable to shareholders	**$82.7**	$70.2	**$227.0**	$238.9	$257.2
Attributable to non-controlling interest	**$—**	$(0.2)	**$0.3**	$0.2	$(0.2)
Normalized EBITDA [3]	**$181.9**	$162.2	**$655.9**	$536.2	$502.7
Normalized net income [3]	**$85.8**	$76.2	**$308.6**	$245.5	$222.0

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] Comparative figures have been modified to reflect the new categories of revenues following the acquisition of Alumacraft and Triton and the creation of the Marine Group.

[3] See "Non-IFRS Measures" section.

Financial Position data

As at (in millions of Canadian dollars)	**January 31, 2019**	**January 31, 2018**	**February 1, 2017**
		Restated [1]	Restated [1]
Cash	**$100.0**	$226.0	$298.6
Working capital	**(192.6)**	(92.9)	103.8
Property, plant and equipment	**905.1**	766.8	673.2
Total assets	**3,077.2**	2,623.6	2,595.5
Total non-current financial liabilities	**1,225.5**	1,022.8	958.1
Total liabilities	**3,400.0**	2,915.6	2,634.5
Shareholders deficit	**(322.8)**	(292.0)	(39.0)

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

Other Financial data

	Three-month periods ended		**Twelve-month periods ended**		
(in millions of Canadian dollars, except per share data)	**January 31, 2019**	**January 31, 2018**	**January 31, 2019**	**January 31, 2018**	**January 31, 2017**
		Restated [1]		Restated [1]	
Revenues by geography					
United States	**$800.8**	$613.8	**$2,817.1**	$2,247.7	$2,119.8
Canada	**209.4**	185.6	**845.5**	772.2	736.9
International [2]	**495.7**	426.6	**1,581.2**	1,432.6	1,314.8
	$1,505.9	$1,226.0	**$5,243.8**	$4,452.5	$4,171.5
Declared dividends per share	**$0.09**	$0.08	**$0.36**	$0.24	$—
Weighted average number of shares – basic	**97,134,909**	102,073,886	**98,291,845**	106,961,014	112,946,239
Weighted average number of shares – diluted	**97,975,542**	103,197,608	**99,588,888**	107,917,087	113,205,095
Earnings per share - basic	**$0.85**	$0.69	**$2.31**	$2.23	$2.28
Earnings per share - diluted	**0.84**	0.68	**2.28**	2.21	2.27
Normalized earnings per share – basic [3]	**0.88**	0.75	**3.14**	2.29	1.97
Normalized earnings per share – diluted [3]	**0.88**	0.74	**3.10**	2.27	1.96

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] International is defined as all jurisdictions except the United States and Canada.

[3] See "Non-IFRS Measures" section.

Reconciliation Tables

The following table presents the reconciliation of Net income to Normalized net income [1] and Normalized EBITDA [1].

(in millions of Canadian dollars)	Three-month periods ended		Twelve-month periods ended		
	January 31, 2019	**January 31, 2018**	**January 31, 2019**	**January 31, 2018**	**January 31, 2017**
		Restated [2]		Restated [2]	
Net income	**$82.7**	$70.0	**$227.3**	$239.1	$257.0
Normalized elements					
Foreign exchange (gain) loss on long-term debt	**0.8**	(47.4)	**69.8**	(53.3)	(82.0)
Transaction costs and other related expenses [3]	**1.0**	—	**2.7**	—	—
Restructuring and related costs (reversal) [4]	**0.4**	2.9	**1.3**	2.9	(1.1)
Loss on litigation [5]	**0.2**	0.2	**1.3**	5.9	70.7
Transaction costs on long-term debt	**—**	—	**8.9**	2.1	—
Pension plan past service gains	**—**	—	**(1.4)**	—	(6.3)
Depreciation of intangible assets related to business combinations	**0.7**	—	**1.2**	—	—
Other elements	**0.2**	1.0	**1.3**	1.5	2.7
Income tax adjustment	**(0.2)**	49.5	**(3.8)**	47.3	(19.0)
Normalized net income [1]	**85.8**	76.2	**308.6**	245.5	222.0
Normalized income tax expense [1]	**24.0**	31.1	**105.4**	90.2	89.1
Financing costs adjusted [1] [6]	**19.9**	13.8	**68.0**	53.5	60.0
Financing income adjusted [1] [6]	**(0.7)**	(0.3)	**(2.2)**	(2.2)	(1.5)
Depreciation expense adjusted [1] [7]	**52.9**	41.4	**176.1**	149.2	133.1
Normalized EBITDA [1]	**$181.9**	$162.2	**$655.9**	$536.2	$502.7

[1] See “Non-IFRS Measures” section.

[2] Restated to reflect the adoption of *IFRS 15 “Revenue from contracts with customers”* and *IFRS 9 “Financial instruments”* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[3] Costs related to business combinations.

[4] The Company is involved, from time to time, in restructuring and reorganization activities in order to gain flexibility and improve efficiency. The costs related to these activities are mainly composed of severance costs and retention salaries.

[5] The Company is involved in patent infringement litigation cases with one of its competitors.

[6] Adjusted for transaction costs on long-term debt and NCIB gains and losses in net income.

[7] Adjusted for depreciation of intangible assets acquired through business combinations.

Analysis of Results for the fourth quarter of Fiscal 2019

The following section provides an overview of the financial performance of the Company for the three-month period ended January 31, 2019 compared to the same period ended January 31, 2018.

Revenues

Revenues increased by $279.9 million, or 22.8%, to $1,505.9 million for the three-month period ended January 31, 2019, compared with $1,226.0 million for the corresponding period ended January 31, 2018. The revenue increase was mainly due to higher wholesale in Seasonal Products and Year-Round Products and a favourable foreign exchange rate variation of $38 million.

The Company's North American retail sales for powersports vehicles and outboard engines increased by 7% for the three-month period ended January 31, 2019 compared with the three-month period ended January 31, 2018. The increase was driven by Year-Round Products.

As at January 31, 2019, North American dealer inventories for powersports vehicles and outboard engines increased by 12% compared to January 31, 2018. The increase was primarily driven by higher SSV inventory to meet demand for the Company's line-up.

Gross Profit

Gross profit increased by $52.8 million, or 18.7%, to $334.9 million for the three-month period ended January 31, 2019, compared with $282.1 million for the corresponding period ended January 31, 2018. Gross profit margin percentage decreased by 80 basis points to 22.2% from 23.0% for the three-month period ended January 31, 2018. The decrease of 80 basis points was primarily due to higher commodity, production and distribution costs, partially offset by a higher volume of 3WV, snowmobiles and PAC sold.

Operating Expenses

Operating expenses increased by $44.0 million, or 26.8%, to $208.4 million for the three-month period ended January 31, 2019, compared with $164.4 million for the three-month period ended January 31, 2018. This increase was mainly attributable to support for the launch of various products, continued product investments and costs related to the modernization of information systems.

Normalized EBITDA [1]

Normalized EBITDA [1] increased by $19.7 million, or 12.1%, to $181.9 million for the three-month period ended January 31, 2019, compared with $162.2 million for the three-month period ended January 31, 2018. The increase was mainly attributable to higher gross profit, partially offset by higher operating expenses.

Net Financing Costs

Net financing costs increased by $4.7 million, or 32.4%, to $19.2 million for the three-month period ended January 31, 2019, compared with $14.5 million for the three-month period ended January 31, 2018. The increase primarily resulted from a higher interest expense on the Term Facility due to a higher outstanding nominal amount, a higher interest rate and an unfavourable foreign exchange impact of $0.6 million.

[1] See "Non-IFRS Measures" section.

Foreign Exchange

The key average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows for the three-month periods ended January 31, 2019 and 2018:

	January 31, 2019		January 31, 2018	
U.S. dollars	1.3322	CA$/US$	1.2655	CA$/US$
Euro	1.5173	CA$/Euro	1.5083	CA$/Euro

When comparing the operating income and the income before income tax for the three-month period ended January 31, 2019 to the corresponding period ended January 31, 2018, the foreign exchange fluctuations impact was the following:

	Foreign exchange (gain) loss
(in millions of Canadian dollars)	**Three-month period**
Revenues	$(38.1)
Cost of sales	38.2
Impact of foreign exchange fluctuations on gross profit	**0.1**
Operating expenses	1.2
Impact of foreign exchange fluctuations on operating income	**1.3**
Long-term debt	48.2
Net financing costs	0.6
Impact of foreign exchange fluctuations on income before income taxes	**$50.1**

Income Taxes

Income tax expense decreased by $56.8 million to $23.8 million for the three-month period ended January 31, 2019, compared with $80.6 million for the three-month period ended January 31, 2018. The decrease was primarily due to the effect of income tax rate changes on deferred income taxes arising from the U.S. tax reform during the three-month period ended January 31, 2018 and from the favourable settlement of a tax audit. The effective income tax rate amounted to 22.3% for the three-month period ended January 31, 2019 compared with 53.5% for the three-month period ended January 31, 2018. The decrease resulted primarily from the effect of income tax rate changes on deferred income taxes arising from the U.S. tax reform during the three-month period ended January 31, 2018 and from the favourable settlement of a tax audit. The decrease was partially offset by the tax and accounting treatment of the foreign exchange gain (loss) on the Term Facility.

Net Income

Net income increased by $12.7 million to $82.7 million for the three-month period ended January 31, 2019, compared with $70.0 million for the three-month period ended January 31, 2018. The increase was primarily due to a lower income tax expense, partially offset by an unfavourable foreign exchange rate variation impact on the U.S. denominated long-term debt.

Analysis of Segment Results for the fourth quarter of Fiscal 2019

The following section provides an overview of the financial performance of the Company's segments for the three-month period ended January 31, 2019 compared to the same period ended January 31, 2018. The inter-segment transactions are included in the analysis.

Powersports

Revenues

Year-Round Products

Revenues from Year-Round Products increased by $88.5 million, or 17.4%, to $597.6 million for the three-month period ended January 31, 2019, compared with $509.1 million for the corresponding period ended January 31, 2018. The increase resulted mainly from a higher volume and a favourable product mix of SSV sold, the introduction of the *Can-Am Ryker* and a favourable foreign exchange rate variation of $20 million.

North American Year-Round Products retail sales increased on a percentage basis in the low-twenties range compared with the three-month period ended January 31, 2018.

Seasonal Products

Revenues from Seasonal Products increased by $140.4 million, or 32.1%, to $577.6 million for the three-month period ended January 31, 2019, compared with $437.2 million for the corresponding period ended January 31, 2018. The increase was driven by a higher volume and a favourable product mix of snowmobiles sold and a favourable foreign exchange rate variation of $10 million.

North American Seasonal Products retail sales increased by low-single digits compared with the three-month period ended January 31, 2018.

Powersports PAC and OEM Engines

Revenues from Powersports PAC and OEM Engines increased by $15.5 million, or 8.2%, to $204.2 million for the three-month period ended January 31, 2019, compared with $188.7 million for the corresponding period ended January 31, 2018. The increase was mainly attributable to a higher volume of snowmobile parts and clothing, a higher volume of 3WV accessories due to the *Can-Am Ryker* introduction and a favourable foreign exchange rate variation of $6 million.

Gross Profit

Gross profit increased by $78.9 million, or 29.6%, to $345.3 million for the three-month period ended January 31, 2019, compared with $266.4 million for the corresponding period ended January 31, 2018. The gross profit increase includes a favourable foreign exchange rate variation of $3 million. Gross profit margin percentage increased by 150 basis points to 25.0% from 23.5% for the three-month period ended January 31, 2018. The increase was primarily due to a higher volume of 3WV, snowmobiles and PAC sold, partially offset by higher commodity, production and distribution costs.

Marine

Revenues

Revenues from Marine segment increased by $31.8 million, or 31.2%, to $133.6 million for the three-month period ended January 31, 2019, compared with $101.8 million for the corresponding period ended January 31, 2018. The increase was mainly due to the acquisition of Alumacraft and Triton, partially offset by a lower volume of outboard engines sold.

North American outboard engine retail sales decreased on a percentage basis in the low-twenties range compared with the three-month period ended January 31, 2018.

Gross Profit (Loss)

A gross margin loss of $10.4 million was recorded for the three-month period ended January 31, 2019, compared with a gross profit of $15.7 million for the corresponding period ended January 31, 2018. The gross margin loss was primarily due to higher warranty costs, higher production costs, a lower volume of outboard engines sold and an unfavourable foreign exchange rate variation of $3 million, partially offset by the acquisition of Alumacraft and Triton. The gross profit margin percentage decreased from 15.4% for the three-month period ended January 31, 2018 to a negative gross margin percentage of 7.8% for the three-month period ended January 31, 2019.

Geographical Trends

Revenues

United States

Revenues from the United States increased by $187.0 million, or 30.5%, to $800.8 million for the three-month period ended January 31, 2019, compared with $613.8 million for the corresponding period ended January 31, 2018. The increase resulted from a higher volume and a favourable product mix of snowmobiles and SSV sold, the introduction of the *Can-Am Ryker* and the acquisition of Alumacraft and Triton. The increase includes a favourable foreign exchange impact of $41 million. The United States represented 53.2% and 50.1% of revenues during the three-month periods ended January 31, 2019 and 2018, respectively.

Canada

Revenues from Canada increased by $23.8 million, or 12.8%, to $209.4 million for the three-month period ended January 31, 2019, compared with $185.6 million for the corresponding period ended January 31, 2018. The increase was driven by a higher volume and a favourable product mix of snowmobiles sold. Canada represented 13.9% and 15.1% of revenues during the three-month periods ended January 31, 2019 and 2018, respectively.

International

Revenues from International increased by $69.1 million, or 16.2%, to $495.7 million for the three-month period ended January 31, 2019, compared with $426.6 million for the corresponding period ended January 31, 2018. The increase primarily resulted from a higher volume and a favourable product mix of snowmobiles sold. International represented 32.9% and 34.8% of revenues during the three-month periods ended January 31, 2019 and 2018, respectively.

Analysis of Results for the twelve-month period ended January 31, 2019

The following section provides an overview of the financial performance of the Company for the twelve-month period ended January 31, 2019 compared to the same period ended January 31, 2018.

Revenues

Revenues increased by $791.3 million, or 17.8%, to $5,243.8 million for the twelve-month period ended January 31, 2019, compared with $4,452.5 million for the corresponding period ended January 31, 2018. The revenue increase was primarily attributable to higher wholesale of Year-Round Products and Seasonal Products and a favourable foreign exchange rate variation of $50 million.

The Company's North American retail sales for powersports vehicles and outboard engines increased by 9% for the twelve-month period ended January 31, 2019 compared with the twelve-month period ended January 31, 2018, mainly due to an increase in SSV and PWC.

Gross Profit

Gross profit increased by $208.3 million, or 19.9%, to $1,253.4 million for the twelve-month period ended January 31, 2019, compared with $1,045.1 million for the corresponding period ended January 31, 2018. The gross profit increase includes a favourable foreign exchange rate variation of $7 million. Gross profit margin percentage increased by 40 basis points to 23.9% from 23.5% for the twelve-month period ended January 31, 2018. The increase was primarily due to a higher volume of Year-Round Products, Seasonal Products and PAC sold and favourable pricing, partially offset by higher commodity, production and distribution costs.

Operating Expenses

Operating expenses increased by $113.4 million, or 17.0%, to $780.8 million for the twelve-month period ended January 31, 2019, compared with $667.4 million for the twelve-month period ended January 31, 2018. The increase was mainly attributable to support for the launch of various products, continued product investments, costs related to the modernization of information systems and higher variable employee compensation expenses.

Normalized EBITDA [1]

Normalized EBITDA [1] increased by $119.7 million, or 22.3%, to $655.9 million for the twelve-month period ended January 31, 2019, compared with $536.2 million for the twelve-month period ended January 31, 2018. The increase was primarily due to higher gross profit, partially offset by higher operating expenses.

Net Financing Costs

Net financing costs increased by $19.5 million, or 35.8%, to $73.9 million for the twelve-month period ended January 31, 2019, compared with $54.4 million for the twelve-month period ended January 31, 2018. The increase primarily resulted from higher transaction costs on the Term Facility following the refinancing of Fiscal 2019 and from a higher interest expense on the Term Facility due to a higher outstanding nominal amount and a higher interest rate.

[1] See "Non-IFRS Measures" section.

Foreign Exchange

The key average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows for the twelve-month periods ended January 31, 2019 and 2018:

	January 31, 2019		January 31, 2018	
U.S. dollars	1.3030	CA$/US$	1.2921	CA$/US$
Euro	1.5308	CA$/Euro	1.4741	CA$/Euro

The key period-end exchange rates used to translate foreign-denominated assets and liabilities were as follows:

	January 31, 2019		January 31, 2018	
U.S. dollars	1.3142	CA$/US$	1.2293	CA$/US$
Euro	1.5051	CA$/Euro	1.5280	CA$/Euro

When comparing the operating income and the income before income tax for the twelve-month period ended January 31, 2019 to the corresponding period ended January 31, 2018, the foreign exchange fluctuations impact was the following:

	Foreign exchange (gain) loss
(in millions of Canadian dollars)	**Twelve-month period**
Revenues	$(49.7)
Cost of sales	42.7
Impact of foreign exchange fluctuations on gross profit	**(7.0)**
Operating expenses	6.4
Impact of foreign exchange fluctuations on operating income	**(0.6)**
Long-term debt	123.1
Net financing costs	0.5
Impact of foreign exchange fluctuations on income before income taxes	**$123.0**

Income Taxes

Income tax expense decreased by $35.9 million to $101.6 million for the twelve-month period ended January 31, 2019, compared with $137.5 million for the twelve-month period ended January 31, 2018. The decrease was primarily due to the effect of income tax rate changes on deferred income taxes arising from the U.S. tax reform during the twelve-month period ended January 31, 2018 and from the favourable settlement of a tax audit. The decrease was partially offset by higher operating income. The effective income tax rate amounted to 30.9% for the twelve-month period ended January 31, 2019 compared with 36.5% for the twelve-month period ended January 31, 2018. The decrease resulted primarily from the effect of income tax rate changes on deferred income taxes arising from the U.S. tax reform during the twelve-month period ended January 31, 2018 and from the favourable settlement of a tax audit. The decrease was partially offset by the tax and accounting treatment of the foreign exchange gain (loss) on the Term Facility.

Net Income

Net income decreased by $11.8 million to $227.3 million for the twelve-month period ended January 31, 2019, compared with $239.1 million for the twelve-month period ended January 31, 2018. The decrease was primarily due to an unfavourable foreign exchange rate variation impact on the U.S. denominated long-term debt, partially offset by a higher operating income.

Analysis of Segment Results for twelve-month period ended January 31, 2019

The following section provides an overview of the financial performance of the Company's segments for the twelve-month period ended January 31, 2019 compared to the same period ended January 31, 2018. The inter-segment transactions are included in the analysis.

Powersports

Revenues

Year-Round Products

Revenues from Year-Round Products increased by $430.6 million, or 23.8%, to $2,240.6 million for the twelve-month period ended January 31, 2019, compared with $1,810.0 million for the corresponding period ended January 31, 2018. The increase was primarily attributable to a higher volume of SSV sold, the introduction of the *Can-Am Ryker* and a favourable foreign exchange rate variation of $29 million.

North American Year-Round Products retail sales increased on a percentage basis in the mid-teens range compared with the twelve-month period ended January 31, 2018.

Seasonal Products

Revenues from Seasonal Products increased by $249.6 million, or 16.1%, to $1,803.5 million for the twelve-month period ended January 31, 2019, compared with $1,553.9 million for the corresponding period ended January 31, 2018. The increase resulted primarily from a higher volume and a favourable product mix of PWC and snowmobiles sold and from a favourable foreign exchange rate variation of $9 million.

North American Seasonal Products retail sales increased on a percentage basis by high-single digits compared with the twelve-month period ended January 31, 2018.

Powersports PAC and OEM Engines

Revenues from Powersports PAC and OEM Engines increased by $46.8 million, or 7.1%, to $709.4 million for the twelve-month period ended January 31, 2019, compared with $662.6 million for the corresponding period ended January 31, 2018. The increase was mainly attributable to a higher volume of SSV and PWC parts and accessories, a higher volume of snowmobile parts and a favourable foreign exchange rate variation of $8 million. The increase was partially offset by a lower volume of motorcycle engines sold.

Gross Profit

Gross profit increased by $240.4 million, or 25.2%, to $1,193.3 million for the twelve-month period ended January 31, 2019, compared with $952.9 million for the corresponding period ended January 31, 2018. The gross profit increase includes a favourable foreign exchange rate variation of $6 million. Gross profit margin percentage increased by 140 basis points to 25.1% from 23.7% for the twelve-month period ended January 31, 2018. The increase was primarily due to a higher volume of Year-Round Products, Seasonal Products and PAC sold and favourable pricing, partially offset by higher commodity, production and distribution costs.

Marine

Revenues

Revenues from Marine segment increased by $58.3 million, or 12.6%, to $522.3 million for the twelve-month period ended January 31, 2019, compared with $464.0 million for the corresponding period ended January 31, 2018. The increase was mainly due to the acquisition of Alumacraft and Triton, partially offset by a lower volume of outboard engines sold.

North American outboard engine retail sales decreased on a percentage basis by mid-single digits compared with the twelve-month period ended January 31, 2018.

Gross Profit

Gross profit decreased by $32.1 million, or 34.8%, to $60.1 million for the twelve-month period ended January 31, 2019, compared with $92.2 million for the corresponding period ended January 31, 2018. Gross profit margin percentage decreased to 11.5% from 19.9% for the twelve-month period ended January 31, 2018. The decrease was primarily due to higher warranty costs, higher production costs, a lower volume of outboard engines sold and an unfavourable mix related to Alumacraft and Triton acquisitions.

Geographical Trends

Revenues

United States

Revenues from the United States increased by $569.4 million, or 25.3%, to $2,817.1 million for the twelve-month period ended January 31, 2019, compared with $2,247.7 million for the corresponding period ended January 31, 2018. The increase is mainly due to a higher volume of SSV sold and a favourable foreign exchange impact of $41 million. The United States represented 53.7% and 50.5% of revenues during the twelve-month periods ended January 31, 2019 and 2018, respectively.

Canada

Revenues from Canada increased by $73.3 million, or 9.5%, to $845.5 million for the twelve-month period ended January 31, 2019, compared with $772.2 million for the corresponding period ended January 31, 2018. The increase was mainly attributable to a higher volume of snowmobiles, PWC and SSV sold. Canada represented 16.1% and 17.3% of revenues during the twelve-month periods ended January 31, 2019 and 2018, respectively.

International

Revenues from International increased by $148.6 million, or 10.4%, to $1,581.2 million for the twelve-month period ended January 31, 2019, compared with $1,432.6 million for the corresponding period ended January 31, 2018. The increase primarily resulted from a higher volume and a favourable product mix of snowmobiles and PWC sold and from a favourable foreign exchange impact of $9 million. The increase was partially offset by a lower volume of motorcycle engines sold. International represented 30.2% and 32.2% of revenues during the twelve-month periods ended January 31, 2019 and 2018, respectively.

Assessment of the Company's performance against its Fiscal 2019 guidance

On March 21, 2018, the Company issued guidance for the year ending January 31, 2019, which was revised on August 30, 2018, to adjust the normalized EBITDA [1] and on November 30, 2018, to adjust the revenues, the normalized effective tax rate [1], the normalized earnings per share – diluted [1] and the net income. The following table provides a comparison of the Company's performance reported for the year ended January 31, 2019, against the issued and revised guidance for this year:

	Target for Fiscal 2019 (compared to Fiscal 2018)			
	As issued on March 21, 2018	**As revised on November 30, 2018 and August 30, 2018**	**Results for Fiscal 2019 (compared to Fiscal 2018)**	
Revenues	Increase 5% to 8%	Increase 13% to 17%	Increase of 18%	Above due to Seasonal Products
Normalized EBITDA [1]	Increase 16% to 18%	Increase 20% to 22%	Increase of 22%	As expected
Normalized effective tax rate [1]	26.5% - 27.5%	26.5% - 27.0%	25.5%	Below due to the favourable settlement of a tax audit
Normalized earnings per share - diluted [1]	$2.70 to $2.82	$2.96 to $3.06	$3.10	Above due to the lower normalized effective tax rate
Net income		$230 million to $240 million	$227 million	Below due to higher net financing costs

[1] See "Non-IFRS Measures" section.

Summary of Consolidated Quarterly Results

	Three-month periods ended							
(millions of Canadian dollars, except per share data)	**January 31, 2019** **Fiscal 2019**	**October 31, 2018** **Fiscal 2019**	**July 31, 2018** **Fiscal 2019**	**April 30, 2018** **Fiscal 2019**	**January 31, 2018 [1]** **Fiscal 2018**	**October 31, 2017 [1]** **Fiscal 2018**	**July 31, 2017 [1]** **Fiscal 2018**	**April 30, 2017 [1]** **Fiscal 2018**
Revenues by category [2]								
Powersports								
Year-Round Products	**$597.6**	$562.4	$554.0	$526.6	$509.1	$464.4	$440.4	$396.1
Seasonal Products	**577.6**	490.9	384.6	350.4	437.2	475.6	316.7	324.4
Powersports PAC and OEM Engines	**202.7**	201.8	147.1	155.9	187.3	179.1	142.5	150.8
Marine	**128.0**	139.1	121.3	103.8	92.4	107.4	123.5	105.6
Total Revenues	**1,505.9**	1,394.2	1,207.0	1,136.7	1,226.0	1,226.5	1,023.1	976.9
Gross profit	**334.9**	356.8	280.1	281.6	282.1	319.9	216.0	227.1
As a percentage of revenues	***22.2%***	*25.6%*	*23.2%*	*24.8%*	*23.0%*	*26.1%*	*21.1%*	*23.2%*
Net income (loss)	**82.7**	90.2	41.0	13.4	70.0	70.0	104.0	(4.9)
Normalized EBITDA [3]	**181.9**	203.2	144.2	126.6	162.2	189.7	83.7	100.6
Normalized net income [3]	**85.8**	102.9	66.4	53.5	76.2	103.6	22.9	42.8
Basic earnings (loss) per share	**0.85**	0.93	0.41	0.13	0.69	0.68	0.94	(0.05)
Diluted earnings (loss) per share	**0.84**	0.92	0.41	0.13	0.68	0.67	0.93	(0.05)
Normalized basic earnings per share [3]	**0.88**	1.06	0.67	0.53	0.75	1.00	0.21	0.38
Normalized diluted earnings per share [3]	**$0.88**	$1.04	$0.66	$0.52	$0.74	$0.99	$0.20	$0.38

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] Comparative figures have been modified to reflect the new categories of revenues following the acquisition of Alumacraft and Triton and the creation of the Marine Group.

[3] See "Non-IFRS Measures" section.

Reconciliation Table for Consolidated Quarterly Results

(millions of Canadian dollars)	Three-month periods ended							
	January 31, 2019	**October 31, 2018**	**July 31, 2018**	**April 30, 2018**	**January 31, 2018 [1]**	**October 31, 2017 [1]**	**July 31, 2017 [1]**	**April 30, 2017 [1]**
	Fiscal 2019	**Fiscal 2019**	**Fiscal 2019**	**Fiscal 2019**	**Fiscal 2018**	**Fiscal 2018**	**Fiscal 2018**	**Fiscal 2018**
Net income (loss)	**$82.7**	$90.2	$41.0	$13.4	$70.0	$70.0	$104.0	$(4.9)
Normalized elements								
Foreign exchange (gain) loss on long-term debt	**0.8**	10.2	17.3	41.5	(47.4)	31.7	(81.8)	44.2
Transaction costs and other related expenses [2]	**1.0**	0.5	1.2	—	—	—	—	—
Restructuring and related costs [3]	**0.4**	0.1	0.6	0.2	2.9	—	—	—
Loss on litigation [4]	**0.2**	0.3	0.2	0.6	0.2	—	0.9	4.8
Transaction costs on long-term debt	**—**	—	8.9	—	—	2.1	—	—
Pension plan past service gains	**—**	—	(1.4)	—	—	—	—	—
Depreciation of intangible assets related to business combinations	**0.7**	0.5	—	—	—	—	—	—
Other elements	**0.2**	1.9	1.2	(2.0)	1.0	0.5	—	—
Income tax adjustment [5]	**(0.2)**	(0.8)	(2.6)	(0.2)	49.5	(0.7)	(0.2)	(1.3)
Normalized net income [6]	**85.8**	102.9	66.4	53.5	76.2	103.6	22.9	42.8
Normalized income tax expense [6]	**24.0**	40.6	20.8	20.0	31.1	36.1	12.4	10.6
Financing costs adjusted [6] [7]	**19.9**	17.3	16.7	14.1	13.8	13.8	13.4	12.5
Financing income adjusted [6] [7]	**(0.7)**	(0.4)	(0.5)	(0.6)	(0.3)	(0.5)	(0.7)	(0.7)
Depreciation expense adjusted [6] [8]	**52.9**	42.8	40.8	39.6	41.4	36.7	35.7	35.4
Normalized EBITDA [6]	**$181.9**	$203.2	$144.2	$126.6	$162.2	$189.7	$83.7	$100.6

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] Costs related to business combinations.

[3] The Company is involved, from time to time, in restructuring and reorganization activities in order to gain flexibility and improve efficiency. The costs related to these activities are mainly composed of severance costs and retention salaries.

[4] The Company is involved in patent infringement litigation cases with one of its competitors.

[5] For the three-month period ended January 31, 2018, the income tax adjustment is mainly related to the tax rate changes on deferred income taxes following the U.S. tax reform.

[6] See "Non-IFRS Measures" section.

[7] Adjusted for transaction costs on long-term debt and NCIB gains and losses in net income.

[8] Adjusted for depreciation of intangible assets acquired through business combinations.

Liquidity and Capital Resources

Liquidity

The Company's primary sources of cash consist of existing cash balances, operating activities and available borrowings under the Revolving Credit Facilities and Term Facility.

The Company's primary uses of cash are to fund operations, working capital requirements and capital expenditures in connection with product development and manufacturing infrastructure. The fluctuation of working capital requirements is primarily due to the seasonality of the Company's production schedule and product shipments.

A summary of net cash flows by activities is presented below for the twelve-month periods ended January 31, 2019 and 2018:

	Twelve-month periods ended	
(millions of Canadian dollars)	**January 31, 2019**	**January 31, 2018**
Net cash flows generated from operating activities	**$561.2**	$560.8
Net cash flows used in investing activities	**(470.5)**	(231.2)
Net cash flows used in financing activities	**(213.2)**	(404.5)
Effect of exchange rate changes on cash	**(3.5)**	2.3
Net decrease in cash	**(126.0)**	(72.6)
Cash at beginning of period	**226.0**	298.6
Cash at end of period	**$100.0**	$226.0

Net Cash Flows Generated from Operating Activities

Net cash flows generated from operating activities totalled $561.2 million for the twelve-month period ended January 31, 2019 compared with $560.8 million for the twelve-month period ended January 31, 2018. The $0.4 million increase in net cash flows generated was mainly due to higher operating income, partially offset by unfavourable changes in working capital of $101.9 million. The unfavourable changes in working capital were primarily driven by higher Inventory, partially offset by higher Trade payables and accruals to support production increase. The unfavourable changes in working capital were also due to higher Trade and other receivables following an increase of snowmobile sales not financed by third-party financing service providers.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities totalled $470.5 million for the twelve-month period ended January 31, 2019 compared with $231.2 million for the twelve-month period ended January 31, 2018. The $239.3 million increase was mainly attributable to the acquisition of Alumacraft and Triton and investments related to production capacity increase and optimization of manufacturing infrastructure and logistics.

Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities totalled $213.2 million for the twelve-month period ended January 31, 2019 compared with $404.5 million for the twelve-month period ended January 31, 2018. The $191.3 million decrease in net cash flows used was mainly attributable to a lower amount invested to repurchase shares.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations as at January 31, 2019, including commitments related to leasing contracts:

(millions of Canadian dollars)	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total amount
Commitments					
Operating lease agreements	$34.9	$61.5	$49.0	$104.1	$249.5
Financial obligations					
Trade payables and accruals	1,003.5	—	—	—	1,003.5
Long-term debt (including interest)	72.9	137.4	139.6	1,206.6	1,556.5
Derivative financial instruments	6.9	—	—	2.0	8.9
Other financial liabilities (including interest)	101.5	0.8	0.5	25.1	127.9
	1,184.8	138.2	140.1	1,233.7	2,696.8
Total obligations	**$1,219.7**	**$199.7**	**$189.1**	**$1,337.8**	**$2,946.3**

The Company enters into purchasing agreements with suppliers related to material used in production. These agreements are usually entered into before production begins and may specify a fixed or variable quantity of material to be purchased. Due to the uncertainty as to the amount and pricing of material that may be purchased, the Company is not able to determine with precision its commitments in connection with these supply agreements.

Management believes that the Company's operating activities and available financing capacity will provide adequate sources of liquidity to meet its short-term and long-term needs.

Capital Resources

Revolving Credit Facilities

On May 23, 2018, the Company refinanced its $475.0 million revolving credit facilities to increase the availability by $100.0 million for a total availability of $575.0 million, to extend the maturity from June 2021 to May 2023 and to reduce the cost of borrowing by 0.25% (the "Revolving Credit Facilities"). The Company incurred transaction fees of $2.6 million related to this refinancing. The total available borrowing under the Revolving Credit Facilities is subject to a borrowing base calculation representing 75% of the carrying amount of trade and other receivables plus 50% of the carrying amount of inventories. The Revolving Credit Facilities are available to finance working capital requirements and capital expenditures, or for other general corporate purposes.

As at January 31, 2019, the Company had no outstanding indebtedness under the Revolving Credit Facilities.

The applicable interest rates vary depending on a leverage ratio. The leverage ratio is defined in the Revolving Credit Facilities agreement by the ratio of net debt to consolidated cash flows of the Company's subsidiary, Bombardier Recreational Products Inc. (the "Leverage ratio"). The applicable interest rates are as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.45% to 3.25% per annum; or
  (b) U.S. Base Rate plus 0.45% to 2.25% per annum; or
  (c) U.S. Prime Rate plus 0.45% to 2.25% per annum;

(ii) Canadian dollars at either
  (a) Bankers' Acceptances plus 1.45% to 3.25% per annum; or
  (b) Canadian Prime Rate plus 0.45% to 2.25% per annum

(iii) Euros at Euro LIBOR plus 1.45% to 3.25% per annum.

In addition, the Company incurs commitment fees of 0.25% to 0.40% per annum on the undrawn amount of the Revolving Credit Facilities.

As at January 31, 2019, the cost of borrowing under the Revolving Credit Facilities was as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.75% per annum; or
  (b) U.S. Base Rate plus 0.75% per annum; or
  (c) U.S. Prime Rate plus 0.75% per annum;
(ii) Canadian dollars at either
  (a) Bankers' Acceptances plus 1.75% per annum; or
  (b) Canadian Prime Rate plus 0.75% per annum
(iii) Euros at Euro LIBOR plus 1.75% per annum.

As at January 31, 2019, the commitment fees on the undrawn amount of the Revolving Credit Facilities were 0.25% per annum.

Under certain conditions, the Company is required to maintain a minimum fixed charge coverage ratio in order to have full access to its Revolving Credit Facilities.

As at January 31, 2019, the Company had issued letters of credit for an amount of $2.5 million under the Revolving Credit Facilities ($2.1 million as at January 31, 2018). In addition, $4.7 million in letters of credit were outstanding under other agreements as at January 31, 2019, ($5.2 million as at January 31, 2018).

Term Facility

On May 23, 2018, the Company refinanced its term facility to increase the principal amount by U.S. $111.0 million for a total principal of U.S. $900.0 million, to extend the maturity from June 2023 to May 2025 and to reduce the cost of borrowing by 0.50% (the "Term Facility"). The Term Facility agreement contains customary representations and warranties but includes no financial covenants. The Company incurred transaction costs of $8.9 million.

As at January 31, 2019, the cost of borrowing under the Term Facility was as follows:

(i) LIBOR plus 2.00% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.00%; or
(iii) U.S. Prime Rate plus 1.00%

Under the Term Facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

The Company is required to repay a minimum of 0.25% of the original nominal amount of U.S. $900.0 million each quarter, starting in the third quarter of the fiscal year ending January 31, 2019. Consequently, the Company repaid an amount of U.S. $4.5 million ($5.9 million) during the twelve-month period ended January 31, 2019. Also, the Company may be required to repay a portion of the Term Facility in the event that Bombardier Recreational Products Inc. has an excess cash position at the end of the fiscal year and its leverage ratio is above a certain threshold level. As at January 31, 2019, the Company was not required to repay any portion of the Term Facility under this requirement.

Austrian Term Loans

During the twelve-month period ended January 31, 2019, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 2.4 million ($3.6 million), interest rates at Euribor three-months plus 1.00% and maturities between December 2022 and December 2023.

As at January 31, 2019, the Company had euro 21.6 million outstanding under its Austrian term loans bearing interest at a range between 0.75% and 1.75% and maturing between December 2019 and December 2028.

Finance Lease Liabilities

As at January 31, 2019, the contractual obligations in relation to assets acquired under finance lease agreements amounted to $11.7 million to be settled over a period ending in December 2030.

Normal Course Issuer Bid Program

In March 2018, the Company announced the renewal of its NCIB to repurchase for cancellation up to 3,625,271 of its outstanding subordinate voting shares. During the twelve-month period ended January 31, 2019, the Company repurchased the 3,625,271 subordinate voting shares for a total consideration of $212.3 million. In addition, during the same period, the Company completed the NCIB announced and started during the year ended January 31, 2018 and repurchased 758,099 subordinate voting shares for a total consideration of $36.3 million.

Consolidated Financial Position

The following table shows the main variances that have occurred in the audited consolidated statements of financial position of the Company between January 31, 2019 and January 31, 2018, the impact of the fluctuation of exchange rates on such variance, the related net variance (excluding the impact of the fluctuation of exchange rates on such variance) as well as explanations for the net variance:

(millions of Canadian dollars)	January 31, 2019	January 31, 2018 [1]	Variance	Exchange Rate Impact	Net Variance	Explanation of Net Variance
Trade and other receivables	**$388.3**	$328.8	$59.5	$0.9	$60.4	Mostly explained by an increase of snowmobile sales not financed by third-party financing service providers
Inventories	**946.2**	742.8	203.4	(11.7)	191.7	Mostly coming from all product lines due to upcoming product deliveries, expanded line-up
Property, plant and equipment	**905.1**	766.8	138.3	(2.4)	135.9	Mostly explained by investments related to production capacity increase and optimization of manufacturing infrastructure and logistics
Trade payables and accruals	**1,003.5**	805.5	198.0	(21.9)	176.1	Mostly explained by an increased production level
Long-term debt, including current portion	**1,215.5**	1,014.8	200.7	(69.4)	131.3	Mostly explained by the increase in the amount borrowed under the Term Facility
Employee future benefit liabilities	**237.1**	224.8	12.3	1.2	13.5	Mostly explained by a decreased fair value of Canadian plan assets

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

Post-Employment Benefits

The Company sponsors defined contribution retirement plans to a majority of its employees and sponsors non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to certain employees mainly located in Canada and Austria.

In Canada, the Company's defined benefit pension plans coverage are mainly related to pension benefits for its executive employees and life insurance benefits and healthcare benefits to executive and certain eligible employees. Additionally, the Company retained defined benefit obligations with certain active and former Canadian employees for services rendered prior to 2005. During Fiscal 2017, the Company modified the eligibility criteria for the non-contributory life insurance benefits in the other post-retirement benefit plans. The Company recorded a gain of $7.1 million in operating income on this transaction. During the same period, the Company improved the earnings formula of the defined benefit pension plan for the non-executive employees. The Company recorded a loss of $0.8 million in operating income on this transaction.

In Austria, the Company's defined benefit pension plan coverage is related to a lump sum retirement indemnity plan and a defined benefit plan.

A summary of the carrying amounts of employee future benefit liabilities and the discount rates used to establish their carrying amounts for the last two fiscal years were as follows, as at:

	January 31, 2019			**January 31, 2018**		
(in millions of Canadian dollars)	**Canada**	**Foreign**	**Total**	**Canada**	**Foreign**	**Total**
Employee future benefit liabilities	**$106.3**	**$130.8**	**$237.1**	$98.9	$125.9	$224.8
Discount rate	**3.85%**	**1.65%**		3.70%	1.64%	
Compensation increase	**3.00%**	**3.00%**		3.00%	3.00%	

The Company's liabilities related to defined benefit obligations are highly dependent of prevailing actual and future discount rates, future compensation increases and participant longevity. An increase or decrease of those factors could increase or decrease significantly the employee future benefit liabilities and future cash contributions. The following table presents the impact on the employee future benefit liabilities as at January 31, 2019 of reasonable possible changes of the respective assumptions, while holding all other assumptions constant:

	Increase (Decrease) of the employee future benefit liabilities
Discount rate	
Impact of a 0.5% increase	**$(34.6)**
Impact of a 0.5% decrease	**38.8**
Expected rate of compensation increase	
Impact of a 0.5% increase	**9.2**
Impact of a 0.5% decrease	**(8.6)**
Participant longevity	
Impact of a 1 year increase	**9.1**
Impact of a 1 year decrease	**(9.3)**

The sensitivity analysis presented above may not be representative of the potential change in the employee future benefit liabilities as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $13.7 million to all defined benefit pension plans for the year ending January 31, 2020.

The pension expense incurred by the Company for its defined benefit and defined contribution pension plans was $43.1 million and $43.0 million for the years ended January 31, 2019 and January 31, 2018, respectively, of which 14.6% and 13.5% is related to current service costs under defined benefit plans.

Off-Balance Sheet Arrangements

Dealer and Distributor Financing Arrangements

The Company, most of its independent dealers and some of its independent distributors are parties to agreements with third-party financing service providers. These agreements provide financing to facilitate the purchase of the Company's products and improve the Company's working capital by allowing an earlier collection of accounts receivable from dealers and distributors. Approximately three-quarters of the Company's sales are made under such agreements. The parties listed above have agreements with TCF Inventory Finance Inc. and TCF Commercial Finance Canada Inc. (collectively, "TCF"), to provide financing facilities in North America and Latin America, and with Wells Fargo Commercial Distribution Finance, Wells Fargo Bank International, Wells Fargo International Finance LLC and Wells Fargo International Finance (New Zealand) Limited (collectively "Wells Fargo") for financing facilities in North America, Europe, Australia and New Zealand. The agreement between the Company and TCF will expire on January 31, 2023. For the contracts with Wells Fargo, the maximum commitment period is up to March 21, 2020.

The total amount of financing provided to the Company's independent dealers and distributors totalled $1,115.7 million and $3,972.3 million for the three- and twelve-month periods ended January 31, 2019, compared to $903.3 million and $3,262.5 million for the three- and twelve-month periods ended January 31, 2018. The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $1,998.1 million and $1,576.9 million as at January 31, 2019, and January 31, 2018, respectively.

The breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows, as at:

(in millions)	Currency	January 31, 2019	January 31, 2018
Total outstanding	**CAD**	**$1,998**	**$1,577**
United States	USD	$1,107	$877
Canada	CAD	$422	$387
Europe	Euro	€ 40	€ 38
Australia and New Zealand	AUD	$62	$54
Latin America	USD	$1	$—

The costs incurred by the Company under the dealers' and distributors' financing agreements totalled $5.8 million and $48.3 million for the three- and twelve-month periods ended January 31, 2019 compared with $0.6 million and $33.3 million for the three- and twelve-month periods ended January 31, 2018.

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, repossessed new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is generally limited to the greater of U.S. $25.0 million ($32.9 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally limited to the greater of U.S. $10.0 million ($13.1 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. In Australia and New Zealand, the obligation to purchase repossessed new and unused products is limited to the greater of AU $5.0 million ($4.8 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boats, the repurchase obligation is decreasing according to the age of the inventory and there is ultimately no obligation to repurchase for boats older than 900 days.

The maximum amount subject to the Company's obligation to purchase repossessed new and unused products from the finance companies was $227 million as at January 31, 2019 ($209 million in North America, $13 million in Europe and $5 million in Australia and New Zealand) and $162 million as at January 31, 2018 ($145 million in North America, $12 million in Europe and $5 million in Australia and New Zealand).

The Company did not incur significant losses related to new and unused products repossessed by the finance companies for the three- and twelve-month periods ended January 31, 2019 and 2018.

Consumer Financing Arrangements

The Company has contractual relationships with third-party financing companies in order to facilitate consumer credit for the purchase of its products in North America. The agreements generally allow the Company to offer a subsidized interest rate to consumers for a certain limited period under certain sales programs. In Canada, the Company has agreements with TD Financing Services and the Fédération des caisses Desjardins du Québec for such purposes. In the United States, the Company has agreements with Sheffield Financial, Citi Retail Services and Roadrunner Financial. Under these contracts, the Company's financial obligations are mainly related to the commitments made under certain sales programs.

Transactions Between Related Parties

Transactions with Key Management Personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The key management personnel of the Company are the directors and the executive officers listed in the Annual Information Form of the Company dated March 21, 2019, and available on SEDAR at www.sedar.com.

The Company incurred the following benefit expenses in relation with key management personnel:

	Twelve-month periods ended	
(in millions of Canadian dollars)	**January 31, 2019**	**January 31, 2018**
Current remuneration	**$16.1**	$14.2
Post-employment benefits	**1.1**	1.6
Termination benefits	**0.5**	—
Stock-based compensation expense	**6.1**	4.6
Total	**$23.8**	$20.4

Transactions with the Principal Shareholders

On September 18, 2018, Beaudier Group and Bain Capital completed a secondary offering of 8,700,000 subordinate voting shares of the Company through a syndicate of underwriters. Prior to such transaction, Beaudier Group and Bain Capital converted respectively 4,915,824 and 3,935,264 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $2.1 million of fees and expenses related to this secondary offering.

Transactions with Bombardier Inc., a Company Related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company committed to reimburse to Bombardier Inc. income taxes amounting to $22.3 million as at January 31, 2019 and $22.0 million as at January 31, 2018, respectively. The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or in the United States. The Company does not expect to make any payments to Bombardier Inc. in relation with that obligation for the year ending January 31, 2020.

Financial Instruments

The Company's financial instruments, divided into financial assets and financial liabilities, are measured at the end of each period at fair value or amortized costs using the effective interest method depending on their classification determined by IFRS. By nature, financial assets are exposed to credit risk whereas financial liabilities are exposed to liquidity risk. Additionally, the Company's financial instruments and transactions could be denominated in foreign currency creating a foreign exchange exposure that could be mitigated by the use of derivative financial instruments. The Company is to a lesser extent exposed to interest risk associated to its Revolving Credit Facilities, Term Facility and Austrian term loans.

Foreign Exchange Risk

The elements reported in the consolidated statements of net income, in the consolidated statements of financial position and in the consolidated statements of cash flows presented in the Company's audited consolidated financial statements in Canadian dollars are significantly exposed to the fluctuation of exchange rates, mainly the Canadian dollar/U.S. dollar rate and the Canadian dollar/euro rate.

The Company's cash inflows and outflows are mainly comprised of Canadian dollars, U.S. dollars and euros. The Company intends to maintain, as a result of its business transactions, a certain offset position on U.S. dollar and euro denominated cash inflows and outflows.

For currencies over which the Company cannot achieve an offset through its recurring business transactions, mainly for the Australian dollar, the Swedish krona, the Norwegian krone and the Great Britain pound, the Company uses foreign exchange contracts according to the Company's hedging policy. Under this policy, the Company hedges up to 50% of the budgeted revenue exposure in these currencies during the annual budget period and continually increases the coverage up to 80% six months before the expected exposures arise. Management periodically reviews the relevant hedging position and may hedge at any level within the authorized parameters of the policy, up to the maximum percentage allowed. Those contracts are accounted for under the cash flow hedge model covering highly probable forecasted sales in these currencies and the gains or losses on those derivatives are recorded in net income only when the forecasted sales occur.

Finally, the Company reduces the exposure on its net income arising from the revaluation at period-end of U.S. dollar-denominated trade payables and accruals by using foreign exchange contracts having the same inception and maturity dates. Those contracts are recorded in net income at each period end in order to mitigate the gains or losses resulting from the revaluation at spot rate of these foreign-denominated liabilities.

While the Company's operating income is protected, to a certain extent, from significant fluctuations of foreign exchange rates resulting from the application of the Company's hedging strategy, the net income is significantly exposed to Canadian dollar/U.S. dollar rate fluctuations due to the U.S. dollar-denominated long-term debt. However, the Company's normalized net income [1] does not take into account the foreign exchange (gain) loss on long-term debt.

Liquidity Risk

The Company is exposed to the risk of encountering difficulty in meeting obligations related to its financial liabilities. In order to manage its liquidity risk accurately, the Company continuously monitors its operating cash requirements taking into account the seasonality of the Company's working capital needs, revenues and expenses. The Company believes the cash flows generated from operations combined with its cash on hand and the availability of funds under its credit facilities ensures its financial flexibility and mitigates its liquidity risk.

[1] See "Non-IFRS Measures" section.

Credit Risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets and on amounts guaranteed under dealer and distributor financing arrangements with TCF and Wells Fargo.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under the dealer and distributor financing agreements with TCF and Wells Fargo does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring the creditworthiness of the dealers and distributors in the different geographic areas.

Interest Rate Risk

The Company is exposed to the variation of interest rates mainly resulting from the LIBOR on its Term Facility and the Company does not hedge this exposure. Therefore, an increase in interest rates could negatively impact the Company's operating results.

Critical Accounting Estimates

Significant Estimates and Judgments

The preparation of the audited consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare the audited consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties. Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and the strategic plan are approved by management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply the Company's accounting policies and considers that the most critical ones are the following:

Estimating the Net Realizable Value of Inventory

The net realizable value of materials and work in progress is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products. The net realizable value of finished products and parts and accessories is determined by comparing inventory components and value with expected sales prices, sales program and new product features.

Estimating the Useful Life of Tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform they are related to.

Estimating the fair value of assets acquired and liabilities assumed ("Net assets") in business combinations

The acquisition method, which requires significant estimates and judgments, is used to record business combinations. As part of the allocation process, estimated fair values are assigned to the Net assets acquired, including trademark and dealer network. The estimation is based on the Company's expectations with respect to future cash flows, economic conditions and discount rate. The excess of the purchase consideration over the estimated fair value of the Net assets acquired is then assigned to goodwill.

Estimating Impairment on Property, Plant and Equipment and Intangible Assets

Management assesses the value in use of property, plant and equipment and intangible assets mainly at groups of CGU level using a discounted cash flow approach by product line determined during the annual budget and strategic plan process. When the Company acquired the recreational products business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. As at January 31, 2019, $136.0 million of trademarks and $114.7 million of goodwill were related to this transaction. In addition, trademarks of $63.5 million and goodwill of $53.5 million were recorded following the acquisition of Alumacraft and Triton.

(i) Trademarks Impairment Test

For the purpose of impairment testing, Ski-Doo®, Sea-Doo®, Evinrude®, Alumacraft® and Manitou® trademarks are allocated to their respective CGU. As at January 31, 2019, the carrying amount of trademarks amounting to $199.8 million is related to *Ski-Doo*, *Sea-Doo*, *Evinrude*, *Alumacraft* and *Manitou* for $63.5 million, $59.1 million, $13.4 million, $25.6 million and $38.2 million respectively.

Recoverable Amount

The Company determines the recoverable amount of these trademarks separately using value in use calculation. Value in use uses cash flow projections from the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. These figures, used as the basis for the key assumptions in the value in use calculation, include sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value. The Company performs sensitivity analysis on the cash flows and growth rate in order to confirm that the trademarks are not impaired.

(ii) Goodwill Impairment Test

For the purpose of impairment testing as at January 31, 2019, goodwill of $114.7 million created in 2003 was allocated to the group of CGU representing all the Company's product lines and goodwill of $21.1 million related to Alumacraft acquisition and $32.4 million related to Triton acquisition was allocated to their respective CGU.

Recoverable Amount

The group of CGUs' recoverable amount is based on a value in use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. These figures, used as the basis for the key assumptions in the value in use calculation, include sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value. The Company performs sensitivity analysis on the cash flows and growth rate in order to confirm that goodwill is not impaired.

Estimating Recoverability of Deferred Tax Assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

Estimating Provisions for Regular Product Warranty, Product Liability, Sales Program and Restructuring

The regular warranty cost is established by product and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the regular warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of regular warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims. In addition, the product liability provision at the end of the reporting period includes incurred, but not reported claims, based on average historical cost information.

Sales program provision is estimated based on current program features, historical data and expected retail sales for each product line.

Restructuring provision is initially estimated based on restructuring plan estimated costs in relation to the plan elements approved by management. Restructuring provision is reviewed at each period end in order to take into account updated information in relation with the realization of the plan. If necessary, the provision is adjusted accordingly.

Estimating the Discount Rates Used in Assessing Defined Benefit Plan Expenses and Liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

Significant Judgments in Applying the Company's Accounting Policies

Management needs to make certain judgments in order to apply the Company's accounting policies and the most significant ones are the following:

Impairment of Property, Plant and Equipment and Intangible Assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset. Therefore, management performs impairment testing by grouping assets into CGUs.

Functional Currency

The Company operates worldwide but its design, development, manufacturing and distribution operations are highly integrated, which require significant judgments from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"*. Management has established an accounting policy where the functional currency of each entity is deemed to be its local currency unless the assessment of the criteria established by IAS 21 to assess the functional currency leads to the determination of another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

Changes in Accounting Policies

During the twelve-month period ended January 31, 2019, the Company adopted *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

Future Accounting Changes

IFRS 16 Leases

In January 2016, the International Accounting Standards Board ("IASB") issued *IFRS 16 "Leases"* ("IFRS 16") that sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is twelve months or less or when the underlying asset has a low value. The effective date of IFRS 16 for the Company is February 1, 2019 and the Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings at that date, subject to permitted practical expedients. Such method of application will not result in the retrospective adjustment of amounts reported for periods prior to the year ended January 31, 2020.

The adoption of IFRS 16 will result in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the statement of financial position for a majority of its leases that are considered operating leases under IAS 17 "Leases". A depreciation expense on the right-of-use asset and an interest expense on the lease liability will replace the operating lease expense. IFRS 16 will change the presentation of cash flows relating to leases in the Company's Consolidated Statements of Cash Flows, but does not cause a difference in the amount of cash transferred between the parties of a lease. The Company is currently finalizing the quantification of the impact of IFRS 16 on its consolidated financial statements. As at February 1, 2019, it is estimated that total assets will increase by approximately $190 million, total liabilities will increase by approximately $210 million and deficit will increase by approximately $20 million. The Company is continuing to assess the overall impact of the new standard, including the required changes to the disclosures in its consolidated financial statements. The Company is also reviewing certain processes related to leases for information technology systems and internal controls over financial reporting.

IFRIC 23 Uncertainty over income tax treatments

In June 2017, the IASB released *IFRIC 23 "Uncertainty over income tax treatments"*. IFRIC 23 clarifies the application of recognition and measurement requirements in *IAS 12 "Income taxes"*, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 will become effective for the Company fiscal year beginning on February 1, 2019. The Company has determined the adoption of this standard will not have a significant impact on its consolidated financial statements.

Amendments to IFRS 3 Business combinations

In October 2018, the IASB issued amendments to *IFRS 3 "Business combinations"*. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for the Company to transactions for which the acquisition date is on or after February 1, 2020. The Company is currently assessing the impact of the adoption of these amendments on its consolidated financial statements.

Other standards or amendments

The IASB issued other standards or amendments to existing standards that are not expected to have a significant impact on the Company's consolidated financial statements.

Controls and Procedures

The Company's President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian securities regulatory authorities.

There were no changes in the Company's internal controls over financial reporting during the three- and twelve-month periods ended January 31, 2019, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. As in previous years, the Company has received an unqualified opinion from its external auditor in relation to its consolidated financial statements for the twelve-month period ended January 31, 2019.

In the context of the preparation of the company's first Sarbanes-Oxley ("SOX") certification which will be required as at January 31, 2020 (as defined in Rules 13(a)-15(f) under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")), the company established a two-year roadmap which has been reviewed with its external auditor. As expected, given the US compliance requirements under SOX, control remediation requirements have been identified and have been incorporated into our SOX compliance roadmap. Management determined that the company did not have all of the required effective controls over the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems, which is further described below. However, management has also concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2019 present fairly, in all material respects, the Company' financial position, results of operations, changes in equity and cash flows in accordance with IFRS.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer of the design and effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2019,

that the Company's disclosure controls and procedures could be considered ineffective as a result of a material weakness identified in the Company's internal controls over financial reporting, which is further described below.

Internal controls over financial reporting

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer of the design and effectiveness of the Company's internal controls over financial reporting. In making this evaluation, the President and Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 Internal Control – Integrated Framework, as was done in the prior years. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2019, that the Company's internal controls over financial reporting could be considered ineffective as a result of a materiel weakness identified in the Company's internal controls over financial reporting related to the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems. There were no material adjustments to the Company's audited consolidated financial statements for the period ended January 31, 2019 and prior, however, as a result of the material weakness identified a possibility exists that material misstatements in the Company's financial statements would not be prevented or detected on a timely basis in the future.

As part of the preparation of its first SOX certification (as defined in Rules 13(a)-15(f) under the Exchange Act), the Company has and will continue implementing its compliance plan. The plan includes, but is not limited to, identifying and documenting all sources of information used in controls, training the control owners and improving internal controls over financial reporting. The Company will, among other things, add additional steps to the validation of certain data extracted from the information systems and it will generally continue to improve its information systems. Management has also discussed the material weakness with the Audit Committee, which will continue to review progress on the Company's remediation actions.

The Company has and will continue to take actions to remediate the material weakness, but the weakness will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above.

Notwithstanding the material weakness, management has concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2019 present fairly, in all material respects, the Company' financial position, results of operations, changes in equity and cash flows in accordance with IFRS. There were no material adjustments to the Company's audited consolidated financial statement for the year ended January 31, 2019 and there were no changes to previously released financial results.

Changes in internal controls over financial reporting

There were no changes in the Company's internal controls over financial reporting during the three- and twelve-month periods ended January 31, 2019, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Dividend

On March 21, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its multiple voting shares and subordinate voting shares. The dividend will be paid on April 12, 2019 to shareholders of record at the close of business on March 29, 2019.

The Board of Directors has determined that this quarterly dividend is appropriate based on the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants (including restrictions in the Term Facility and the Revolving Credit Facilities or other material agreements), solvency tests imposed by corporate law and on other relevant factors.

The payment of each quarterly dividend remains subject to the declaration of that dividend by the Board of Directors. The actual amount, the declaration date, the record date and the payment date of each quarterly dividend are subject to the discretion of the Board of Directors.

The risks and uncertainties described in this MD&A are those the Company currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material, the Company's business, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the subordinate voting shares could be materially and adversely affected.

Economic conditions that impact consumer spending may have a material adverse effect on the Company's business, results of operations or financial condition

The Company's business is cyclical in nature, and the Company's products compete with a variety of other recreational products and activities for consumers' discretionary income and leisure time. The Company's results of operations are sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact consumer spending and particularly discretionary spending. Fluctuations in economic conditions affecting disposable consumer income such as personal income levels, the availability of consumer credit, employment levels, consumer confidence, business conditions, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, exchange rates, fuel and energy costs, tariffs, as well as the impacts of natural disasters, acts of terrorism or other similar events could reduce consumer spending generally or discretionary spending in particular. Such reductions could materially adversely affect the Company's business, results of operations or financial condition. Changes in economic conditions could also result in a deterioration or increased volatility in the credit and lending markets, which could adversely impact the consumers who purchase the Company's products from dealers and rely upon financing for such purchases as well as the availability of financing arrangements for dealers and distributors to finance their inventory. If financing is not available to consumers or dealers and distributors on satisfactory terms, the Company's business, results of operations or financial condition could be materially adversely affected.

Any decline in the social acceptability of the Company's products or any increased restrictions on the access or the use of the Company's products in certain locations could materially adversely affect its business, results of operations or financial condition

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished social acceptance. Circumstances outside the Company's control, such as social action to reduce the use of fossil fuels, could also negatively impact consumers' perceptions of the Company's products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations, including trails and lakes, or restrict their use or manner of use in certain areas or during certain times. Additionally, while the Company has implemented various initiatives to address these risks, including the improvement of the environmental footprint and safety of its products, there can be no assurance that the perceptions of the Company's customers will not change. Consumers' attitudes towards the Company's products and the activities in which they are used also affect demand. Any failure by the Company to maintain the social acceptability of its products could impact its ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

Fluctuations in foreign currency exchange rates could result in declines in reported sales and net earnings

The Company reports its financial results in Canadian dollars and the majority of its sales and operating costs are realized in currencies other than the Canadian dollar. In Fiscal 2019, 53.7% of the Company's revenues were realized in the United States. The Company is also exposed to other currencies such as the Australian dollar, the Brazilian real, the Euro, the Mexican peso, the Norwegian krone and the Swedish krona. If the value of any currencies in which sales are realized depreciates relative to the Canadian dollar, the Company's foreign currency revenue will decrease when translated to Canadian dollars for reporting purposes. In addition, any depreciation in foreign currencies could result in higher local prices, which may negatively impact local demand and have a material adverse effect on the Company's business, results of operations or financial condition. Alternatively, if the value of any of the currencies in which operating costs are realized appreciates relative to the Canadian dollar, the Company's operating costs will increase when translated to Canadian dollars for reporting purposes. Although these risks may sometimes be naturally hedged by a match in the Company's sales and operating costs denominated in the same currency, fluctuations in foreign currency exchange rates could create discrepancies between the Company's sales and its operating costs in a given currency that could have a material adverse effect on its business, results of operations or financial condition. Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of the Company's products in markets where they face competition from manufacturers who are less affected by such fluctuations in exchange rates.

In addition, the Company's indebtedness under the Term Facility and a portion of the Revolving Credit Facilities are denominated in U.S. dollars. As a result, any strengthening of the U.S. dollar versus the Canadian dollar or any revaluation of the denomination of the Term Facility into Canadian dollars at the end of each reporting period can result in significant fluctuations of net income, which could have a material adverse effect on the Company's business, results of operations or financial condition.

While the Company actively manages its exposure to foreign-exchange rate fluctuations and enters into hedging contracts from time to time, such contracts hedge foreign-currency denominated transactions and any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. Furthermore, the Company does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business. As a result, there can be no assurance that the Company's approach to managing its exposure to foreign-exchange rate fluctuations will be effective in the future or that the Company will be able to enter into foreign-exchange hedging contracts as deemed necessary on satisfactory terms.

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness and there can be no assurance that it will be able to pay its indebtedness as it becomes due

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness, including obligations under the Revolving Credit Facilities as well as substantial fixed obligations under the Term Facility. In addition, the Company may incur greater levels of indebtedness than currently exist as a result of any challenging economic or other conditions affecting the Company. The amount of indebtedness that the Company has from time to time may, among other things, limit the Company's ability to obtain additional financing, require the Company to dedicate a substantial portion of its cash flow generated from operations to payments on its indebtedness or fixed costs (thereby reducing the funds available for other purposes), make the Company more vulnerable to economic downturns, or limit the Company's flexibility in planning for, or reacting to, competitive pressures or changes in its business environment, any of which could, in turn, have a material adverse effect on its business, results of operations or financial condition.

The ability of the Company to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, as the Company incurs indebtedness that bears interest at fluctuating interest rates and is mainly denominated in U.S. dollars, to the extent that interest rates increase or the U.S. dollar appreciates relative to the Canadian dollar, its interest expense will increase. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control. Any failure by the Company to generate sufficient cash from its operations to pay its debt and other financial obligations could have a material adverse effect on its business, results of operations and financial condition.

The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company

The Company relies on net cash generated from its operating activities as its primary source of liquidity. To support the Company's business and execute its growth strategy as planned, the Company will need to continue to generate significant amounts of cash from operations, including funds to pay personnel, invest further in its infrastructure and facilities and invest in research and development. If the Company's business does not generate cash flow from operating activities sufficient to fund these activities, and if sufficient funds are not otherwise available from its credit facilities, the Company may need to seek additional capital, through debt or equity financings, to fund its business or execute its growth strategy. Conditions in the credit markets (such as availability of financing and fluctuations in interest rates) may make it difficult for the Company to obtain such financing on attractive terms, or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital shares, make investments or engage in merger, consolidation and asset sale transactions. Any equity financing may also be on terms that are dilutive to the Company's shareholders, and the prices at which new investors would be willing to purchase equity securities may be lower than the price per share of the Company's Subordinate Voting Shares. If new sources of financing are required, but are unattractive, insufficient or unavailable, then the Company could be required to modify its business plans or growth strategy based on available funding, if any, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

Unfavourable weather conditions may reduce demand and negatively impact sales and production of certain of the Company's products

The sales of the Company's products are affected by unfavourable weather conditions. Unfavourable weather in any particular geographic region may have a material adverse effect on sales of the Company's products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, while excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, three-wheeled vehicles, PWCs, boats and marine propulsion systems. To the extent that unfavourable weather conditions are exacerbated by global climate change or otherwise, the Company's sales may be affected to a greater degree than previously experienced. There is no assurance that unfavourable weather conditions could not affect the Company's sales for any of its products, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's results of operations fluctuate from quarter to quarter and from year to year as they are affected, among other things, by the seasonal nature of its business

The Company's results of operations experience substantial fluctuations from quarter to quarter and year to year. In general, retail sales of the Company's products are highest in their particular season of use and in the immediately preceding period. For example, retail sales for snowmobiles will be highest in fall and winter, retail sales for PWCs will be highest in spring and summer and retail sales for boats will be highest in winter and spring. Revenues in the first half of the fiscal year have generally been lower than those in the second half. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. In addition, the Company's dealers and distributors may modify orders, change delivery schedules or change the mix of products ordered. The Company may also make strategic decisions to deliver and invoice products at certain dates in order to lower costs or improve supply chain efficiencies. As a result, the Company's results of operations are likely to fluctuate significantly from period to period such that any historical results should not be considered indicative of the results to be expected for any future period. In addition, the Company incurs significant additional expenses in the periods leading up to the introduction of new products which may also result in fluctuations in the Company's results of operations. The Company's annual and quarterly gross profit margins are also sensitive to a number of factors, many of which are beyond its control, including shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which the Company expects will continue. This seasonality in revenues, expenses and margins, along with other factors that are beyond the Company's control, including general economic conditions, changes in consumer preferences, weather conditions, tariffs, free-trade arrangements, the cost or availability of raw materials or labour, discretionary spending habits and currency exchange rate fluctuations, could materially adversely affect the Company's business, results of operations or financial condition.

The Company is subject to laws, rules and regulations regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase its capital or operating costs

The Company is subject to federal, provincial/state and local/municipal laws, rules and regulations in Canada, the United States and other countries regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase the Company's capital or operating costs, all of which could have a material adverse effect on the Company's business, results of operations or financial condition. A failure to comply with, or compliance with, any such requirements or any new requirements could result in increased expenses to modify the Company's products, or harm to its reputation, which could have a material adverse effect on the Company's business, results of operations or financial condition. Certain jurisdictions require or are considering requiring a license to operate the Company's products. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. The Company's products are also subject to laws, rules and regulations imposing environmental, noise emission, zoning and permitting restrictions, which laws, rules and regulations are subject to change and may limit the locations where the Company's products may be sold or used or restrict their use during certain times or on certain conditions.

Climate change is receiving increasing attention worldwide. A perceived consensus among scientists, legislators and others regarding the impact of increased levels of greenhouse gases, including carbon dioxide, on climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Greenhouse gas regulations could require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs of raw materials or operating expenses, any of which could reduce competitiveness in a global economy or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. Many of the Company's suppliers face similar circumstances. Moreover, the Company may face greater regulatory or customer pressure to develop products that generate less emissions. This may require the Company to spend additional funds on research and development and implementation and subject the Company to the risk that the Company's competitors may respond to these pressures in a manner that gives them a

competitive advantage. The development of such products may also present challenges in maintaining the look, sound and feel of the Company's products. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, current or previous owners or occupants of property may become liable for the contamination of such property and, as a result, may be liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. Given the nature of the Company's manufacturing activities and the fact that certain of its facilities have been in operation for many years, the Company and the prior owners or occupants of its property may have generated and disposed of materials that are or may be considered hazardous. The Company is aware of certain current environmental liabilities in relation to certain of its property and it is possible that additional environmental liabilities may arise in the future as a result of any prior or future generation or disposal of hazardous materials. The Company may therefore incur material costs and obligations related to environmental compliance and remediation matters in the future. Any failure to comply with, or the compliance with, any applicable environmental laws, rules or regulations, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company has a relatively large fixed cost base that can affect its profitability in a declining sales environment

The fixed costs involved in owning and operating the Company's facilities can reduce the Company's gross profit margins when sales and production decline. The Company's profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company is required to reduce its rate of production, gross profit margins could be negatively affected. Consequently, decreased demand can lower the Company's ability to absorb fixed costs, which could have a material adverse effect on its business, results of operations or financial condition.

The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition

The Company's dealers and distributors require adequate liquidity to finance their operations and to purchase the Company's products. Dealers and distributors are subject to numerous risks and uncertainties that could unfavourably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis and on reasonable terms. The Company currently has agreements in place with large financing companies to provide inventory financing to its dealers and distributors to facilitate their purchase of the Company's products. These sources of financing are instrumental to the Company's ability to sell products through the Company's distribution network, as a significant percentage of the Company's sales are done under such arrangements. The Company's business, results of operations or financial condition could be materially adversely affected if a decline in financing availability to the Company's dealers and distributors occurs, or if financing terms change unfavourably. This could require the Company to find alternative sources of financing, including the Company providing this financing directly to dealers and distributors, which could require additional capital to fund the associated receivables.

In the event of a dealer or distributor default, the Company may be required to purchase new and unused products at the total unpaid principal balance to the finance company from financing companies providing inventory financing to the Company's dealers and distributors, subject to certain caps. Any requirement of the Company to purchase the inventory of several of its dealers or distributors could result in a material adverse effect on the Company's business, results of operations or financial condition.

Supply problems, termination or interruption of supply arrangements or increases in the cost of materials could have a material adverse effect on the Company's business, results of operations or financial condition

The primary raw materials used in manufacturing the Company's products are aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Certain suppliers also provide the Company with certain product parts and components. The Company cannot be certain that it will not experience supply problems, such as the untimely delivery of, or defects or variations in, raw materials, parts or components. As well, the Company obtains certain of the raw materials, parts and components it uses from either sole suppliers or a limited number of suppliers. If these supply arrangements were terminated or interrupted for reasons such as supplied goods not meeting the Company's quality or safety standards or the suppliers' operations being disrupted as a result of a variety of internal or external risks, including a deterioration in general economic conditions, the Company could have difficulty establishing substitute supply arrangements on satisfactory terms. Problems with the Company's supplies could have a material adverse effect on the Company's business, results of operations or financial condition.

Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

The Company faces intense competition in all product lines and any failure to compete effectively against competitors or any failure to meet consumers' evolving expectations could materially adversely impact the Company's business, results of operations or financial condition

The powersports industry is highly competitive. Competition in such industry is based upon a number of factors, including price, quality, reliability, styling, product features, warranties and overall consumer experience. At the dealer and distributor level, factors impacting competition include sales and marketing support programs such as retail sales promotions, dealer and distributor performance bonuses, and dealer and distributor inventory financing. Some of the Company's competitors are more diversified and have financial and marketing resources that are substantially greater than the Company's, which allow these competitors to invest more heavily in intellectual property, product development, sales and marketing support and innovative consumer offers. The Company is also subject to competitive pricing. Such pricing pressure may limit the Company's ability to maintain prices or to increase prices for its products in response to raw material, component and other cost increases, and therefore negatively affect the Company's profit margins. If the Company is not able to compete with new products, product features, models or product prices of its competitors, to attract new dealers and distributors, or to adapt to changing consumer habits, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company may be unable to successfully execute its growth strategy

The Company's strategic plan established by management includes an organic growth strategy, which is focused mainly on the development of new products and features, and may involve from time to time growth through strategic acquisitions, investments, alliances, joint ventures and similar transactions.

While the Company makes significant investments in research and development and emerging product lines, there can be no assurance that it will be able to continue to successfully enhance its existing products, develop new innovative products and distinguish its products from its competitors' products through innovation and design. Product improvements and new product introductions also require significant planning, design, development and testing at the technological, product and manufacturing process levels and the Company may not be able to develop product improvements or new products in a timely manner. The new products of the Company's competitors may access the market more rapidly, be more effective with more features and/or less expensive than the Company's products, obtain better market acceptance, or render the Company's products obsolete.

The Company may therefore not be able to satisfy the needs and preferences of customers and compete effectively with its competitors. Product development requires significant financial, technological and other resources. The Company expended approximately $221.7 million in research and development in Fiscal 2019. There can be no assurance that the Company will be able to sustain this level of investment or that this level of investment in research and development will be sufficient to successfully maintain the Company's competitive advantages in product innovation and design in the future. Further, the sales of any new products are expected to decline over such new products' life cycle, with sales being higher early in the life cycle of the new products and sales decreasing over time as the new products age. The Company cannot predict the length of the life cycle for any new product. Any failure by the Company to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, even if the Company is able to successfully develop improvements to existing products and develop new products, there is no guarantee that the markets for the Company's existing products and new products will evolve as anticipated. If any of the markets in which the Company's existing products compete do not develop as expected, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company has completed a few acquisitions in the past months and it may also consider pursuing acquisitions, investments, alliances, joint ventures or similar transactions in the future. Any such transactions would involve a number of risks, including:

- difficulties in integrating the operations of any acquired or new businesses with the Company's existing operations and the failure by management to accomplish such integration successfully;
- the necessity to raise additional capital, through debt or equity, or use cash that would otherwise have been available to support the Company's existing business operations and research and development activities to finance the transaction (see "Risk Factors — The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company");
- the diversion of management's attention;
- difficulties in realizing projected efficiencies, cost savings and synergies;
- the potential loss of key employees or customers of an acquired business or adverse effects on existing business relationships with suppliers and customers;
- a negative impact on overall profitability if any acquired or new businesses do not achieve the financial results projected in the Company's valuation models;
- dilution to existing shareholders if securities of the Company are issued as part of transaction consideration or to fund the transaction consideration; and
- the inability to direct the management and policies of any acquired business, joint venture, strategic alliance, or partnership, particularly in circumstances where other participants may be able to take action contrary to the Company's instructions or requests and against its policies and objectives.

The Company's ability to grow through strategic acquisitions, investments, alliances, joint ventures or other similar transactions will depend, among other things, on the availability of such strategic opportunities, their cost, their terms and conditions, the Company's ability to compete effectively for such strategic opportunities and the availability to the Company of required capital and personnel. The Company may also be precluded from pursuing such transactions as a result of financial or other covenants in agreements to which it is a party. The Company's inability to take advantage of future strategic opportunities, or its failure to successfully address the risks associated with any strategic opportunities that is completed, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's international sales and operations subject it to additional risks, which risks may differ in each country in which the Company operates

The Company manufactures its products in Austria, Canada, Finland, Mexico and the United States. The Company maintains sales and administration facilities in approximately 20 countries. The Company's primary distribution facilities distribute the Company's products to its North American dealers and the Company relies on various other locations around the world, including in Australia, Belgium, Finland and Russia, that distribute its products to its international dealers and distributors. The Company's total sales outside Canada and the United States represented 30.2% of the Company's total sales for Fiscal 2019 and the Company intends to continue to expand its international operations by investing in developing its dealer network and promoting the Company's brands and products in international markets. International markets have been and are expected to continue generating sales growth. Several factors, including weakened international economic conditions, the introduction of new trade restrictions, increased protectionism or changed in free-trade arrangements, tariffs or negative geo-political events, could adversely affect such growth. Additionally, the expansion of the Company's existing international operations and entry into additional international markets require significant management attention and financial resources. The risks inherent in having sales or operations in foreign countries include:

- increased costs of adapting products for foreign countries' laws, rules and regulations;
- difficulties in managing and staffing international operations and increased infrastructure and operational costs;
- the imposition of additional Canadian or foreign governmental controls or regulations; new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives, and distributors; the imposition of increased costs or delays, or the introduction of new import and export licensing and other compliance requirements, customs duties or tariffs, or other non-tariff barriers to trade;
- breaches or violation of any anti-corruption laws, rules or regulations by any of the Company's employees, consultants, dealers or distributors;
- the imposition of Canadian and/or international sanctions against a country, company, person, or entity with whom the Company does business which restricts or prohibits the Company's continued business with the sanctioned country, company, person, or entity;
- international pricing pressures;
- laws and business practices favouring local companies;
- governmental expropriation;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and

- difficulties and inconsistencies relating to the enforcement of laws, rules, and regulations, including rules relating to environmental, health, safety and intellectual property matters.

Some of the Company's manufacturing facilities are located in Mexico, and could be impacted by changes in economic, regulatory, social or political conditions affecting such country. In the past, Mexico has been subject to political instability, changes and uncertainties and there can be no assurance that similar events will not occur again in the future. In addition, the impact of any changes in economic, regulatory, social and political conditions affecting Mexico would be beyond the Company's control, and there can be no assurance that any mitigating actions by the Company would be effective. As a result, the Company's business, results of operations or financial condition could be materially adversely affected by any significant change in economic, regulatory, social and political conditions affecting Mexico. Moreover, goods produced in Mexico and Canada and sold to the United States benefit from the *Canada-United States-Mexico Agreement* (CUSMA). Although CUSMA has been signed, legislators from each of the three countries have yet to ratify CUSMA according to their own legislative processes. If CUSMA is not ratified and adopted by all three countries, the terms of the related trade benefits may be altered, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The failure of the Company's information technology systems or a security could materially adversely affect the Company's business, results of operations or financial condition

The Company's global business operations are managed through a variety of information technology systems. These systems govern all aspects of the Company's operations around the world. The Company is dependent on these systems for all commercial transactions, financial reporting, dealership and distributorship interactions, and supply chain and inventory management. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with a major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find a suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected. The Company is continually modifying and enhancing its IT systems and technologies to increase productivity and efficiency. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company and its dealers and distributors receive and store personal information in connection with their human resources operations, credit operations, warranty management, marketing efforts and other aspects of their businesses. Additionally, the Company maintains financial information in its IT system and exchanges electronically information with a large number of trading partners across all aspects of its commercial operations. The Company makes significant investments in research and development each year and data from such activities is maintained in the Company's IT systems. Any security breach of the Company's IT systems could result in disruptions to its operations or erroneous transactions or reporting. In addition, despite the Company's preventive efforts to address cybersecurity threats, these threats are increasingly complex and can change frequently such that the Company may be unable to proactively address those threats or to implement adequate preventive measures. To the extent that a cybersecurity breach results in a loss or damage to the Company's data, or in inappropriate disclosure of confidential or personal information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against the Company and ultimately materially adversely affect its business, results of operations or financial condition.

If the Company fails to maintain an effective system of internal control over financial reporting, the Company may not be able to produce accurate and timely financial statements

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that it can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. In connection with the audit of the Company's consolidated financial statements for the fiscal year ended January 31, 2019, management has identified a material weakness in the Company's internal control over financial reporting. If the Company fails to correct this material weakness in its internal controls, or having corrected such material weakness, thereafter fails to maintain the adequacy of its internal controls, the Company may be unable to report its financial results accurately, which could increase operating costs and harm its business, including investors' perception of its business and the price of its subordinate voting shares. The actions that the Company plans to take to remediate the material weakness are subject to continued management review supported by confirmation and testing, as well as Audit Committee oversight. While management expects to fully remediate such material weakness, it cannot assure that it will be able to do so in a timely manner. Any continued or future failure to maintain adequate internal controls over financial reporting could materially adversely affect the Company's business, results of operations or financial condition.

If the Company loses the services of members of its management team or employees who possess specialized market knowledge and technical skills, the Company's ability to compete, to manage its operations effectively, or to develop new products could be materially adversely affected

Many members of the Company's management team have extensive experience in the Company's industry and with its business, products and customers. The loss of the technical, management and operational knowledge and expertise of one or more members of the management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Company and would need to spend time usually reserved for managing the Company's business to search for, hire and train new members of management. The loss of some or all of the members of Company's management team, particularly if combined with difficulties in finding qualified substitutes, could negatively affect the Company's ability to develop and pursue its business strategy, which could materially adversely affect the Company's business, results of operations or financial condition.

In addition, the Company's success depends to a large extent upon its ability to retain skilled employees. There is intense competition for qualified and skilled employees, and the Company's failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. To implement and manage the Company's business and operating strategies effectively, the Company must maintain a high level of efficiency, performance and content quality, continue to enhance its operational and management systems and continue to effectively attract, train, motivate and manage its employees. If the Company is not successful in doing so, it may have a material adverse effect on its business, results of operations or financial condition.

The Company's success depends upon the continued strength of its reputation and brands

The Company's well-established brands include *Can-Am* off-road vehicles (ATVs and SSVs) and *Can-Am* on-road vehicles (*Spyder* and *Ryker* vehicles), *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Alumacraft* and *Manitou* boats, *Rotax* engines and *Evinrude* outboard engines. The Company believes that its reputation and brands are significant contributors to the success of its business. Any negative publicity about the Company's products could diminish customer trust, do significant damage to the Company's reputation and brands and negatively impact sales. As the Company expands into new geographical markets, maintaining and enhancing its brands may become increasingly difficult and expensive, as consumers in these markets may not accept its brand image. Failure to maintain and enhance the Company's brands in any of its markets may materially adversely affect the Company's business, results of operations or financial condition.

The Company's brands and branded products could also be adversely affected by incidents that reflect negatively on the Company. Moreover, the negative impact of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which the Company has no control. The increasing use of social media has heightened the need for reputational risk management. Any actions the Company takes that cause negative public opinion have the potential to negatively impact the Company's reputation, which may materially adversely affect its business, results of operations or financial condition.

An adverse determination in any significant product liability claim against the Company could materially adversely affect its business, results of operations or financial condition

The development, manufacturing, sale and usage of the Company's products expose the Company to significant risks associated with product liability claims. If the Company's products are defective, malfunction or are used incorrectly by its consumers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against the Company. Changes to the Company's manufacturing processes and the production of new products could result in product quality issues, thereby increasing the risk of litigation and potential liability. Any losses that the Company may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of the Company's products could have a material adverse impact on its business, results of operations or financial condition.

The Company does not believe the outcome of any pending product liability claim could have a material adverse effect on its business, results of operations or financial condition, and the Company has insurance with respect to future claims in amounts it believes to be appropriate. However, no assurance can be given that the Company's historical claims record will not change, that material product liability claims will not be made in the future against the Company, or that claims will not arise in the future in excess or outside the coverage of the Company's indemnities and insurance. The Company records provisions for known potential liabilities, but there is the possibility that actual losses may exceed these provisions and therefore negatively impact earnings. Also, the Company may not be able in the future to obtain adequate product liability insurance or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against the Company could also harm the Company's reputation and cause it to lose customers and could have a material adverse effect on its business, results of operations or financial condition.

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on the Company's business, results of operations or financial condition

The Company provides a limited warranty against defects for all of its products for a period generally varying from six months to five years. The Company may provide extended warranty coverage related to certain promotional programs, as well as extended warranty coverage in certain geographical markets as determined by local laws, rules or regulations and market conditions. The Company also provides a limited emissions warranty for certain emissions related parts in its products as required by the United States Environmental Protection Agency and the California Air Resources Board. Although the Company employs quality control procedures, it happens that a product manufactured by the Company needs repair or replacement or be recalled. The Company's standard warranties require that dealers repair or replace defective products during such warranty periods at no cost to the consumer. The Company records provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact earnings. The Company could make major product recalls or could be held liable in the event that some of its products do not meet safety standards or statutory requirements on product safety or consumer protection. In addition, the risks associated with product recalls may be aggravated if production volumes increase significantly, supplied goods do not meet the Company's standards, the Company fails to perform its risk analysis systematically or product-related decisions are not fully documented. Historically, product recalls have been administered through the Company's dealers and distributors. The repair and replacement costs that the Company could incur in connection with a recall could have a material adverse effect on the Company's business, results of operations or financial condition. Product recalls could also harm the Company's reputation and cause it to lose customers, particularly if recalls cause consumers to question the safety or reliability of the Company's products, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on a network of independent dealers and distributors to manage the retail distribution of its products

The Company depends on the capability of its independent dealers and distributors to develop and implement effective retail sales plans to create demand among retail purchasers for its products. If the Company's independent dealers and distributors are not successful in these endeavours, then the Company will be unable to maintain or grow its sales. Further, independent dealers and distributors may experience difficulty in funding their day-to-day cash flow needs and paying their obligations resulting from adverse business conditions, including weakened consumer spending or tightened credit. Inability to fund operations can force dealers and distributors to cease business, and the Company may not be able to obtain alternate distribution in the vacated market, which could negatively impact the Company's sales through reduced market presence or inadequate market coverage. In the event of a dealer or distributor default under any financing arrangement, the Company may also be required to repurchase such dealer's or distributor's inventory from the financing company. See "Risk Factors — The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition". In addition to dealers or distributors ceasing business, in some cases, the Company may seek to terminate relationships with some dealers or distributors leading to a reduction in the number of its dealers or distributors. Being forced to liquidate a former dealer's or distributor's inventory of the Company's products could add downward pressure on such products' prices. Further, the unplanned loss of any of the Company's independent dealers or distributors may create negative impressions of the Company with its retail customers and have a material adverse impact on the Company's ability to collect wholesale receivables that are associated with that dealer or distributor. Also, if the Company's dealer and distributor base were to consolidate, competition for the business of fewer dealers and distributors would intensify. If the Company does not provide product offerings and pricing that meet the needs of its dealers and distributors, or if the Company loses a substantial amount of, or is not able to expand in certain key regions as North America, its dealer and distributor base, its business, results of operations or financial condition could be materially adversely affected.

The Company sells a majority of its products through dealer and distributor agreements. In general, distributors are contractually obligated to offer the Company's products on an exclusive basis. On the other hand, many of the dealers through which the Company sells its products also carry competing product offerings and most dealers who sell the Company's products exclusively are not contractually obligated to continue to do so and may choose to sell competing products at any time, which may lower the Company's sales. The Company also relies on its dealers and distributors to service and repair its products. There can be no assurance that its dealers and distributors will provide high quality repair services to the Company's customers. If dealers or distributors fail to provide quality service during either trial, delivery or after-sales service to the Company's customers, the Company's brand identity and reputation may be damaged, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends upon the successful management of the inventory levels, both at the Company's and the dealers' and distributors' levels, and any failure to successfully manage inventory levels could have a material adverse effect on the Company's business, results of operations or financial condition

The Company must maintain sufficient inventory levels to operate its business successfully. However, the Company must also guard against accumulating excess inventory as it seeks to minimize lost sales. The nature of the Company's product lines requires the Company to purchase supplies and manufacture products well in advance of the time these products are offered for sale. As a result, the Company may experience difficulty in responding to a changing retail environment, which may lead to excess inventory or to inventory shortages if supply does not meet demand.

Sales for certain product lines are managed through longer term purchase commitments, and the Company plans annual production levels and long-term product development and introduction based on anticipated demand, as determined by the Company in reliance on its own market assessment and regular communication with its dealers, distributors and other customers. If the Company does not accurately anticipate the future demand for a particular product or the time it will take to adjust inventory, its inventory levels will not be appropriate and its results of operations may be negatively impacted, including through lower gross profit margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. On the other hand, the sales of certain other product lines are managed through shorter-term purchase commitments, and the Company has introduced a flexible order management system for some of its products. Any failure by the Company to maintain adequate inventory levels for such products could result in undesirable delivery delays for its customers or result in the loss of certain sales, which could, in turn, have a material adverse effect on the Company's business, results of operations or financial condition.

Additionally, the Company's dealers and distributors could decide to reduce the number of units of the Company's products they hold. Such a decision would likely require the Company to reduce its production levels, thus resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and lower gross profit margins. If the Company's dealers and distributors then placed additional orders for the Company's products, this could impair the Company's ability to respond rapidly to these demands and adequately manage its inventory levels, which could materially adversely affect its business, results of operations or financial condition.

The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property

The Company's success depends in part on its ability to protect its patents, trademarks, copyrights and trade secrets from unauthorized use by others. If substantial unauthorized use of the Company's intellectual property rights occurs, the Company may incur significant costs in enforcing such rights by prosecuting actions for infringement of its rights, particularly taking into account that policing unauthorized use of the Company's intellectual property may be particularly difficult outside North America and Europe. Such unauthorized use could also result in the diversion of engineering and management resources to these matters at the expense of other tasks related to the business. Others may also initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes their patents, trademarks, copyrights or trade secrets. If the Company's competitors initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes theirs, the Company may incur substantial costs to defend its rights. If the outcome of any such litigation is unfavourable to the Company, its business, results of operations or financial condition could be materially adversely affected. The Company also cannot be sure that the patents it has obtained, or other protections such as confidentiality and trade secrets, will be adequate to prevent imitation of its products and technology by others. If the Company is unable to protect its technology through the enforcement of intellectual property rights, its ability to compete based on technological advantages may be harmed. If the Company fails to prevent substantial unauthorized use of its trade secrets, it risks the loss of certain competitive advantages, which could have a material adverse effect on its business, results of operations or financial condition.

Some of the Company's direct competitors and indirect competitors may have significantly more resources to direct toward developing and patenting new technologies. It is possible that the Company's competitors will develop and patent equivalent or superior engine technologies and other products that compete with the Company's products. They may assert these patents against the Company and the Company may be required to license these patents on unfavourable terms or cease using the technology covered by these patents, either of which could harm the Company's competitive position and may materially adversely affect its business, results of operation or financial condition.

Additionally, the Company is currently a defendant in a patent proceedings relating to its snowmobiles and PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. Even if the Company is able to defeat such claims, the allegation that it is infringing on others' intellectual property rights could harm its reputation and cause it to incur significant costs in connection with its defense of these actions. Also, from time to time, third parties have challenged, and may in the future try to challenge, the Company's trademark rights and branding practices. The Company may be required to institute or defend litigation to enforce its trademark rights, which, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. If the Company loses the use of a product name, its efforts spent building that brand will be lost and it will have to rebuild a brand for that product, which it may or may not be able to do.

The Company may not be able to successfully execute its manufacturing strategy

One of the priorities of the strategic plan established by management consists of sustained efforts in the areas of cost reduction and operational efficiencies. This priority aims in part at leveraging the strength of the Company's established manufacturing centers. In addition, in order to help the Company respond to ongoing changes in the market place and reduce inventory across the supply chain, the Company's cost reduction and operational efficiencies efforts also focus on further implementing model mix production on its assembly lines, which allows the Company to produce a greater range of models on a weekly and daily basis, without expensive set-up costs or production downtime. The Company believes that flexible manufacturing is the key element to enable improvements in the Company's ability to respond to customers in a cost-effective manner. The success of the Company in implementing this priority of its strategic plan is dependent on the involvement of management, production employees and suppliers. Any failure to achieve this cost reduction and operational efficiencies priority (including the anticipated levels of productivity and operational efficiencies) in the Company's manufacturing facilities, could materially adversely impact the Company's business, results of operations or financial condition and its ability to deliver the right product at the right time to the customer.

Covenants contained in agreements to which the Company is a party affect and, in some cases, significantly limit or prohibit the manner in which the Company operates its business

Some of the financing and other major agreements to which the Company is a party, including the Term Facility and the Revolving Credit Facilities, contain certain covenants that affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, pay dividends or make other distributions, redeem or otherwise retire capital stock or make other restricted payments, make loans, advances and other investments, and merge consolidate or amalgamate with another person. Under the Revolving Credit Facilities, the Company is bound by a fixed charge coverage ratio applicable if excess availability under our Revolving Credit Facilities is less than $100 million for seven consecutive business days.

A failure by the Company to comply with such contractual obligations or to pay amounts due under financing and other major agreements could result in an acceleration of the debt incurred under such agreements, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by the creditors of the Company (including foreclosure over substantially all of the assets of the Company). In such a situation, the Company may not be able to repay the accelerated indebtedness, fulfill its obligations under certain contracts or otherwise cover its fixed costs, which could result in a material adverse effect on the Company's business, results of operations or financial condition.

Tax matters and changes in tax laws could materially adversely affect the Company's business, results of operations or financial condition

The Company, as a multinational company conducting operations through subsidiaries in multiple jurisdictions, is subject to income taxes in Canada, the United States and numerous other foreign jurisdictions. The Company's effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of income tax audits in various jurisdictions around the world. The Company regularly assesses all of these matters to determine the adequacy of its tax liabilities. If any of the Company's assessments turn out to be incorrect, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company's Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions, including Canada, the United States, Mexico, Finland, Austria and Switzerland. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles. Although the Company believes that its transfer pricing policies have been reasonably determined in accordance with arm's length principles, the taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, its income tax expense may be adversely affected and the Company could also be subjected to interest and penalties. Any such increase in the Company's income tax expense and related interest and penalties could have a material adverse effect on its business, results of operations or financial condition.

The Company's Canadian and foreign entities are entitled to claim certain expenses and tax credits, including research and development expenses and Scientific Research and Experimental Development tax credits. Although the Company believes that the claims or deductions have been reasonably determined, there can be no assurance that the Canadian or the relevant foreign taxation authorities will agree. If a taxation authority were to successfully challenge the correctness of such expenses or tax credits claimed, or if a taxation authority were to reduce any tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's business, results of operations or financial condition could be materially adversely affected.

Deterioration in relationships with the Company's non-unionized and unionized employees could have a material adverse effect on the business, results of operations or financial condition

A majority of the Company's employees are non-unionized, including in all facilities in Canada and the United States. The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is party to some national collective arrangements in Austria, Finland and Mexico that expire at various times in the future. As the Company is dependent on national unions to renew these agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its national collective arrangements.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of its national collective arrangements, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Pension plan liability may have a material adverse effect on the Company

Economic cycles can have a negative impact on the funding of the Company's remaining defined benefit pension obligations and related expenditures. In particular, a portion of the Company's pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. The Company's latest actuarial funding valuation reports show that the defined benefit components of the Company's registered pension plans present a combined deficit and, as a result of such deficit combined with the application of the stabilization provisions of the law, the Company is required to make additional contributions to fund that deficit. There is no guarantee that the expenditures and contributions required to fund these defined benefit pension obligations will not increase in the future and therefore negatively impact the Company's operating results, liquidity and financial position. Risks related to the funding of defined benefit pension plans may materialize if total obligations with respect to such a pension plan exceed the total value of the plan fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. Any of these risks could result in a material adverse effect on the Company's business, results of operations or financial condition.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect the Company's business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in physical damage to one or more of the Company's properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of the Company's facilities, temporary lack of an adequate workforce in a market, temporary or long-term disruption in the supply of raw materials, product parts and components, temporary disruption in transport to and from overseas, disruption in the Company's distribution network and disruption to the Company's information systems.

Failure to carry adequate insurance coverage may have a material adverse effect on the Company

The Company maintains liability insurance, property and business interruption insurance, cargo insurance, workers' compensation coverage in the United States to the required statutory limits, automotive liability insurance, aviation insurance and directors and officers insurance, and its insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the Company's insurance coverage will be sufficient, or that insurance proceeds will be paid to it in a timely manner. In addition, there are types of losses the Company may incur but against which it cannot be insured or which it believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Company incurs these losses and they are material, the Company's business, results of operations or financial condition could be materially adversely affected.

Volatile market price for subordinate voting shares

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Such factors include the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's future results of operations by the Company;
- changes in forecasts, estimates or recommendations of securities research analysts regarding the Company's future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- changes in overall economic conditions, primarily in North America and Europe, including changes that impact consumer spending and discretionary spending;
- additions or departures of the Company's senior management team or other key employees;
- sales or perceived sales of additional subordinate voting shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the subordinate voting shares may decline even if the Company's operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the subordinate voting shares by those institutions, which could materially adversely affect the trading price of the subordinate voting shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's business, results of operations or financial condition could be materially adversely impacted and the trading price of the subordinate voting shares could be materially adversely affected.

BRP Inc. is a holding company and its financial performance and results are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc.

BRP Inc. is a holding company and a substantial portion of its assets consists in the shares of its direct and indirect subsidiaries. As a result, BRP Inc. is subject to the risks attributable to its subsidiaries. As a holding company, BRP Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, BRP Inc.'s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations that require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt.

In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to BRP Inc. As at January 31, 2019, the Shares were effectively junior to approximately 3,512.2 million of indebtedness of BRP Inc.'s subsidiaries.

Beaudier Group and Bain Capital will have significant influence with respect to matters put before the shareholders, which may have a negative impact on the trading price of the subordinate voting shares

As at March 20, 2019, Beaudier Group and Bain Capital owned 27,932,242 and 21,353,314 multiple voting shares, respectively, which represented approximately 45.59% and 34,85%, respectively, of the combined voting power of the Company's outstanding shares. Accordingly, Beaudier Group and Bain Capital have significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws of the Company and the approval of certain business combinations. Holders of subordinate voting shares have a limited role in the Company's affairs. This concentration of voting power may impact the market price of the subordinate voting shares, delay or prevent any acquisition or delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of the Company or effect a change in the Company's Board of Directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their subordinate voting shares.

In addition, Beaudier Group's and Bain Capital's interests may not in all cases be aligned with interests of the other shareholders of the Company. Beaudier Group and Bain Capital may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of their management, could enhance their equity investment, even though such transactions might involve risks to the shareholders of the Company and may ultimately affect the market price of the subordinate voting shares.

Future sales of subordinate voting shares by Beaudier Group, Bain Capital or the Company's directors and officers

As at March 20, 2019, Beaudier Group owned 27,932,242 multiple voting shares, which in the aggregate represented approximately 51.6% of the issued and outstanding Multiple Voting Shares of the Company, and Bain Capital owned 21,353,314 multiple voting shares, which in the aggregate represented approximately 39.5% of the issued and outstanding multiple voting shares of the Company. Each outstanding multiple voting share may at any time, at the option of the holder, be converted into one subordinate voting share.

Subject to compliance with applicable securities laws, Beaudier Group, Bain Capital or the Company's directors and officers may sell some or all of their subordinate voting shares in the future. No prediction can be made as to the effect, if any, such future sales of subordinate voting shares will have on the market price of the subordinate voting shares prevailing from time to time. However, the future sale of a substantial number of subordinate voting shares by Beaudier Group, Bain Capital or the Company's directors and officers or the perception that such sales could occur, could materially adversely affect prevailing market prices for the subordinate voting shares.

Pursuant to the Registration Rights Agreement, each of Beaudier Group and Bain Capital is granted certain registration rights.

Disclosure of Outstanding Shares

As at March 20, 2019, the Company had the following issued and outstanding shares and stock options:

- 54,101,384 multiple voting shares with no par value.
- 43,040,023 subordinate voting shares with no par value.
- 3,860,619 stock options to acquire subordinate voting shares.

Additional Information

Additional information relating to BRP Inc. is available on SEDAR at www.sedar.com.

Exhibit 99.4

$900,000,000

FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT

Dated as of May 23, 2018

among

BRP INC.,
as Holdings,

BOMBARDIER RECREATIONAL PRODUCTS INC.,
as the Borrower,

BANK OF MONTREAL,
as Administrative Agent

and

THE OTHER LENDERS PARTY HERETO FROM TIME TO TIME

TD SECURITIES (USA) LLC and
BMO CAPITAL MARKETS CORP.,
as Joint Lead Arrangers,

and

TD SECURITIES (USA) LLC,
BMO CAPITAL MARKETS CORP.,
RBC CAPITAL MARKETS, and
CITIBANK, N.A.,
as Joint Bookrunners

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FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT

This FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT is entered into as of May 23, 2018, among BRP Inc. ("**Holdings**"), Bombardier Recreational Products Inc. (the "**Borrower**"), the other Guarantors party hereto from time to time, Bank of Montreal ("**BMO**"), as Administrative Agent and each lender from time to time party hereto (collectively, the "**Lenders**" and individually, a "**Lender**").

PRELIMINARY STATEMENTS

Subject to the satisfaction of the conditions set forth in the Amendment and Restatement Agreement dated as of May 23, 2018 (the "**Restatement Agreement**") among the Borrower, the Guarantors, the Lenders party thereto, BMO, as administrative agent, and the other parties party thereto, the Third Amended and Restated Term Loan Credit Agreement, dated as of June 30, 2016, among the Borrower, the guarantors party thereto from time to time, BMO, as administrative agent and each lender party thereto from time to time (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof prior to the date hereof, and including all annexes and schedules thereto, the "**Existing Credit Agreement**") is amended and restated as provided herein (the "**Restatement**").

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

"**Acceptable Discount**" has the meaning set forth in Section 2.05(a)(v)(D)(b).

"**Acceptable Prepayment Amount**" has the meaning set forth in Section 2.05(a)(v)(D)(c).

"**Acceptance and Prepayment Notice**" means a notice of the Borrower's acceptance of the Acceptable Discount in substantially the form of Exhibit E-3.

"**Acceptance Date**" has the meaning set forth in Section 2.05(a)(v)(D)(b).

"**Acquired Indebtedness**" means, with respect to any specified Person,

(a) 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

(b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Additional Lender**" means any Person that is not an existing Lender and has agreed to provide Incremental Commitments pursuant to Section 2.14 or Refinancing Commitments pursuant to Section 2.15.

"**Adjusted Eurocurrency Rate**" means, with respect to any Eurocurrency Rate Loan for any Interest Period, an interest rate per annum equal to the greater of (a) the Eurocurrency Rate for such Interest Period multiplied by the Statutory Reserve Rate and (b) solely in the case of Term B Loans, 0.00% per annum. The Adjusted Eurocurrency Rate for any Eurocurrency Rate Loan that includes the Statutory Reserve Rate as a component of the calculation will be adjusted automatically with respect to all such Eurocurrency Rate Loans then outstanding as of the effective date of any change in the Statutory Reserve Rate.

"**Administrative Agent**" means BMO, in its capacity as administrative agent and collateral agent under any of the Loan Documents, or any successor administrative agent and collateral agent.

"**Administrative Agent's Office**" means the Administrative Agent's address and account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"**Affiliate**" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Agent Parties**" has the meaning set forth in Section 10.02(b).

"**Agent-Related Distress Event**" means, with respect to the Administrative Agent or any Person that directly or indirectly Controls the Administrative Agent (each, a "**Distressed Agent-Related Person**"), a voluntary or involuntary case or proceeding with respect to such Distressed Agent-Related Person under any Debtor Relief Law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Agent-Related Person or any substantial part of such Distressed Agent-Related Person's assets, or such Distressed Agent-Related Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Agent-Related Person to be, insolvent or bankrupt; *provided* that an Agent-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any Equity Interests in the Administrative Agent or any Person that directly or indirectly Controls the Administrative Agent by a Governmental Authority or an instrumentality thereof.

"**Agent-Related Persons**" means the Agents, together with each of their respective Affiliates, officers, directors, employees, partners, agents, advisors and other representatives.

"**Agents**" means, collectively, the Administrative Agent, the Arrangers and the Bookrunners.

"**Aggregate Commitments**" means the Commitments of all the Lenders.

"**Agreement**" means this Fourth Amended and Restated Term Loan Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"**Agreement Currency**" has the meaning set forth in Section 10.21.

"**All-In Yield**" means, as to any Indebtedness, the yield thereof, whether in the form of interest rate, margin, OID, upfront fees, a Eurocurrency Rate or Base Rate floor, or otherwise, in each case, incurred or payable by the Borrower generally to all lenders of such Indebtedness; *provided* that OID and upfront fees shall be equated to interest rate assuming a 4-year average life to maturity on a straight line basis (e.g. 100 basis points of original issue discount equals 25 basis points of interest rate margin); and *provided, further,* that "All-In Yield" shall not include prepayment or redemption premiums, amendment fees, arrangement fees, structuring fees, ticking fees, unused line fees, commitment fees, underwriting fees, other similar fees and other fees not paid generally to all lenders in the primary syndication of such Indebtedness.

"**Annual Financial Statements**" means the audited consolidated balance sheets of Holdings and its Subsidiaries for the fiscal years ended January 31, 2017 and January 31, 2018.

"**Anti-Corruption Laws**" means all laws, rules, and regulations of any jurisdiction applicable to Holdings or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"**Applicable Discount**" has the meaning set forth in Section 2.05(a)(v)(C)(b).

"**Applicable ECF Percentage**" means, for any fiscal year, (a) 50% if the Secured Net Leverage Ratio as of the last day of such fiscal year is greater than 3.50:1.00, (b) 25% if the Secured Net Leverage Ratio as of the last day of such fiscal year is less than or equal to 3.50:1.00 and greater than 3.00:1.00 and (c) 0% if the Secured Net Leverage Ratio as of the last day of such fiscal year is less than or equal to 3.00:1.00.

"**Applicable Rate**" means a percentage per annum equal to, with respect to Term B Loans, (A) for Eurocurrency Rate Loans, 2.00% and (B) for Base Rate Loans, 1.00%.

Notwithstanding the foregoing, (v) the Applicable Rate in respect of any Extended Term Loans shall be the applicable percentages per annum set forth in the relevant Extension Amendment, (w) the Applicable Rate in respect of any Class of Incremental Commitments and Class of Incremental Loans shall be the applicable percentages per annum set forth in the relevant Incremental Amendment, (x) the Applicable Rate in respect of any Class of Replacement Term Loans shall be the applicable percentages per annum set forth in the relevant agreement and (y) in the case of the Term Loans and any Class of Incremental Loans, the Applicable Rate shall be increased as, and to the extent, necessary to comply with the provisions of Section 2.14.

"**Appropriate Lender**" means, at any time, with respect to Loans of any Class, the Lenders of such Class of Loans.

"**Approved Bank**" has the meaning set forth in clause (c) of the definition of "Cash Equivalents."

"**Approved Fund**" means any Fund that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"**Arrangers**" means each of TD, BMO Capital Markets Corp., each in its capacity as a lead arranger under this Agreement.

"**Asset Sale Offer**" has the meaning set forth in Section 2.05(b)(ii)(A).

"**Asset Sale Payment Date**" has the meaning set forth in Section 2.05(b)(ii)(B)(b).

"**Assignees**" has the meaning set forth in Section 10.07(b)(i).

"**Assignment and Assumption**" means an Assignment and Assumption substantially in the form of Exhibit E-1 hereto or any other form approved by the Administrative Agent.

"**Attorney Costs**" means all reasonable and documented fees, expenses and disbursements of any law firm or other external legal counsel.

"**Attributable Indebtedness**" means, subject to the second paragraph of Section 1.03, on any date, in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

"**Auction Agent**" means (a) the Administrative Agent or (b) any other financial institution or advisor employed by the Borrower (whether or not an Affiliate of the Administrative Agent) with the consent of the Administrative Agent (not to be unreasonably withheld or delayed) to act as an arranger in connection with any Discounted Term Loan Prepayment pursuant to Section 2.05(a)(v); *provided* that the Borrower shall not designate the Administrative Agent as the Auction Agent without the prior written consent of the Administrative Agent (it being understood that the Administrative Agent shall be under no obligation to agree to act as the Auction Agent); *provided*, *further*, that neither the Borrower nor any of its Affiliates may act as the Auction Agent.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Bain**" means (i) Bain Capital Investors, LLC and its Affiliates, including any investment partnership whose general partner or manager is controlled by, or under direct or indirect common control with, any of the foregoing Persons, and (ii) any officer, director, employee, partner, member or stockholder of the manager or general partner of the Persons identified in clause (i).

"**Bankruptcy Code**" means Title 11 of the United States Code, as now or hereafter in effect or any successor thereto.

"**Base Rate**" means for any day a fluctuating rate per annum equal to the highest of (a) the Prime Rate,(b) the Federal Funds Rate plus 1/2 of 1% and (c) the Eurocurrency Rate plus 1.00% (or, if such day is not a Business Day, the immediately preceding Business Day); *provided* that in no event shall the Base Rate with respect to Term B Loans be less than 1.00% per annum. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate shall be effective on the day of such change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate, respectively.

"**Base Rate Loan**" means a Loan that bears interest based on the Base Rate.

"**Beaudier**" means (i) Beaudier Group and its Affiliates, including any investment partnership whose general partner or manager is controlled by, or under common control with, any of the foregoing Persons, and (ii) any officer, director, employee, partner, member or stockholder of the manager or general partner of the Persons identified in clause (i).

"**Beaudier Group**" means, on any date, any individual who is, or the combination of individuals who are, descendants (as determined in accordance with, and notwithstanding any other provision hereof, the law of Québec) of Joseph-Armand Bombardier and the spouses, whether by marriage, civil union or common law relationship, of such individuals and each trust created solely for the benefit of any such individual or individuals, each of whom owns, directly or indirectly, through the Family Holding Companies or one or more Affiliates, an Equity Interest in Holdings. For the avoidance of doubt, a combination may be comprised of one such individual.

"**Benefit Plan**" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"**BMO**" has the meaning set forth in the introductory paragraph to this Agreement.

"**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 Holdings.

"**Bookrunner**" means each of TD, BMO Capital Markets Corp., RBC Capital Markets and Citi, each in its capacity as a joint bookrunner.

"**Borrower**" has the meaning set forth in the introductory paragraph to this Agreement.

"**Borrower Materials**" has the meaning set forth in Section 6.01.

"**Borrower Offer of Specified Discount Prepayment**" means the offer by any Company Party to make a voluntary prepayment of Term Loans at a Specified Discount to par pursuant to Section 2.05(a)(v)(B).

"**Borrower Retained Prepayment Amounts**" has the meaning set forth in Section 2.05(b)(vii).

"**Borrower Solicitation of Discount Range Prepayment Offers**" means the solicitation by any Company Party of offers for, and the corresponding acceptance by a Lender of, a voluntary prepayment of Term Loans at a specified range of discounts to par pursuant to Section 2.05(a)(v).

"**Borrower Solicitation of Discounted Prepayment Offers**" means the solicitation by any Company Party of offers for, and the subsequent acceptance, if any, by a Lender of, a voluntary prepayment of Term Loans at a discount to par pursuant to Section 2.05(a)(v)(D).

"**Borrowing**" means a borrowing consisting of Term Loans of the same Type and, in the case of Eurocurrency Rate Loans, having the same Interest Period made by each of the Term Lenders pursuant to Section 2.01(a).

"**Business Day**" means any day, other than a Saturday or a Sunday or a statutory holiday in the relevant jurisdiction or jurisdictions, and, where used in the context of a notice, delivery, payment or other communication addressed to the Administrative Agent, which is also a day on which banks are not required or authorized to close in New York, Toronto or Montreal and, if such day relates to any Eurocurrency Rate Loan, means any such day that is also a London Banking Day.

"**Caisse**" means (i) Caisse de dépôt et placement du Québec and its Affiliates, including any investment partnership whose general partner or manager is controlled by, or under direct or indirect common control with, any of the foregoing Persons, and (ii) any officer, director, employee, partner, member or stockholder of the manager or general partner of the Persons identified in clause (i).

"**Canadian Defined Benefit Plan**" means a Canadian Pension Plan with a "defined benefit provision" (as such term is defined in Section 147.1 of the ITA).

"**Canadian Dollars**" or "**Cdn$**" means the freely transferable lawful money of Canada.

"**Canadian MEPP**" means a "multi-employer plan" (as such term is defined in Section 147.1 of the ITA).

"**Canadian Pension Plan**" means a "registered pension plan" (as such term is defined in Section 248(1) of the ITA) but excludes a Canadian MEPP.

"**Canadian Perfection Certificate**" means the certificate substantially in the form of Exhibit H-1 or any other form reasonably approved by the Administrative Agent, as the same shall be supplemented from time to time.

"**Canadian Security Agreement**" means, collectively, the security agreement and the deeds of hypothec, each substantially in the forms presented in Exhibit F-1.

"**Canadian Security Documents**" means the Canadian Security Agreements, each Mortgage on Real Property located in Canada, intellectual property security agreements, control agreements, collateral assignments, security agreements, pledge agreements or other similar agreements executed and delivered pursuant to the Existing Credit Agreement, the Collateral and Guarantee Requirement, Article V of the Restatement Agreement, Sections 6.11, 6.13, 6.17 of this Agreement or pursuant to any of the foregoing and each of the other agreements, instruments or documents governed by the Laws of Canada or any province or territory thereof that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"**Capital Expenditures**" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under Capitalized Leases) by Holdings and its Restricted Subsidiaries during such period that, in conformity with GAAP, are or are required to be included as capital expenditures on the consolidated statement of cash flows of Holdings and its Restricted Subsidiaries.

"**Capitalized Lease Obligation**" means, subject to the second paragraph of Section 1.03, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP.

"**Capitalized Leases**" means, subject to the second paragraph of Section 1.03, all leases that have been or are required to be, in accordance with GAAP, recorded as capitalized leases; *provided* that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP.

"**Capitalized Software Expenditures**" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by Holdings and the Restricted Subsidiaries during such period in respect of 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 Holdings and the Restricted Subsidiaries.

"**Captive Insurance Subsidiary**" means any Subsidiary of Holdings that is subject to regulation as an insurance company (or any Subsidiary thereof).

"**Cash Collateral Account**" means a blocked account at the Administrative Agent (or another commercial bank selected by the Administrative Agent) in the name of the Administrative Agent and under the sole dominion and control of the Administrative Agent, and otherwise established in a manner reasonably satisfactory to the Administrative Agent.

"**Cash Equivalents**" means to the extent owned by Holdings or any Restricted Subsidiary:

(a) (1) Dollars, Sterling, Canadian Dollars or Euros or any national currency of any participating member state of the EMU; and

(2) in the case of any Foreign Subsidiary that is a Restricted Subsidiary or any jurisdiction in which Holdings and its Restricted Subsidiaries conducts business, such local currencies held by it from time to time in the ordinary course of business and not for speculation;

(b) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of the United States or Canada having average maturities of not more than 12 months from the date of acquisition thereof; *provided* that the full faith and credit of the United States or Canada, as applicable, is pledged in support thereof;

(c) time deposits or eurodollar time deposits with, insured certificates of deposit, bankers' acceptances or overnight bank deposits of, or letters of credit issued by, any commercial bank that (i) is a Lender or (ii) has combined capital and surplus of not less than $250,000,000 in the case of U.S. domestic banks and $100,000,000 (or the Dollar equivalent as of the date of determination) in the case of foreign banks (any such bank in the foregoing clauses (i) or (ii) being an "**Approved Bank**"), in each case with maturities not exceeding 12 months from the date of acquisition thereof;

(d) commercial paper and variable or fixed rate notes issued by an Approved Bank (or by the parent company thereof) or any variable or fixed rate note issued by, or guaranteed by, a corporation (other than structured investment vehicles and other than corporations used in structured financing transactions) rated A-2 (or the equivalent thereof) or better by S&P, P-2 (or the equivalent thereof) or better by Moody's or R-1 (low) or better by DBRS, in each case with average maturities of not more than 12 months from the date of acquisition thereof;

(e) marketable short-term money market and similar funds having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively, or R-1 (low) from DBRS (or, if at any time none of Moody's, S&P or DBRS shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency selected by the Borrower);

(f) repurchase obligations for underlying securities of the types described in clauses (b), (c) and (e) above entered into with any Approved Bank;

(g) securities with average maturities of 12 months or less from the date of acquisition issued or fully guaranteed (i) by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority of any such state, commonwealth or territory, (ii) by any province or territory of Canada, or by any political subdivision or taxing authority of any such province or territory or (iii) by any foreign government, in each case, having an investment grade rating from S&P, Moody's or DBRS (or the equivalent thereof);

(h) Investments (other than in structured investment vehicles and structured financing transactions) with average maturities of 12 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P, Aaa3 (or the equivalent thereof) or better by Moody's or AA (high) by DBRS;

(i) securities with maturities of 12 months or less from the date of acquisition backed by standby letters of credit issued by any Approved Bank;

(j) instruments equivalent to those referred to in clauses (a) through (i) above denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States or Canada to the extent reasonably required in connection with any business conducted by any Restricted Subsidiary organized in such jurisdiction;

(k) Investments, classified in accordance with GAAP as Current Assets of Holdings or any Restricted Subsidiary, in money market investment programs which are registered under the Investment Company Act of 1940 or which are administered by financial institutions having capital of not less than $250,000,000 in the case of U.S. domestic banks and $100,000,000 (or the Dollar equivalent as of the date of determination) in the case of foreign banks, and, in either case, the portfolios of which are limited such that substantially all of such Investments are of the character, quality and maturity described in clauses (a) through (i) of this definition; and

(l) investment funds investing at least 90% of their assets in securities of the types described in clauses (a) through (k) above.

In the case of Investments by any Foreign Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States or Canada, Cash Equivalents shall also include (i) investments of the type and maturity described in clauses (a) through (l) (other than clause (g)(ii) above) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (ii) other short-term investments utilized by Foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (a) through (l) and in this paragraph.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those specified in clause (a) above; *provided* that such amounts are converted into any currency listed in clause (a) above as promptly as practicable and in any event within ten (10) Business Days following the receipt of such amounts.

"**Cash Management Agreement**" shall mean any agreement or arrangement to provide Cash Management Services.

"**Cash Management Services**" shall mean any one or more of the following types of services or facilities (i) commercial credit cards, merchant card services, purchase or debit cards, including non-card e-payables services, or electronic funds transfer services, (ii) treasury management services (including controlled disbursement, overdraft automatic clearing house fund transfer services, return items, and interstate depository network services), (iii) foreign exchange facilities and (iv) any other demand deposit or operating account relationships or other cash management services, including pursuant to any Cash Management Agreements.

"**Casualty Event**" means any event that gives rise to the receipt by Holdings or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or Real Property (including any improvements thereon) to replace or repair such equipment, fixed assets or Real Property.

"**CFPOA**" has the meaning set forth in Section 5.18(b)(i)(A).

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority. It is understood and agreed that (i) the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173), all Laws relating thereto, all interpretations and applications thereof and any request, rule, guideline or directive relating thereto and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall, in each case, for the purposes of this Agreement, be deemed to be adopted and taking effect subsequent to the date of this Agreement; *provided* that a Lender shall be entitled to compensation with respect to any such adoption taking effect, making or issuance becoming effective after the date of the this Agreement only if it is the applicable Lender's general policy or practice to demand compensation in similar circumstances under comparable provisions of other financing agreements.

"**Change of Control**" shall be deemed to occur if (a) Holdings shall cease to own, directly or indirectly, 100% of the Equity Interests of the Borrower (except in connection with a merger, amalgamation or consolidation permitted under Section 7.04(a) or (h)) or (b) Holdings becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person (other than one or more Permitted Holders) or Persons (other than one or more Permitted Holders) that are together (1) a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), or (2) acting, for the purpose of acquiring, holding or disposing of securities, as a group (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of 50% or more of the total voting power of the then outstanding Equity Interests of Holdings.

"**Change of Control Date**" has the meaning set forth in Section 2.05(b)(v)(B).

"**Change of Control Payment**" has the meaning set forth in Section 2.05(b)(v)(A).

"**Change of Control Offer**" has the meaning set forth in Section 2.05(b)(v)(A).

"**Citi**" means Citibank, N.A.

"**Ciudad Juarez Property**" means the Real Property located at Avenida de las Industrias, No. 2250 Parque Industrial, Antonio J. Burmúdez, Ciudad Juárez, Chihuahua, Mexico, 32470.

"**Class**" means (i) with respect to Commitments or Loans, those of such Commitments or Loans that have the same terms and conditions (without regard to differences in the Type of Loan, Interest Period, upfront fees, OID or similar fees paid or payable in connection with such Commitments or Loans, or differences in tax treatment (e.g., "fungibility")); *provided* that such Commitments or Loans may be designated in writing by the Borrower and Lenders holding such Commitments or Loans as a separate Class from other Commitments or Loans that have the same terms and conditions and (ii) with respect to Lenders, those of such Lenders that have Commitments or Loans of a particular Class.

"**Closing Date**" means May 23, 2018.

"**Closing Fee**" has the meaning set forth in Section 2.09(a).

"**CNI Growth Amount**" means 50% of the Consolidated Net Income of Holdings and its Restricted Subsidiaries for the period beginning on May 1, 2018 and ending on the last day of the most recent fiscal quarter or fiscal year, as applicable, for which financial statements required to be delivered pursuant to Section 6.01(a) or Section 6.01(b) have been received by the Administrative Agent or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of the amount of such deficit.

"**Code**" means the U.S. Internal Revenue Code of 1986, and the United States Treasury Department Regulations promulgated thereunder (the "**Treasury Regulations**").

"**Collateral**" means all "Pledged Collateral" and "Collateral" as defined in each Security Agreement and all the "Collateral" or "Pledged Assets" as defined in any other Collateral Document and any other assets pledged pursuant to any Collateral Document.

"**Collateral and Guarantee Requirement**" means, at any time, the requirement that:

(a) the Administrative Agent shall have received each Collateral Document required to be delivered (i) on the Closing Date, pursuant to Article V of the Restatement Agreement and (ii) at such time as may be designated therein, pursuant to the Collateral Documents, Sections 6.11, 6.13 or 6.17 subject, in each case, to the limitations and exceptions of this Agreement and the Collateral Documents, duly executed by each Loan Party thereto;

(b) all Obligations shall have been unconditionally guaranteed by Holdings, the Borrower (other than with respect to its direct Obligations as a primary obligor) and each Restricted Subsidiary of the Borrower that is not an Excluded Subsidiary, including those that are listed on Schedule I hereto (each, a "**Guarantor**");

(c) the Obligations shall have been secured by (a) a perfected second-priority security interest (subject to prior Liens to the extent permitted by Section 7.01) in Revolving Priority Collateral and (b) a perfected first-priority security interest (subject to prior Liens to the extent permitted by Section 7.01) in Term Priority Collateral; and

(d) all certificates, agreements, documents and instruments, including Uniform Commercial Code financing statements, PPSA financing statements and similar filings under applicable law, required by the Collateral Documents to be filed, delivered, registered or recorded to create the Liens intended to be created by the Collateral Documents and to perfect such Liens to the extent required by, and with the priority required by, this Agreement or the Collateral Documents and the other provisions of the term "Collateral and Guarantee Requirement," shall have been filed, registered or recorded or delivered to the Administrative Agent, as applicable;

(e) the Administrative Agent shall have received (i) counterparts of a Mortgage with respect to each Material Real Property required to be delivered pursuant to Section 6.11 and Section 6.13 (the "Mortgaged Properties") duly executed and delivered by the applicable Loan Party, (ii) a title insurance policy or amarked-up commitment or signed pro forma thereof for such property available in each applicable jurisdiction (the "Mortgage Policies") insuring the Lien of each such Mortgage as a valid first priority Lien on the property described therein, free of any other Liens except as expressly permitted by Section 7.01, together with such endorsements, and, if reasonably requested by the Administrative Agent, coinsurance and reinsurance and in such amounts as the Administrative Agent may reasonably request (not to exceed the fair market value of the real property covered thereby) and which are available at commercially reasonable rates in the jurisdiction where the Mortgaged Property is located, (iii) a completed Life-of-Loan Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property that is located in the United States (together with a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party if any building or mobile home on any Mortgaged Property located in the United States is within an area designated a "special flood hazard area"), and if any building or mobile home on such Mortgaged Property located in the United States is located in a "special flood hazard area," a copy of, or a certificate as to coverage under, and a copy of the flood insurance policy and a declaration page relating to, the insurance policies required by Section 6.07 and the applicable provisions of the Collateral Documents and shall be in form and substance reasonably satisfactory to the Administrative Agent, (iv) either ALTA surveys in form and substance reasonably acceptable to the Administrative Agent or such existing surveys together with no change affidavits sufficient for the title company to remove all standard survey exceptions from the Mortgage Policies and issue the endorsements required in clause (ii) above to the extent such coverage and endorsements are available in the applicable jurisdictions and at commercially reasonable rates, (v) copies of any existing abstracts and existing appraisals, (vi) opinions, addressed to the Administrative Agent and the Lenders, from local counsel in each jurisdiction (1) where a Mortgaged Property is located regarding the enforceability of the Mortgage and (2) where the applicable Loan Party granting the Mortgage on said Mortgaged Property is organized, regarding the due authorization, execution and delivery of such Mortgage, and in each case, such other matters as may be customary and in form and substance reasonably satisfactory to the Administrative Agent and (vii) evidence reasonably acceptable to the Administrative Agent of payment or satisfactory arrangements for payment by obligors of all Mortgage Policy premiums, search and examination charges, escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgages and issuance of the Mortgage Policies referred to above.

Notwithstanding any provision of any Loan Document to the contrary, if a mortgage tax or any similar tax or charge will be owed on the entire amount of the Obligations evidenced hereby, then, to the extent permitted by, and in accordance with, applicable law, the amount of such mortgage tax or any similar tax or charge shall be calculated based on either (A) the lesser of (x) the amount of the Obligations allocated to the applicable Mortgaged Property and (y) the fair market value of the Mortgaged Property at the time the Mortgage is entered into and determined in a manner reasonably acceptable to the Administrative Agent and the Borrower, or (B) such other calculation or formula as is required to be used by applicable law.

No actions in any non-Qualified Jurisdiction or required by the Laws of any non-Qualified Jurisdiction shall be required in order to create any security interests in assets located or titled outside of any Qualified Jurisdiction or to perfect such security interests, including any intellectual property registered in any non-Qualified Jurisdiction (it being understood that there shall be no security agreements or pledge agreements governed under the Laws of any non-Qualified Jurisdiction).

Notwithstanding anything to the contrary in any Loan Document, no Subsidiary shall be required to become a Guarantor or to grant any security interest in its assets if, in the reasonable judgment of the Administrative Agent, the cost of implementing such Guarantee or creating or perfecting such security interests is excessive in view of the benefits to be obtained by the Secured Parties therefrom. The Administrative Agent may grant extensions of time for the execution of any Guarantee or the creation or perfection of security interests with respect to particular assets (including extensions beyond the Closing Date) if it determines that execution, creation or perfection cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the Collateral Documents. With respect to any Collateral that is Revolving Priority Collateral, to the extent that the Revolving Administrative Agent determines that any property or assets shall not become part of, or shall be excluded from, the Revolving Priority Collateral or that a delivery requirement in respect of the Revolving Priority Collateral shall be extended or waived, in each case, pursuant to a provision in the Revolving Credit Agreement that is substantially the same as this paragraph, the Administrative Agent shall automatically be deemed to accept such determination and shall execute such documents, if applicable, as reasonably requested by the Borrower in connection therewith.

"**Collateral Documents**" means, collectively, the U.S. Security Documents, the Canadian Security Documents, the Mexican Security Documents and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"**Commitment**" means, as to each Term Lender, its obligation to make Term Loans to the Borrower hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 and (b) reduced or increased from time to time pursuant to (i) assignments by or to such Term Lender pursuant to an Assignment and Assumption, (ii) an Incremental Amendment, (iii) a Refinancing Amendment or (iv) an Extension. The amount of each Term Lender's Commitment is set forth in Schedule 1.01A or in the Assignment and Assumption, Incremental Amendment, Extension Amendment or Refinancing Amendment pursuant to which such Lender shall have assumed, increased or decreased its Commitment, as the case may be.

"**Committed Loan Notice**" means a written notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurocurrency Rate Loans, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A hereto.

"**Commodity Exchange Act"** means the United States Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended.

"**Company Parties**" means the collective reference to Holdings and its Restricted Subsidiaries, including the Borrower, and "Company Party" means any one of them.

"**Compensation Period**" has the meaning set forth in Section 2.12(c)(ii).

"**Compliance Certificate**" means a certificate substantially in the form of Exhibit D-1 hereto.

"**Consolidated Cash Interest Coverage Ratio**" means, with respect to any date of determination, the ratio of (a) Consolidated EBITDA for the most recently ended Test Period to (b) Consolidated Interest Expense for such Test Period.

"**Consolidated EBITDA**" means, for any period, the Consolidated Net Income for such period, plus:

(a) without duplication and, except with respect to clauses (viii) and (x) below, to the extent deducted (and not added back or excluded) in arriving at such Consolidated Net Income, the sum of the following amounts for such period with respect to Holdings and its Restricted Subsidiaries:

(i) total interest expense determined in accordance with GAAP and, to the extent not reflected in such total interest expense, any expense or loss 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, and costs of surety bonds in connection with financing activities (whether amortized or immediately expensed),

(ii) provision for taxes based on income, profits or capital gains of Holdings and the Restricted Subsidiaries (including Canadian federal capital taxes), including, without limitation, federal, state, local, provincial, franchise and similar taxes and withholding taxes paid or accrued during such period including penalties and interest related to such taxes or arising from any tax examinations,

(iii) depreciation and amortization (including amortization of intangible assets, unfavorable or favorable lease assets, customer acquisition costs and Capitalized Software Expenditures),

(iv) (A) duplicative running costs, relocation costs or expenses, integration costs, transition costs, pre-opening, opening, closing and consolidation costs for facilities, recruiting, relocation, signing, retention and completion bonuses and expenses (including costs for employee integration, searches, travel and housing costs and related legal and accounting fees, costs and expenses), costs incurred in connection with any strategic initiatives, costs incurred in connection with acquisitions and non-recurring product and intellectual property development, other business optimization expenses (including costs and expenses relating to business optimization programs and new systems design, retention charges, systems establishment costs (including information technology systems) and implementation costs), project start-up costs, severance and other restructuring charges representing cash items (including restructuring costs related to acquisitions and to closure of facilities, and excess pension charges), and litigation settlements or losses and related expenses,

(B) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise) and adjustments thereof and purchase price adjustments, in each case in connection with acquisitions and

(C) Transaction Expenses,

(v) the amount of any expense or reduction of Consolidated Net Income consisting of Restricted Subsidiary income attributable to minority interests or non-controlling interests of third parties in any non-wholly owned Restricted Subsidiary,

(vi) the amount of management, monitoring, consulting and advisory fees (including transaction and termination fees) and related expenses and indemnities paid or accrued to a Sponsor under the Sponsor Management Agreement,

(vii) any Equity Funded Employee Plan Costs,

(viii) cost savings, operating expense reductions and synergies resulting from or related to acquisitions (including, for the avoidance of doubt, acquisitions occurring prior to the Closing Date), divestitures, restructurings, cost savings initiatives and other similar initiatives and actions that are reasonably identifiable and factually supportable and projected by Holdings in good faith to result from actions that have been taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of Holdings) within 18 months after a merger or other business combination, acquisition or divestiture is consummated or any other restructuring, cost savings initiative or other initiative or action (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period and as if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (x) no cost savings, operating expense reductions and synergies shall be added back pursuant to this clause (viii) to the extent duplicative of any expenses or charges otherwise added back to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period and (y) the aggregate amount of any such “run rate” adjustments (other than any such adjustments in connection with a Specified Transaction) added back pursuant to this clause (viii) and Section 1.09(c) shall not exceed in the aggregate 20% of Consolidated EBITDA for such period (as calculated before giving effect to any such “run rate” adjustment),

(ix) any net loss from disposed, abandoned or discontinued operations (excluding held-for-sale discontinued operations until actually disposed of),

(x) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to paragraph (b) below for any previous period and not added back,

(xi) non-cash expenses, charges and losses (including reserves, impairment charges or asset write-offs, write-offs of deferred financing fees, losses from investments recorded using the equity method, stock-based awards compensation expense, non-cash rent expense and non-cash lease accretion expense), in each case other than (A) any non-cash charge representing amortization of a prepaid cash item that was paid and not expensed in a prior period and (B) any non-cash charge relating to write-offs, write-downs or reserves in the normal course with respect to accounts receivable or inventory

(other than, for the avoidance of doubt, any such write-off, write-down or reserve with respect to inventory in connection with the entering into of new contracts); *provided* that if any non-cash charges referred to in this clause (xi) represents an accrual or reserve for potential cash items in any future period, (1) Holdings may elect not to add back such non-cash charge in the current period and (2) to the extent Holdings elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA in such future period to such extent paid,

(xii) Securitization Fees and the amount of loss on sale of receivables, Securitization Assets and related assets to any Securitization Subsidiary in connection with a Qualified Securitization Financing, and

(xiii) any non-cash net loss resulting from Swap Contracts relating to currency exchange risk to the extent not otherwise excluded from the calculation of Consolidated EBITDA,

less (b) without duplication and to the extent included in arriving at such Consolidated Net Income, (i) non-cash gains (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 EBITDA in any prior period), (ii) any net gain from disposed, abandoned or discontinued operations (excluding held-for-sale discontinued operations until actually disposed of), (iii) the amount of any minority interest income consisting of Restricted Subsidiary losses attributable to minority interests or non-controlling interests of third parties in any non-wholly owned Restricted Subsidiary and (iv) any non-cash net gain resulting from Swap Contracts relating to currency exchange risk to the extent not otherwise excluded from the calculation of Consolidated EBITDA; *provided* that, for the avoidance of doubt, any gain representing the reversal of anynon-cash charge referred to in clause (a)(xi)(B) above for a prior period shall be added (together with, without duplication, any amounts received in respect thereof to the extent not increasing Consolidated Net Income) to Consolidated EBITDA in any subsequent period to such extent so reversed (or received).

Notwithstanding anything to the contrary contained herein, in the absence of further specificity as to the period of calculation (including in connection with determining a percentage of Consolidated EBITDA for purposes of any basket or threshold), the calculation of Consolidated EBITDA will be deemed to be the applicable Test Period as determined pursuant to Section 1.09(a). For the avoidance of doubt, Consolidated EBITDA shall be calculated (without duplication), including pro forma adjustments, in accordance with Section 1.09.

"**Consolidated Interest Expense**" means, for any period, the sum, without duplication, of

(i) the cash interest expense (including that attributable to Capitalized Leases), net of cash interest income, of Holdings and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, with respect to all outstanding Indebtedness of Holdings and its Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net cash costs under Swap Contracts, and

(ii) any cash payments made during such period in respect of obligations referred to in clause (b) below relating to Funded Debt that were amortized or accrued in a previous period;

provided that there shall be excluded from Consolidated Interest Expense for any period:

(a) deferred financing costs, debt issuance costs, commissions, fees (including amendment and contract fees) and expenses and, in each case, the amortization thereof, and any other amounts of non-cash interest,

(b) the accretion or accrual of discounted liabilities (for the avoidance of doubt, other than in connection with any borrowing by way of a bankers' acceptance) and any prepayment premium or penalty during such period,

(c) non-cash interest expense attributable to the movement of the mark-to-market valuation of obligations under Swap Contracts or other derivative instruments pursuant to GAAP,

(d) any cash costs associated with breakage in respect of hedging agreements for interest rates,

(e) all non-recurring cash interest expense consisting of liquidated damages for failure to timely comply with registration rights obligations and financing fees, all as calculated on a consolidated basis in accordance with GAAP,

(f) Transaction Expenses,

(g) annual agency fees paid to the Administrative Agent and the Revolving Administrative Agent,

(h) costs associated with obtaining Swap Contracts,

(i) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or, if applicable, acquisition accounting in connection with the Transactions or any acquisition,

(j) the cash interest expense (or income) of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Interest Expense, and

(k) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Qualified Securitization Financing.

Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated Interest Expense (i) for any period ending prior to the first anniversary of the Closing Date, Consolidated Interest Expense shall be an amount equal to actual Consolidated Interest Expense from the Closing Date through the date of determination multiplied by a fraction the numerator of which is 365 and the denominator of which is the number of days from the Closing Date through the date of determination and (ii) shall exclude the acquisition accounting effects described in the last sentence of the definition of "Consolidated Net Income."

"**Consolidated Net Income**" means, for any period, the net income (loss) of Holdings and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP (and before any reduction in respect of preferred stock dividends or accretion of any preferred stock); *provided*, *however*, that, without duplication:

(a) any after-tax effect of extraordinary, non-recurring or unusual items (including gains or losses and all fees and expenses relating thereto) for such period shall be excluded,

(b) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income shall be excluded,

(c) any fees and expenses incurred during such period (including, without limitation, any premiums, make-whole or penalty payments), or any amortization thereof for such period, in connection with any acquisition, investment, asset disposition, issuance or repayment of debt, issuance of equity securities, refinancing transaction or amendment or other modification of any debt instrument (in each case, including any such transaction consummated on or prior to the Closing Date and any such transaction undertaken but not completed) and any charges or non-recurring acquisition costs incurred during such period as a result of any such transaction (including non-compete or similar fees, including to former employees and indemnification expenses), in each case whether or not successful shall be excluded,

(d) accruals and reserves that are established or adjusted within two years after the Closing Date that are so required to be established as a result of the Transactions (or within two years after the closing of any acquisition that are so required to be established as a result of such acquisition) in accordance with GAAP shall be excluded,

(e) any net after-tax effect of gains or losses on disposed, abandoned or discontinued operations shall be excluded,

(f) any net after-tax effect of gains or losses (less all fees, expenses and charges relating thereto) attributable to asset dispositions or abandonments or the sale or other disposition of any Equity Interests of any Person in each case other than in the ordinary course of business, as determined in good faith by Holdings, shall be excluded,

(g) the net income (loss) for such period of any Person that is not a Subsidiary of Holdings, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided* that Consolidated Net Income of Holdings shall 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 subsequently converted into cash or Cash Equivalents) to Holdings or a Restricted Subsidiary thereof in respect of such period,

(h) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, property, plant and equipment, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(i) any non-cash compensation charge or expense, including any such charge or expense arising from the grants of stock appreciation or similar rights, stock options, restricted stock or other rights or equity incentive programs or any other equity-based compensation shall be excluded,

(j) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any Investment, Permitted Acquisition or any sale, conveyance, transfer or other disposition of assets permitted under this Agreement, to the extent actually reimbursed, or, so long as Holdings has made a determination that a reasonable basis exists for indemnification or reimbursement and only to the extent that such amount is in fact indemnified or reimbursed within 365 days of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so indemnified or reimbursed within such 365 day period), shall be excluded,

(k) to the extent covered by insurance and actually reimbursed, or, so long as Holdings has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so reimbursed within such 365 days), expenses, charges or losses with respect to liability or casualty events or business interruption shall be excluded,

(l) [reserved],

(m) the income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary of Holdings or is merged into or consolidated with Holdings or any of its Subsidiaries or such Person's assets are acquired by Holdings or any of its Restricted Subsidiaries shall be excluded (except to the extent required for any calculation of Consolidated EBITDA on a Pro Forma Basis in accordance with Section 1.09),

(n) net after-tax gains or losses attributable to the early extinguishment or conversion of Indebtedness (including the write-off of deferred financing costs and unamortized debt discount) and the early termination of Swap Contracts or other derivative instruments shall be excluded,

(o) non-cash income or charges resulting from mark-to-market accounting relating to Indebtedness denominated in foreign currencies shall be excluded,

(p) unrealized gains and losses from Swap Contracts or "embedded derivatives" that require the same accounting treatment as Swap Contracts shall be excluded,

(q) purchase accounting adjustments (including the impact of recording inventory and deferred revenue at fair values), amortization, impairments, write-offs or other noncash charges resulting from purchase accounting with respect to any acquisition, merger, consolidation, disposition or similar transaction shall be excluded,

(r) expenses relating to deferred compensation or change of control payment obligations funded by third parties shall be excluded,

(s) the deferred revenue eliminated as a consequence of the application of purchase accounting adjustments due to acquisitions shall be included for the fiscal periods that such revenue would otherwise have been recognized, and

(t) solely for the purpose of determining Excess Cash Flow, the income of any Restricted Subsidiary of Holdings that is not a Guarantor to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary (unless (x) such restriction with respect to the payment of dividends or similar distributions has been legally waived or (y) such restriction is permitted by Section 7.09) shall be excluded, except (solely to the extent permitted to be paid) to the extent of the amount of dividends or other distributions actually paid to Holdings or any of its Restricted Subsidiaries that are Guarantors by such Person during such period in accordance with such documents and regulations.

"**Consolidated Secured Net Debt**" means, as of any date of determination, (1) any Indebtedness described in clause (a) of the definition of "Consolidated Total Net Debt" outstanding on such date that is secured by a Lien on assets of the Loan Parties minus (2) (i) if the actual aggregate balance of loans outstanding under (x) the Revolving Credit Agreement and (y) other revolving lines of credit of Holdings and its Restricted Subsidiaries permitted under this Agreement as of such date is less than or equal to Cdn$10,000,000, the aggregate amount of Cash Equivalents (other than Restricted Cash) as of such date or (ii) in all other cases, the average month-end balance of Cash Equivalents (other than Restricted Cash) during the four consecutive fiscal quarters most recently ended prior to such date, in the case of each of clauses (1) and (2), included on the consolidated balance sheet of Holdings and the Restricted Subsidiaries; *provided* that Consolidated Secured Net Debt shall not include Indebtedness in respect of (i) letters of credit, except to the extent of unreimbursed amounts thereunder; *provided further* that any unreimbursed amount under commercial letters of credit shall not be counted as Consolidated Secured Net Debt until 3 Business Days after such amount is drawn, (ii) Unrestricted Subsidiaries and (iii) any Qualified Securitization Financing; it being understood, for the avoidance of doubt, that obligations under Swap Contracts do not constitute Consolidated Secured Net Debt.

"**Consolidated Total Net Debt**" means, as of any date of determination, (a) the aggregate principal amount of Indebtedness (excluding (i) Revolving Loans and letters of credit outstanding under the Revolving Credit Agreement and (ii) amounts outstanding under other revolving lines of credit permitted under this Agreement) of Holdings and its Restricted Subsidiaries outstanding on such date, in an amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of acquisition accounting in connection with the Transactions or any acquisition constituting an Investment permitted under this Agreement) consisting of Indebtedness for borrowed money, Attributable Indebtedness and debt obligations evidenced by promissory notes or similar instruments (including purchase money debt), plus the average month-end balance of the loans outstanding under (i) the Revolving Credit Agreement and (ii) other revolving lines of credit of Holdings and its Restricted Subsidiaries permitted under this Agreement during the four consecutive fiscal quarters most recently ended prior to such date, minus (b) (i) if the actual aggregate balance of loans outstanding under (x) the Revolving Credit Agreement and (y) other revolving lines of credit of Holdings and its Restricted Subsidiaries permitted under this Agreement as of such date is less than or equal to Cdn$10,000,000, the aggregate amount of Cash Equivalents (other than Restricted Cash) as of such date or (ii) in all other cases, the average month-end balance of Cash Equivalents (other than Restricted Cash) during the four consecutive fiscal quarters most recently ended prior to such date, in the case of each of clauses (a) and (b), included on the consolidated balance sheet of Holdings and the Restricted Subsidiaries; *provided* that Consolidated Total Net Debt shall not include Indebtedness in respect of (i) letters of credit, except to the extent of unreimbursed amounts thereunder; *provided further* that any unreimbursed amount under commercial letters of credit shall not be counted as Consolidated Total Net Debt until 3 Business Days after such amount is drawn, (ii) Unrestricted Subsidiaries and (iii) any Qualified Securitization Financing; it being understood, for the avoidance of doubt, that obligations under Swap Contracts do not constitute Consolidated Total Net Debt.

"**Consolidated Working Capital**" means, with respect to Holdings and its Restricted Subsidiaries on a consolidated basis at any date of determination, Current Assets at such date of determination minus Current Liabilities at such date of determination; *provided* that increases or decreases in Consolidated Working Capital shall be calculated without regard to any changes in Current Assets or Current Liabilities as a result of any reclassification in accordance with GAAP of assets or liabilities, as applicable, between current and noncurrent.

"**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, without limitation, any obligation of such Person, whether or not contingent,

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds

(i) for the purchase or payment of any such primary obligation, or

(ii) 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

(c) 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.

"**Contract Consideration**" has the meaning set forth in the definition of "Excess Cash Flow."

"**Contractual Obligation**" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"**Control**," "**Controlled**" and "**Controlling**" have the meaning set forth in the definition of "Affiliate."

"**Credit Extension**" means a Borrowing.

"**Cumulative Credit**" means, at any date, an amount, not less than zero in the aggregate, determined on a cumulative basis equal to, without duplication:

(a) (i) $100,000,000 plus (ii) the CNI Growth Amount at such time, plus

(b) the cumulative amount of Cash Equivalent proceeds from (i) the sale of Qualified Equity Interests of Holdings or Equity Interests of any direct or indirect parent of Holdings after the Closing Date and on or prior to such time (including upon exercise of warrants or options) (other than any amount (x) used to make an Investment pursuant to clause (9) of the definition of "Permitted Investments," (y) used for Equity Funded Employee Plan Costs or (z) used to incur Indebtedness pursuant to Section 7.03(x)) which proceeds have been contributed as common equity to the capital of Holdings and (ii) the Qualified Equity Interests of Holdings (or Equity Interests of any direct or indirect parent of Holdings) (other than any amount (x) used to make an Investment pursuant to clause (9) of the definition of "Permitted Investments," (y) used for Equity Funded Employee Plan Costs or (z) used to incur Indebtedness pursuant to Section 7.03(x)) issued upon conversion of Indebtedness (other than Indebtedness that is contractually subordinated to the Obligations) of Holdings or any Restricted Subsidiary of Holdings owed to a Person other than a Loan Party or a Restricted Subsidiary of a Loan Party not previously applied for a purpose other than use in the Cumulative Credit, plus

(c) 100% of the aggregate amount of contributions to the common capital of Holdings received in Cash Equivalents after the Closing Date (other than any amount (x) used to make an Investment pursuant to clause (9) of the definition of "Permitted Investments," (y) used for Equity Funded Employee Plan Costs or (z) used to incur Indebtedness pursuant to Section 7.03(x)), plus

(d) 100% of the aggregate amount received by Holdings or any Restricted Subsidiary of Holdings after the Closing Date in Cash Equivalents from:

(A) the sale (other than to Holdings, the Borrower or any such Restricted Subsidiary) of the Equity Interests of an Unrestricted Subsidiary or any minority Investments, or

(B) any dividend or other distribution by an Unrestricted Subsidiary or received in respect of minority Investments, or

(C) any interest, returns of principal, repayments and similar payments by such Unrestricted Subsidiary or received in respect of any minority Investments;

provided that in the case of clauses (A), (B), and (C), in each case, to the extent that the Investment corresponding to the designation of such Subsidiary as an Unrestricted Subsidiary or any subsequent Investment in such Unrestricted Subsidiary or minority Investment, as applicable, was made pursuant to Section 7.06(g)(y), plus

(e) in the event any Unrestricted Subsidiary has been re-designated as a Restricted Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, Holdings or a Restricted Subsidiary, the fair market value of the Investments of Holdings and the Restricted Subsidiaries in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable) so long as such Investments were originally made pursuant to Sections 7.06(g)(y), plus

(f) an amount equal to any returns in Cash Equivalents (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received by Holdings or any Restricted Subsidiary in respect of any Investments made pursuant to Section 7.06(g)(y), plus

(g) Borrower Retained Prepayment Amounts, minus

(i) any amount of the Cumulative Credit used to make Restricted Payments pursuant to Section 7.06(f)(A) or 7.06(g) after the Closing Date and prior to such time, minus

(j) any amount of the Cumulative Credit used to make payments or distributions in respect of Junior Financings pursuant to Section 7.13 after the Closing Date and prior to such time.

"**Current Assets**" means, with respect to Holdings and the Restricted Subsidiaries on a consolidated basis at any date of determination, all assets (other than cash and Cash Equivalents) that would, in accordance with GAAP, be classified on a consolidated balance sheet of Holdings and its Restricted Subsidiaries as current assets at such date of determination, other than amounts related to current or deferred Taxes based on income or profits, assets held for sale, loans (permitted) to third parties, pension assets, deferred bank fees and derivative financial instruments.

"**Current Liabilities**" means, with respect to Holdings and the Restricted Subsidiaries on a consolidated basis at any date of determination, all liabilities that would, in accordance with GAAP, be classified on a consolidated balance sheet of Holdings and its Restricted Subsidiaries as current liabilities at such date of determination (including deferred revenue), other than (a) the current portion of any Indebtedness and derivative financial instruments, (b) the current portion of accrued interest, (c) liabilities relating to current or deferred Taxes based on income or profits, (d) accruals of any costs or expenses related to restructuring reserves (inclusive of facility consolidation, relocation and moving costs) or severance, (e) any other liabilities that are not Indebtedness and will not be settled in cash or Cash Equivalents during the next succeeding twelve month period after such date, (f) any loans or letters of credit under any revolving facility, (g) liabilities in respect of unpaid acquisition, disposition or refinancing related expenses, deferred purchase price holdbacks and earn-out obligations, (h) accrued litigation settlement costs, (i) non-cash compensation costs and expenses and (j) the current portion of any other long-term liabilities.

"**Debtor Relief Laws**" means the Bankruptcy Code, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief Laws of Canada, the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"**Declined Proceeds**" has the meaning set forth in Section 2.05(b)(vii).

"**Default**" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"**Default Rate**" means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2.00% per annum; *provided* that with respect to a Eurocurrency Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2.00% per annum, in each case, to the fullest extent permitted by applicable Laws.

"**Defaulting Lender**" means, subject to Section 2.17(b), any Lender that, as reasonably determined by the Administrative Agent (a) has refused (which refusal may be given verbally or in writing and has not been retracted) or failed to perform any of its funding obligations hereunder, including in respect of its Loans, which refusal or failure is not cured within one Business Day after the date of such refusal or failure, (b) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in a manner reasonably satisfactory to the Administrative Agent that it will comply with its funding obligations (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, after the date of this Agreement, (i) become the subject of a case or proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a

custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.17(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"**Discount Prepayment Accepting Lender**" has the meaning set forth in Section 2.05(a)(v)(B)(b).

"**Discount Range**" has the meaning set forth in Section 2.05(a)(v)(C)(a).

"**Discount Range Prepayment Amount**" has the meaning set forth in Section 2.05(a)(v)(C)(a).

"**Discount Range Prepayment Notice**" means a written notice of a Borrower Solicitation of Discount Range Prepayment Offers made pursuant to Section 2.05(a)(v)(C) substantially in the form of Exhibit E-4.

"**Discount Range Prepayment Offer**" means the irrevocable written offer by a Lender, substantially in the form of Exhibit E-5, submitted in response to an invitation to submit offers following the Auction Agent's receipt of a Discount Range Prepayment Notice.

"**Discount Range Prepayment Response Date**" has the meaning set forth in Section 2.05(a)(v)(C)(a).

"**Discount Range Proration**" has the meaning set forth in Section 2.05(a)(v)(C)(c).

"**Discounted Prepayment Determination Date**" has the meaning set forth in Section 2.05(a)(v)(D)(c).

"**Discounted Prepayment Effective Date**" means in the case of a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offer or Borrower Solicitation of Discounted Prepayment Offer, five (5) Business Days following the Specified Discount Prepayment Response Date, the Discount Range Prepayment Response Date or the Solicited Discounted Prepayment Response Date, as applicable, in accordance with Section 2.05(a)(v)(B)(a), Section 2.05(a)(v)(C)(a) or Section 2.05(a)(v)(D)(a), respectively, unless a shorter period is agreed to between the Borrower and the Auction Agent.

"**Discounted Term Loan Prepayment**" has the meaning set forth in Section 2.05(a)(v)(A).

"**Disposition**" or "**Dispose**" means the sale, transfer, license, lease or other disposition (including any Sale Leaseback and any sale or issuance of Equity Interests in a Restricted Subsidiary) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, whether in a single transaction or a series of related transactions; *provided* that "Disposition" and "Dispose" shall not include any issuance by Holdings of any of its Equity Interests to another Person.

"**Disqualified Equity Interests**" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Secured Hedge Obligations) that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and other than as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Secured Hedge Obligations) that are accrued and payable and the termination of the Commitments), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Latest Maturity Date at the time of issuance of such Equity Interests; *provided*, that if such Equity Interests are issued pursuant to a plan for the benefit of future, current or former employees, directors, officers, members of management or consultants of Holdings (or any direct or indirect parent thereof), the Borrower or the Restricted Subsidiaries or by any such plan to such employees, directors, officers, members of management or consultants, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be permitted to be repurchased by Holdings, the Borrower or its Restricted 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 of employment or service, as applicable, death or disability.

"**Disqualified Institutions**" means those Persons (the list of all such Persons, the "**Disqualified Institutions List**") that are (i) competitors of the Borrower and its Subsidiaries that are identified in writing by the Borrower to the Administrative Agent from time to time or (ii) Affiliates of such Persons set forth in clause (i) above (in the case of Affiliates of such Persons set forth in clause (i) above, other than bona fide fixed income investors or debt funds) that are either (a) identified in writing by the Borrower or any Sponsor to the Administrative Agent from time to time or (b) clearly identifiable on the basis of such Affiliate's name; *provided*, *that*, to the extent Persons are identified as Disqualified Institutions in writing by the Borrower to the Administrative Agent after the Closing Date pursuant to clauses (i) or (ii)(a), the inclusion of such Persons as Disqualified Institutions shall not retroactively apply to prior assignments or participations in respect of any Loan under this Agreement. Until the disclosure of the identity of a Disqualified Institution to the Lenders generally by the Administrative Agent in writing, such Person shall not constitute a Disqualified Institution for purposes of a sale of a participation in a Loan (as opposed to an assignment of a Loan) by a Lender; *provided*, that no disclosure of the Disqualified Institutions List (or the identity of any Person that constitutes a Disqualified Institution), in part or in full, to the Lenders shall be made by the Administrative Agent without the prior written consent of the Borrower. Notwithstanding the foregoing, the Borrower, by written notice to the Administrative Agent, may from time to time in its sole discretion remove any entity from the Disqualified Institutions List (or otherwise modify such list to exclude any particular entity), and such entity removed or excluded from the Disqualified Institutions List shall no longer be a Disqualified Institution for any purpose under this Agreement or any other Loan Document. The identity of Disqualified Institutions may be communicated by the Administrative Agent to a Lender or prospective Assignee upon request, but will not be otherwise posted or distributed to any Person.

"**Disqualified Institutions List**" has the meaning as set forth in the definition of "Disqualified Institutions."

"**Disqualified Person**" has the meaning set forth in Section 10.7(b)(iv).

"**Dollar**" and "**$**" mean lawful money of the United States.

"**Dollar Amount**" means, at any time with respect to any Loan the principal amount thereof then outstanding (or in which such participation is held).

"**Domestic Subsidiary**" means any Subsidiary that is organized under the Laws of (i) the United States, any state thereof or the District of Columbia, (ii) Canada or any province or territory thereof or (iii) solely for the purposes of the definition of "Guarantor," the United Mexican States or any state or federal district thereof.

"**DBRS**" means DBRS Limited.

"**ECF Prepayment Amount**" has the meaning set forth in Section 2.05(b)(i).

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means (i) a commercial bank organized under the Laws of the United States, or any state thereof, and having a combined capital and surplus of at least $100.0 million; (ii) a commercial bank organized under the Laws of any other country that is a member of the Organization for Economic Cooperation and Development (the "**OECD**"), or a political subdivision of any such country, and having a combined capital and surplus in an Equivalent Amount of at least $100.0 million; *provided*, that such bank is acting through a branch or agency located in the country in which it is organized or another country that is also a member of the OECD; (iii) an insurance company, mutual fund or other entity that is regularly engaged in making, purchasing or investing in loans or securities; or any other financial institution organized under the Laws of the United States, any state thereof, any other country that is a member of the OECD or a political subdivision of any such country with assets, or assets under management, in an Equivalent Amount of at least $100.0 million; (iv) any Affiliate of a Lender; (v) any other entity (other than a natural person) that is an "accredited investor" (as defined in Regulation D under the U.S. Securities Act or in National Instrument 45-106 *Prospectus and Registration Exemptions* adopted by the Canadian Securities Administrators, as amended) that extends credit or buys loans as one

of its businesses or investing activities including insurance companies, mutual funds and investment funds; (vi) Holdings, the Borrower or any of its Subsidiaries and (vii) any other entity consented to by the Administrative Agent and the Borrower. With respect to any Lender that is a fund or commingled investment vehicle that invests in loans, any other fund or commingled investment vehicle that invests in loans and is managed or advised by the same investment advisor of such Lender or by an Affiliate of such investment advisor shall be treated as a single Eligible Assignee. For the avoidance of doubt, "Eligible Assignee" shall not include any Disqualified Institution.

"**Eligible Inventories**" means, at any date, the amount set forth opposite the item "Inventories" (or any similar replacement item) on the consolidated financial statements of Holdings prepared in accordance with GAAP at such date, net of any inventory not owned solely by Holdings or its Restricted Subsidiaries or which are encumbered by Liens to secure Indebtedness, except the second priority Lien in favor of the Administrative Agent on behalf of the Secured Parties hereunder and a first priority Lien in favor of the collateral agent on behalf of the secured parties under the Revolving Credit Agreement.

"**Eligible Receivables**" means, at any date, the amount set forth opposite the item "Receivables" (or any similar replacement item) on the consolidated financial statements of Holdings prepared in accordance with GAAP at such date, net of accounts receivable not owned solely by Holdings or its Restricted Subsidiaries or which are encumbered by Liens to secure Indebtedness, except the second priority Lien in favor of the Administrative Agent on behalf of the Secured Parties hereunder and a first priority Lien in favor of the collateral agent on behalf of the secured parties under the Revolving Credit Agreement.

"**EMU**" means the economic and monetary union as contemplated in the Treaty on European Union.

"**Environment**" means indoor air, ambient air, surface water, groundwater, drinking water, land surface, subsurface strata, and natural resources such as wetlands, flora and fauna.

"**Environmental Laws**" means any applicable Law relating to the prevention of pollution or the protection of the Environment, and the protection of human and occupational health and safety as it relates to Hazardous Materials.

"**Environmental Liability**" means any liability, contingent or otherwise (including any liability for damages, costs of investigation and remediation, fines, penalties or indemnities), of the Loan Parties or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage or treatment of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"**Environmental Permit**" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"**Equity Funded Employee Plan Costs**" means cash costs or expenses, incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent funded with cash proceeds contributed to the capital of Holdings or net cash proceeds of an issuance of Qualified Equity Interests of Holdings or Equity Interests of any direct or indirect parent of Holdings (other than any amount (x) used to make an Investment pursuant to clause (9) of the definition of "Permitted Investments," (y) used to make Investments, Restricted Payments or prepayments, redemptions, purchase, defeasance or other payments of Junior Financings in reliance on clause (b) or (c) of the definition of "Cumulative Credit" or (z) used to incur Indebtedness pursuant to Section 7.03(x)).

"**Equity Interests**" means, with respect to any Person, all of the shares, interests, rights, participations or other equivalents (however designated) of capital stock of (or other ownership or profit interests or units in) such Person and all of the warrants, options or other rights for the purchase, acquisition or exchange from such Person of any of the foregoing (including through convertible securities).

"**Equivalent Amount**" means, on any date, the equivalent in one currency (the "**first currency**") of any amount denominated in another currency (the "**second currency**"), being the amount of the first currency which could be purchased with such amount of the second currency at the rate quoted by the Bank of Canada as the 4:30 p.m. published rate for conversion on the Business Day preceding such date or another rate agreed by the Borrower and the Administrative Agent.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that is under common control with a Loan Party within the meaning of Section 414(b) or (c) of the Code or Section 4001 of ERISA (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"**ERISA Event**" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by a Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by a Loan Party or any ERISA Affiliate from a Multiemployer Plan or written notification to a Loan Party that a Multiemployer Plan is in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (d) a written determination that any Pension Plan is in "at risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (e) the receipt of written notice by a Loan Party regarding (x) the filing of a notice of intent to terminate any Pension Plan or the treatment of a Pension Plan or Multiemployer Plan amendment as a termination under Sections 4041 or 4041A of ERISA, respectively, (y) the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; or (z) the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan under Section 4042 of ERISA; (f) with respect to a Pension Plan, the failure to satisfy the minimum funding standard of Section 412 of the Code, whether or not waived; (g) the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could result in liability to a Loan Party; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon a Loan Party or any ERISA Affiliate.

"**Escrow**" has the meaning set forth in the definition of "Indebtedness."

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Eurocurrency Rate**" means,

(i) for any Interest Period with respect to a Eurocurrency Rate Loan:

(a) the rate per annum determined by the Administrative Agent to be the applicable Screen Rate;

(b) if no Screen Rate is available for the Interest Period of the requested Eurocurrency Rate Loan, the rate per annum determined by the Administrative Agent to be the Interpolated Screen Rate for such Eurocurrency Rate Loan; and

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum equal to the rate at which the Administrative Agent is offered deposits in the currency of the relevant Eurocurrency Rate Loan at approximately 11:00 a.m. (London time), two (2) Business Days prior to the first day of such Interest Period in the London offshore interbank market for delivery on the first day of such Interest Period for the number of the days comprised therein and in an amount comparable to its portion of the amount of such Eurocurrency Rate Loan to be outstanding during such Interest Period or, if different, the date on which quotations would customarily be provided by leading banks in the London interbank market for deposits of amounts in the currency of the relevant Eurocurrency Rate Loan for delivery on the first day of such Interest Period.

(ii) for any interest calculation with respect to a Base Rate Loan on any date:

(a) the rate per annum determined by the Administrative Agent to be the Screen Rate for Eurocurrency Rate Loans for an Interest Period of one month;

(b) if no Screen Rate is available for the Interest Period specified in clause (a) above, the rate per annum determined by the Administrative Agent to be the Interpolated Screen Rate for Eurocurrency Rate Loans for an Interest Period of one month; and

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum equal to the rate at which the Administrative Agent is offered deposits in Dollars at approximately 11:00 a.m. (London time), two (2) London Banking Days prior to the first day of such Interest Period in the London interbank market, as applicable, for delivery on the first day of such Interest Period for one month and in an amount comparable to its portion of the amount of such Base Rate Borrowing to be outstanding during such Interest Period;

in the case of each of clauses (i) and (ii) above, determined at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of such Interest Period; *provided* that if the Screen Rate or the Interpolated Screen Rate is less than zero, then the Screen Rate or the Interpolated Screen Rate, as applicable, shall be deemed to be zero. Each determination by the Administrative Agent of the Eurocurrency Rate shall be conclusive and binding for all purposes absent manifest error.

"**Eurocurrency Rate Loan**" means a Loan that bears interest at a rate based on the definition of "Adjusted Eurocurrency Rate."

"**Euros**" and "**EUR**" means the lawful currency of the participating member states introduced in accordance with the EMU.

"**Event of Default**" has the meaning set forth in Section 8.01.

"**Excess Cash Flow**" means, for any period, an amount equal to:

(a) the sum, without duplication, of

(i) Consolidated Net Income for such period,

(ii) an amount equal to the amount of all non-cash charges (including depreciation and amortization) for such period to the extent deducted in arriving at such Consolidated Net Income; *provided* that if any non-cash charges referred to in this clause (ii) represents an accrual or reserve for potential cash items in any future period, (1) Holdings may elect to include such non-cash charge in the current period and (2) to the extent the Borrower elects to include such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Excess Cash Flow in such future period to such extent paid,

(iii) decreases in Consolidated Working Capital for such period (other than any such decreases arising from acquisitions or Dispositions (other than in the ordinary course) by Holdings and its Restricted Subsidiaries completed during such period or the application of acquisition accounting),

(iv) an amount equal to the aggregate net non-cash loss on Dispositions by Holdings and its Restricted Subsidiaries during such period (other than Dispositions in the ordinary course of business) to the extent deducted in arriving at such Consolidated Net Income,

(v) an amount equal to all cash received for such period on account of any net non-cash gain or income from Investments deducted in a previous period pursuant to clause (b)(iv)(B) of this definition,

(vi) an amount deducted as tax expense in determining Consolidated Net Income to the extent in excess of cash taxes paid in such period, and

(vii) cash payments received in respect of Swap Contracts during such period to the extent not included in arriving at such Consolidated Net Income,

minus

(b) the sum, without duplication, of

(i) an amount equal to (x) the amount of all non-cash credits (including, to the extent constituting non-cash credits, without limitation, amortization of deferred revenue acquired as a result of any Permitted Acquisition) included in arriving at such Consolidated Net Income (but excluding any non-cash credit to the extent representing the reversal of an accrual or reserve described in clause (a)(ii) above) and (y) cash charges, losses or expenses excluded in arriving at such Consolidated Net Income by virtue of clauses (a) through (m) of the definition of “Consolidated Net Income,”

(ii) without duplication of amounts deducted pursuant to clause (xi) below in prior periods, the amount of Capital Expenditures or acquisitions of intellectual property to the extent not expensed and Capitalized Software Expenditures accrued or made in cash during such period, to the extent financed with Internally Generated Cash,

(iii) the aggregate amount of all principal payments and repayments of Indebtedness of Holdings and its Restricted Subsidiaries to the extent financed with Internally Generated Cash, but in any event excluding principal payments and repayments of (A) Revolving Loans, (B) Indebtedness in respect of any revolving credit facility (unless there is a corresponding reduction in commitments thereunder), (C) Term Loans pursuant to Section 2.05(b) (other than pursuant to Section 2.05(b)(ii) to the extent required due to a Disposition that resulted in an increase to Consolidated Net Income and not in excess of the amount of such increase), (D) Indebtedness to the extent otherwise deducted from the Applicable ECF Percentage of Excess Cash Flow pursuant to Section 2.05(b)(i)(B) and (E) any Junior Financing to the extent not permitted to be made pursuant to Section 7.13,

(iv) an amount equal to the sum of (A) the aggregate net non-cash gain on Dispositions by Holdings and its Restricted Subsidiaries during such period (other than Dispositions in the ordinary course of business) to the extent included in arriving at such Consolidated Net Income and (B) the aggregate net non-cash gain or income from Investments (other than Investments made in the ordinary course of business) to the extent included in arriving at Consolidated Net Income,

(v) increases in Consolidated Working Capital for such period (other than any such increases arising from acquisitions or Dispositions (other than in the ordinary course of business) by Holdings and its Restricted Subsidiaries completed during such period or the application of acquisition accounting),

(vi) cash payments by Holdings and its Restricted Subsidiaries during such period in respect of long-term liabilities (including pension and other post-retirement obligations) of Holdings and its Restricted Subsidiaries other than Indebtedness to the extent such payments are not expensed during such period or are not deducted (or were excluded) in calculating Consolidated Net Income and to the extent financed with Internally Generated Cash,

(vii) without duplication of amounts deducted pursuant to clause (xi) below in prior periods, the amount of Investments made pursuant to clauses (3), (13), (15), (16), (19) (to the extent not deducted in arriving at such Consolidated Net Income) and (24) of the definition of “Permitted Investment” to the extent such Investments were financed with Internally Generated Cash,

(viii) the amount of Restricted Payments paid during such period pursuant to Sections 7.06(f), (g), (h), (i), (j)(i) and (k), in each case to the extent such Restricted Payments were financed with Internally Generated Cash,

(ix) the aggregate amount of expenditures actually made by Holdings and its Restricted Subsidiaries from Internally Generated Cash of Holdings and its Restricted Subsidiaries during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such period or are not deducted (or were excluded) in calculating Consolidated Net Income,

(x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by Holdings and its Restricted Subsidiaries during such period that are required to be made in connection with any prepayment of Indebtedness to the extent financed with Internally Generated Cash,

(xi) without duplication of amounts deducted from Excess Cash Flow in prior periods and, at the option of Holdings, the aggregate consideration required to be paid in cash by Holdings and its Restricted Subsidiaries pursuant to binding contracts (the "**Contract Consideration**") entered into prior to or during such period relating to Permitted Acquisitions, Capital Expenditures, Capitalized Software Expenditures or acquisitions of intellectual property to the extent expected to be consummated or made, in each case during the period of four consecutive fiscal quarters of Holdings following the end of such period provided that to the extent the aggregate amount of Internally Generated Cash actually utilized to finance such Permitted Acquisitions, Capital Expenditures, Capitalized Software Expenditures or acquisitions of intellectual property during such period of four consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,

(xii) the amount of cash taxes paid (or distributed) in respect of such period to the extent they exceed the amount of tax expense deducted in determining Consolidated Net Income for such period,

(xiii) cash expenditures in respect of Swap Contracts during such period to the extent not deducted in arriving at such Consolidated Net Income, and

(xiv) any payment of cash to be amortized or expensed over a future period and recorded as a long-term asset (so long as any such amortization or expense in such future period is added back to the Excess Cash Flow in such future period pursuant to clause (a)(ii) hereof).

Notwithstanding anything in the definition of any term used in the definition of "Excess Cash Flow" to the contrary, all components of Excess Cash Flow shall be computed for Holdings and its Restricted Subsidiaries on a consolidated basis.

"**Excess Cash Flow Period**" means each fiscal year of Holdings commencing with and including the fiscal year ending January 31, 2020.

"**Excess Permitted Refinancing Amount**" has the meaning specified in the "Permitted Refinancing" definition.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Excluded Indebtedness**" has the meaning set forth in the definition of "Indebtedness."

"**Excluded Subsidiary**" means (a) any Subsidiary that is not a wholly owned Subsidiary organized in a Qualified Jurisdiction, (b) any Subsidiary of a Subsidiary described in clause (a) above, (c) any Receivables Co. or Securitization Subsidiary, (d) any Unrestricted Subsidiary or (e) any Subsidiary that is prohibited by applicable law from guaranteeing the Obligations or whose guarantee of the Obligations would result in material adverse tax consequences to the Borrower or its Subsidiaries (as determined reasonably and in good faith by the Borrower); *provided* that no Subsidiary that is a borrower or guarantor under the Revolving Credit Agreement shall constitute an Excluded Subsidiary.

"**Excluded Swap Obligation"** means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, as applicable, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) (a) by virtue of such Guarantor's failure to constitute an "eligible contract participant," as defined in the Commodity Exchange Act and the regulations thereunder, at the time the guarantee of (or grant of such security interest by, as applicable) such Guarantor becomes or would become effective with respect to such Swap Obligation or (b) in the case of a Swap Obligation that is subject to a clearing requirement pursuant to section 2(h) of the Commodity Exchange Act, because such Guarantor is a "financial entity," as defined in section 2(h)(7)(C) of the Commodity Exchange Act, at the time the guarantee of (or grant of such security interest by, as applicable) such Guarantor becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one Swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guarantee or security interest is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

"**Existing Revolving Credit Agreement**" means that certain Second Amended and Restated Credit Agreement, dated as of June 30, 2016, among the Borrower, BRP US, the Guarantors party thereto, the lenders from time to time party thereto, and Bank of Montreal, as administrative agent, as amended from time to time.

"**Existing Credit Agreement**" has the meaning set forth in the preliminary statements to this Agreement.

"**Existing Term Loan Tranche**" has the meaning set forth in Section 2.16(a).

"**Extended Term Loans**" has the meaning set forth in Section 2.16(a).

"**Extending Term Lender**" has the meaning set forth in Section 2.16(c).

"**Extension**" means the establishment of an Extension Series by amending a Loan pursuant to Section 2.16 and the applicable Extension Amendment.

"**Extension Amendment**" has the meaning set forth in Section 2.16(d).

"**Extension Election**" has the meaning set forth in Section 2.16(c).

"**Extension Minimum Condition**" means a condition to consummating any Extension that a minimum amount (to be determined and specified in the relevant Extension Request, in the Borrower's sole discretion) of any or all applicable Classes be submitted for Extension.

"**Extension Request**" has the meaning set forth in Section 2.16(a).

"**Extension Series**" has the meaning set forth in Section 2.16(a).

"**Facility**" means a given Class of Term Loans, as the context may require.

"**fair market value**" means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Borrower in good faith.

"**Family Holding Companies**" means, collectively, Beaudier Inc., 4338618 Canada Inc., 4260937 Canada Inc., 4260929 Canada Inc. and 4260911 Canada Inc., in each case for so long as such corporation continues to be used as a holding corporation for one or more of the members of the Beaudier Group and such members continue to beneficially hold, directly or indirectly, not less than 85% of the ownership interests in such corporation.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or any Treasury Regulations or other administrative guidance promulgated thereunder or other official interpretations thereof and any intergovernmental or foreign financial institution agreement adopted pursuant thereto and any fiscal or regulatory legislation, rules, or practices implementing the foregoing.

"**FCPA**" has the meaning set forth in Section 5.18(b).

"**Federal Funds Rate**" means, for any day, the rate per annum equal to the rates on overnight Federal funds transactions with members of the Federal Reserve System (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time), as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent; provided further that if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"**FIRREA**" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

"**First Lien Pari Passu Intercreditor Agreement**" means an intercreditor agreement substantially in the form of Exhibit J hereto (which agreement in such form, or with immaterial changes thereto, the Administrative Agent is authorized to enter into) together with any material changes thereto which are reasonably acceptable to the Administrative Agent and which material changes shall be posted to the Lenders not less than five (5) Business Days before execution thereof and, if the Required Lenders shall not have objected to such changes within five (5) Business Days after posting, then the Required Lenders shall be deemed to have agreed that the Administrative Agent's entry into such intercreditor agreement (with such changes) is reasonable and to have consented to such intercreditor agreement (with such changes) and to the Administrative Agent's execution thereof.

"**Fixed Amounts**" has the meaning set forth in Section 1.09(e).

"**Flood Insurance Laws**" means, collectively, (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto, (iv) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (v) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

"**Foreign Disposition**" has the meaning set forth in Section 2.05(b)(viii).

"**Foreign Subsidiary**" means any direct or indirect Subsidiary of Holdings which is not a Domestic Subsidiary.

"**FRB**" means the Board of Governors of the Federal Reserve System of the United States.

"**Fund**" means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

"**Funded Debt**" means all Indebtedness of Holdings and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendable, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including Indebtedness in respect of the Loans.

"**GAAP**" means the accounting standards from time to time adopted by the Canadian Accounting Standards Board, or any successor body, and set out in the CPA Canada Handbook – Accounting, that are applicable to the relevant Person for the relevant financial period; *provided*, *however*, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof (including through conforming changes made consistent with IFRS) on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof (including through conforming changes made consistent with IFRS), then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. In the case of each of the foregoing provisos, the Required Lenders and the Borrower shall negotiate in good faith to amend such provision and no fees (other than reasonable legal fees incurred by the Administrative Agent in connection with such amendment), no premiums, and no increases in pricing or other costs shall be charged to, or borne by the Borrower in connection with any such amendment.

"**Governmental Authority**" means the government, parliament or legislature of any nation, or of any political subdivision thereof, any agency, authority, instrumentality, ministry, regulatory body, court, administrative tribunal, central bank, including the Canadian Revenue Agency, the Internal Revenue Service and any other taxation authority, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Granting Lender**" has the meaning set forth in Section 10.07(g).

"**Guarantee**" means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another Person (the "**primary obligor**") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance of such Indebtedness or other monetary obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the

primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other monetary obligation of any other Person, whether or not such Indebtedness or other monetary obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"**Guaranteed Obligations**" has the meaning set forth in Section 11.01.

"**Guarantors**" has the meaning set forth in the definition of "Collateral and Guarantee Requirement" and shall include each Restricted Subsidiary that shall have become a Guarantor pursuant to Section 6.11. For avoidance of doubt, the Borrower may elect to cause any Restricted Subsidiary that is not a Guarantor to Guarantee the Obligations by causing such Restricted Subsidiary to execute a joinder to this Agreement in form and substance reasonably satisfactory to the Administrative Agent and to comply with the requirements of Section 6.11 of this Agreement (which for the avoidance of doubt, require security documents governed by the jurisdiction of organization of such Restricted Subsidiary), and any such Restricted Subsidiary shall cease to be an Excluded Subsidiary and shall be a Guarantor, Loan Party and Subsidiary Guarantor hereunder for all purposes; *provided* that (x) other than in the case of a Foreign Subsidiary, such election shall be at the sole discretion of the Borrower and (y) in the case of a Foreign Subsidiary, such election shall be at the discretion of the Borrower with the consent of the Administrative Agent (not to be unreasonably withheld, delayed or conditioned), it being understood that the only reasonable condition to the Administrative Agent's consent shall be to require amendments (such amendments, notwithstanding anything else herein to the contrary, requiring solely the consent of the Administrative Agent and the Borrower and no other Loan Party or Secured Party) to this Agreement to cap Indebtedness incurred by such Foreign Subsidiary pursuant to Section 7.03(g) or Section 7.03(s), in each case in an amount no less than the existing caps set forth for the incurrence of Indebtedness by Non-Loan Parties, as are deemed in good faith by the Administrative Agent (in consultation with the Borrower) as reasonably necessary in light of the limitations on the provision of, enforceability or legality of any Guaranty by, and provision of perfected first-priority security interest in the assets of, such Foreign Subsidiary (to the extent such limitations are more restrictive in any material respect than the general limitations in the provision, enforceability or legality of any Guaranty provided by other Subsidiary Guarantors that are Domestic Subsidiaries). In addition, the Borrower shall be a Guarantor other than with respect to its direct Obligations as a primary obligor.

"**Guaranty**" means, collectively, the guaranty of the Obligations by the Guarantors pursuant to this Agreement.

"**Hazardous Materials**" means all materials, pollutants, contaminants, chemicals, compounds, constituents, substances, wastes or residual materials in any form, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, mold, electromagnetic radio frequency or microwave emissions that are regulated pursuant to, or which could give rise to liability under, Environmental Law.

"**Hedge Bank**" means with respect to any Secured Hedge Agreement, as of any date of determination, (i) any Person that is a Lender or an Affiliate of a Lender on such date or (ii) any Person who (x) was a Lender or an Affiliate of a Lender at the time such Secured Hedge Agreement was entered into and who is no longer a Lender or an Affiliate of a Lender or (y) was an Arranger or an Affiliate of an Arranger as of the Closing Date (regardless of whether such Person is currently an Arranger or an Affiliate of an Arranger at the date of determination); *provided* that any Hedge Bank (as defined in the Revolving Credit Agreement) shall not constitute a Hedge Bank hereunder.

"**Holdings**" has the meaning set forth in the preamble to this Agreement.

"**Identified Participating Lenders**" has the meaning set forth in Section 2.05(a)(v)(C)(c).

"**Identified Qualifying Lenders**" has the meaning set forth in Section 2.05(a)(v)(D)(c).

"**IFRS**" means international accounting standards as promulgated by the International Accounting Standards Board.

"**Incremental Amendment**" has the meaning set forth in Section 2.14(f).

"**Incremental Amendment Date**" has the meaning set forth in Section 2.14(d).

"**Incremental Commitments**" has the meaning set forth in Section 2.14(a).

"**Incremental Equivalent Debt**" has the meaning set forth in Section 2.14(h).

"**Incremental Facility Closing Date**" has the meaning set forth in Section 2.14(b).

"**Incremental Lender**" has the meaning set forth in Section 2.14(c).

"**Incremental Loan**" has the meaning set forth in Section 2.14(b).

"**Incremental Loan Request**" has the meaning set forth in Section 2.14(a).

"**Incurrence-Based Amounts**" has the meaning set forth in Section 1.09(e).

"**Indebtedness**" means, as to any Person at a particular time, without duplication, all of the following:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount (after giving effect to any prior drawings or reductions which may have been reimbursed) of all outstanding letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts and accrued expenses payable in the ordinary course of business, (ii) any earn-out or similar obligation, unless such obligation has not been paid within 30 days after becoming due and payable and becomes a liability on the balance sheet of such Person in accordance with GAAP and (iii) accruals for payroll and other liabilities accrued in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), provided such indebtedness shall have been assumed by such Person or is limited in recourse to such property;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; if and to the extent that the foregoing would constitute indebtedness or a liability in accordance with GAAP; and

(h) to the extent not otherwise included above, all Guarantees of such Person in respect of any of the foregoing;

provided, however, that (i) Contingent Obligations incurred in the ordinary course of business and not in respect of borrowed money and (ii) Investments pursuant to clause (27) of the definition of "Permitted Investments" shall, in each case, be deemed not to constitute Indebtedness.

For all purposes hereof, the Indebtedness of any Person shall (A) include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner, except to the extent such Person's liability for such Indebtedness is otherwise limited and only to the extent such Indebtedness would be included in the calculation of Consolidated Total Net Debt, (B) in the case of Holdings and its Restricted Subsidiaries, exclude all intercompany Indebtedness so long as such intercompany Indebtedness (i) has a term not exceeding 364 days (inclusive of any roll-over or extensions of terms), (ii) of any Loan Party owed to a Non-Loan Party is unsecured and subordinated to the Obligations and (iii) is made in the ordinary course of business and (C) except for calculations in connection with an LCT Test Date or any calculation for a Subsequent Transaction, exclude Indebtedness incurred in advance of, and the proceeds of which are to be applied in connection with, the consummation of a transaction solely to the extent the proceeds thereof are and continue to be held in an escrow, trust, collateral or similar account or arrangement (collectively, an "**Escrow**") and are not otherwise made available to such Person (such Indebtedness, "**Excluded Indebtedness**") (it being understood that in any event, any such proceeds held in such Escrow shall be deemed to constitute Restricted Cash). From and after the date on which any Escrow is established and prior to the earlier of the date on which the proceeds in which such Escrow have been fully released to the Borrower or otherwise, for purposes of determining whether any Indebtedness is permitted to be incurred under this Agreement, such determination shall be made on a Pro Forma Basis (i) assuming the release of proceeds under the Escrow, the use of proceeds thereof (and the consummation of the associated transactions) and the inclusion of the Excluded Indebtedness and (ii) assuming the Escrow has not been released and the associated transactions have not been consummated. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (e) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby. The amount of any Indebtedness that is issued at a discount to its initial principal amount shall be calculated based on the initial stated principal amount thereof without giving effect to any such discounts.

"**Indemnified Liabilities**" has the meaning set forth in Section 10.05.

"Indemnified Taxes" means, with respect to any Agent or any Lender, all Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document, other than (i) any Taxes imposed on or measured by its net income, however denominated, and franchise (and similar) Taxes imposed on it in lieu of income Taxes, in each case (A) imposed by a jurisdiction as a result of such recipient being organized in or having its principal office or applicable lending office in such jurisdiction, or (B) that are Other Connection Taxes (ii) any Taxes attributable to the failure by such Agent or Lender to comply with Section 3.01(d), (iii) any Taxes similar to the branch profits tax under Section 884(a) of the Code imposed by Canada (or any province thereof) or by any other jurisdiction described in clause (i) above, (iv) any Taxes imposed under FATCA, (v) any Canadian federal withholding Taxes imposed as a result of the Administrative Agent, any Lender or any other recipient of any payment hereunder, not dealing at arm's length (within the meaning of the ITA) with the Borrower or a Guarantor (otherwise than by reason solely of the exercise of its rights under this Agreement), or as a result of a Lender being a "specified non-resident shareholder" (within the meaning of subsection 18(5) of the ITA) of the Borrower or a Guarantor, or not dealing at arm's length with a "specified shareholder" (within the meaning of subsection 18(5) of the ITA) of the Borrower or a Guarantor (in each case, otherwise than by reason solely of the exercise of its rights under this Agreement) and (vi) for the avoidance of doubt, interest, penalties, and additions to tax on the amounts described in clauses (i) through (vi) hereof.

"**Indemnitees**" has the meaning set forth in Section 10.05.

"**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 Borrower, qualified to perform the task for which it has been engaged and that is independent of the Borrower and its Affiliates.

"**Information**" has the meaning set forth in Section 10.08.

"**Intercreditor Agreements**" means any First Lien Pari Passu Intercreditor Agreement, any Second Lien Intercreditor Agreement, the Revolving/Term Loan Intercreditor Agreement and any Subordination Agreement, collectively, in each case to the extent then in effect.

"**Interest Payment Date**" means, (a) as to any Eurocurrency Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; *provided* that if any Interest Period for a Eurocurrency Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date of the Facility under which such Loan was made.

"**Interest Period**" means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date one, two, three or six months thereafter or, to the extent agreed by each Lender of such Eurocurrency Rate Loan, twelve months or less than one month thereafter, as selected by the Borrower in its Committed Loan Notice; *provided* that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period (other than an Interest Period having a duration of less than one month) that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the applicable Maturity Date.

"**Internally Generated Cash**" means, with respect to any Person, funds of such Person and its Restricted Subsidiaries not constituting (x) proceeds of the issuance of (or contributions in respect of) Equity Interests of such Person, (y) proceeds of the incurrence of Indebtedness (other than the incurrence Revolving Loans or extensions of credit under any other revolving credit or similar facility) by such Person or any of its Restricted Subsidiaries or (z) proceeds of Dispositions (other than Dispositions of inventory in the ordinary course of business) and Casualty Events.

"**Interpolated Screen Rate**" means, with respect to the Eurocurrency Rate for any Eurocurrency Rate Loan or Base Rate Loan, the rate which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period for which a Screen Rate is available for such Loan of such Type in the applicable currency, which period is less than the Interest Period of such Loan; and

(b) the applicable Screen Rate for the shortest period for which a Screen Rate is available for such Loan of such Type in the applicable currency, which period exceeds the Interest Period of such Loan.

"**Investment**" means, as to any Person, all investments by such Person in other Persons (including Affiliates) in the form of (x) 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), (y) purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person (excluding, in the case of Holdings and its Restricted Subsidiaries, intercompany loans, advances or Indebtedness so long as such Indebtedness (i) has a term not exceeding 364 days (inclusive of any roll over or extensions of terms), (ii) of any Loan Party owed to a Non-Loan Party is unsecured and subordinated to the Obligations and (iii) is made in the ordinary course of business) or (z) purchases or other acquisitions (in one transaction or a series of transactions) of all or substantially all of the assets of, or a division, business unit or product line, including research and development and related assets in respect of any product, of, any other Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenants described under Sections 6.14 and 7.06:

(1) "Investments" shall include the portion (proportionate to Holdings' Equity Interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of Holdings at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, Holdings shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) Holdings' "Investment" in such Subsidiary at the time of such redesignation; less

(b) the portion (proportionate to Holdings' Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment (without adjustment for any increases or decreases in the value of such Investments), reduced by (except in the case of any Investments made using the Cumulative Credit pursuant to Section 7.06(g)(y), returns which are included in the Cumulative Credit pursuant to clause (f) of the definition thereof) any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by Holdings or a Restricted Subsidiary in respect of such Investment.

"**IP Rights**" has the meaning set forth in Section 5.15.

"**IRS**" means the United States Internal Revenue Service.

"**ITA**" means the Income Tax Act (Canada).

"**Judgment Currency**" has the meaning set forth in Section 10.21.

"**Junior Financing**" has the meaning set forth in Section 7.13.

"**Junior Financing Documentation**" means any documentation governing any Junior Financing.

"Kawasaki Settlement Agreement" means the Settlement Agreement, dated as of March 31, 2008, by and between Kawasaki Heavy Industries, Kawasaki Motors Corp., U.S.A., Kawasaki Motors Manufacturing Corp., U.S.A., the Borrower, BRP US Inc. and BRP-Rotax GMBH & Co. KG as in effect on the Closing Date.

"**Latest Maturity Date**" means, at any date of determination and with respect to the specified Loans or Commitments (or in the absence of any such specification, all outstanding Loans and Commitments hereunder), the latest Maturity Date applicable to any such Loans or Commitments hereunder at such time, including the latest maturity date of any Extended Term Loan, any Incremental Loans or any Refinancing Loans, in each case as extended in accordance with this Agreement from time to time.

"**Laws**" means, collectively, all international, foreign, domestic, federal, provincial, municipal, territorial, state and local statutes, treaties, rules, guidelines, regulations, bylaws, ordinances, codes, administrative or judicial precedents or authorities and executive orders, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"**LCT Election**" has the meaning set forth in Section 1.09(f).

"**LCT Test Date**" has the meaning set forth in Section 1.09(f).

"**Lender**" has the meaning set forth in the preamble to this Agreement.

"**Lending Office**" means, as to any Lender, such office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"**Lien**" means any mortgage, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to Real Property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing); provided that in no event shall an operating lease in and of itself be deemed a Lien.

"**Limited Condition Transaction**" means (i) any Permitted Acquisition whose consummation is not conditioned on the availability of, or on obtaining, third party financing and/or (ii) any redemption or repayment of Indebtedness requiring irrevocable notice in advance of such redemption or repayment.

"**Limited Originator Recourse**" means a letter of credit, cash collateral account or other such credit enhancement issued in connection with the incurrence of Indebtedness by a Securitization Subsidiary under a Qualified Securitization Financing.

"**Loan**" means an extension of credit under Article II by a Lender to the Borrower in the form of a Term Loan.

"**Loan Documents**" means, collectively, (i) this Agreement and the Restatement Agreement, (ii) the Notes, (iii) the Collateral Documents, (iv) the Intercreditor Agreements, (v) any Refinancing Amendment, Incremental Amendment or Extension Amendment, (vi) any other document or instrument designated by the Borrower and the Administrative Agent as a "Loan Document" and (vii) any other amendment or joinder to this Agreement; *provided*, that no Swap Contract or Secured Hedge Agreement shall be a Loan Document.

"**Loan Parties**" means, collectively, the Borrower and each Guarantor.

"**London Banking Day**" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"**Margin Stock**" shall have the meaning assigned to such term in Regulation U of the Board of Governors of the United States Federal Reserve System, or any successor thereto.

"**Master Agreement**" has the meaning set forth in the definition of "Swap Contract."

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, assets or financial condition of Holdings and its Restricted Subsidiaries, taken as a whole; (b) the ability of the Loan Parties (taken as a whole) to fully and timely perform any of their payment obligations under any Loan Document to which any of the Loan Parties is a party; or (c) the rights and remedies available to the Lenders or the Administrative Agent under any Loan Document.

"**Material Real Property**" means (i) any fee-owned Real Property located in a Qualified Jurisdiction (other than the United Mexican States) that is owned by any Loan Party on the Closing Date and is subject to a Mortgage under the Existing Credit Agreement, as listed in Schedule 1.01E and (ii) any fee-owned Real Property located in a Qualified Jurisdiction (other than the United Mexican States) that is acquired after the Closing Date and that has a fair market value in excess of $15,000,000 at the time of acquisition.

"**Maturity Date**" means (i) with respect to the Term B Loans, the seventh anniversary of the Closing Date, (ii) with respect to any Class of Extended Term Loans, the final maturity date as specified in the applicable Extension Request accepted by the respective Lender or Lenders, (iii) with respect to any Refinancing Loans, the final maturity date as specified in the applicable Refinancing Amendment, (iv) with respect to any Incremental Loans, the final maturity date as specified in the applicable Incremental Amendment and (v) with respect to any Replacement Term Loans, the final maturity date as specified in the applicable agreement; *provided* that, in each case, if such day is not a Business Day, the Maturity Date shall be the Business Day immediately succeeding such day.

"**Maximum Rate**" has the meaning set forth in Section 2.10(d).

"**Mexican Security Documents**" means the stock pledge agreements, non-possessory pledges and mortgage on Real Property located in the United Mexican States, or other similar agreements executed and delivered pursuant to the Existing Credit Agreement, the Collateral and Guarantee Requirement, Sections 6.11, 6.13 or 6.17 of this Agreement or pursuant to any of the foregoing and each of the other agreements, instruments or documents governed by the Laws of the United Mexican States or any state or subdivision thereof that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties (other than any mortgage with respect to the Ciudad Juarez Property existing on the Closing Date).

"**Moody's**" means Moody's Investors Service, Inc. and any successor thereto.

"**Mortgage Policies**" has the meaning set forth in the definition of "Collateral and Guarantee Requirement."

"**Mortgaged Properties**" has the meaning set forth in the definition of "Collateral and Guarantee Requirement."

"**Mortgages**" means, collectively, the deeds of trust, deeds to secure debt, trust deeds, hypothecs and mortgages made by the Loan Parties in favor or for the benefit of the Administrative Agent on behalf of the Secured Parties creating and evidencing a Lien on a Mortgaged Property in form and substance reasonably satisfactory to the Administrative Agent (taking account of relevant local Law matters), executed and delivered pursuant to the Collateral and Guarantee Requirement, Section 6.11 or Section 6.13, in each case, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"**Multiemployer Plan**" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA and subject to Title IV of ERISA to which a Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding six plan years, has made or been obligated to make contributions.

"**Net Proceeds**" means:

(a) 100% of the cash proceeds actually received by Holdings or any of the Restricted Subsidiaries (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but in each case only as and when received) from any Disposition, net of (i) attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith, (ii) the principal amount of any Indebtedness that is secured by a Lien (other than a Lien that ranks *pari passu* with or is subordinated to the Liens securing the Obligations) on the asset subject to such Disposition and that is required to be repaid in connection with such Disposition (other than Indebtedness under the Loan Documents), together with any applicable premium, penalty, interest and breakage costs, (iii) in the case of any Disposition by a non-wholly owned Restricted Subsidiary, the pro rata portion of the Net Proceeds thereof (calculated without regard to this clause (iii)) attributable to minority interests and not available for distribution to or for the account of Holdings or a wholly owned Restricted Subsidiary as a result thereof, (iv) taxes paid or reasonably estimated to be payable, directly or indirectly, as a result thereof (including taxes that are or would be imposed on the distribution or repatriation of any such Net Proceeds), and (v) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) related to any of the applicable assets and (y) retained by Holdings or any of the Restricted Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations (*provided*, *however*, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Proceeds of such Disposition occurring on the date of such reduction); *provided* that, at the option of Holdings, Holdings may use all or any portion of such proceeds to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of Holdings or its Restricted Subsidiaries or to make Permitted Acquisitions (or any subsequent Investment made in a Person, division or line of business previously acquired), in each case within 15 months of such receipt, and such proceeds shall not constitute Net Proceeds except to the extent not, within 15 months of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 15-month period but within such 15-month period are contractually committed to be used, then upon the termination of such contract or if such Net Proceeds are not so used within such 15-month period or, if later, 180 days from the entry into such contractual commitment, then such remaining portion shall constitute Net Proceeds as of the date of such termination or expiry without giving effect to this proviso); *provided*, *further*, that no proceeds realized in a single transaction or series of related transactions shall constitute Net Proceeds unless (x) such proceeds shall exceed $10,000,000 or (y) the aggregate net proceeds exceed $25,000,000 in any fiscal year (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds under this clause (a)), and

(b) 100% of the cash proceeds from the incurrence, issuance or sale by Holdings or any of the Restricted Subsidiaries of any Indebtedness, net of all taxes paid or reasonably estimated to be payable, directly or indirectly, as a result thereof and fees (including investment banking fees, underwriting fees and discounts), commissions, costs and other expenses, in each case incurred in connection with such issuance or sale.

For purposes of calculating the amount of Net Proceeds, fees, commissions and other costs and expenses payable to Holdings shall be disregarded.

"**Non-Consenting Lender**" has the meaning set forth in Section 3.07.

"**Non-Defaulting Lender**" means, at any time, a Lender that is not a Defaulting Lender.

"**Non-Loan Party**" means any Restricted Subsidiary of Holdings that is not a Loan Party.

"**Note**" means a Term Note.

"**Obligations**" means all (x) advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, fees, expenses and other amounts that accrue after the commencement by or against any Loan Party or Restricted Subsidiary of any case or proceeding under any Debtor Relief Laws naming such Person as the debtor in such case or proceeding, regardless of whether such interest, fees, expenses and other amounts are allowed or allowable claims in such case or proceeding and (y) obligations of any Loan Party or Restricted Subsidiary arising under any Secured Hedge Agreement. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation (including guarantee obligations) to pay principal, interest, reimbursement obligations, charges, expenses, fees, premiums, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that the Administrative Agent or any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party; *provided* that the Obligations with respect to any Guarantor shall not include any Excluded Swap Obligations of such Guarantor.

"**Offered Amount**" has the meaning set forth in Section 2.05(a)(v)(D)(a).

"**Offered Discount**" has the meaning set forth in Section 2.05(a)(v)(D)(a).

"**OID**" means original issue discount.

"**Organization Documents**" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, declaration, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"**Other Applicable Indebtedness**" has the meaning set forth in Section 2.05(b)(i).

"**Other Connection Taxes**" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced any Loan Document.

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment or a grant of a participation (other than an assignment made pursuant to Section 3.07).

"**Outstanding Amount**" means with respect to the Loans on any date, the outstanding Dollar Amount thereof after giving effect to any borrowings and prepayments or repayments of Loans, as the case may be, occurring on such date.

"**Overnight Rate**" means, for any day, the greater of the Federal Funds Rate and an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

"**Participant**" has the meaning set forth in Section 10.07(d).

"Participant Register" has the meaning set forth in Section 10.07(d).

"**Participating Lender**" has the meaning set forth in Section 2.05(a)(v)(C)(b).

"**PBGC**" means the Pension Benefit Guaranty Corporation created by Section 4002 of ERISA.

"**Pension Plan**" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA or Section 412 of the Code and is sponsored or maintained by any Loan Party or any ERISA Affiliate or to which any Loan Party or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five (5) plan years.

"**Permitted Acquisition**" means any Investment of the type described in clause (3) of the definition of "Permitted Investments" and any other Investment constituting the purchase or acquisition of all of the assets of, or a division, business unit or product line, including research and development and related assets in respect of any product, of, or the Equity Interests representing a majority of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of, another Person.

"**Permitted Earlier Maturity Debt**" shall mean up to $100,000,000 in aggregate principal amount of Indebtedness that may be incurred, at the election of the Borrower, under Section 2.14, Section 2.15, Section 7.03(g) or Section 7.03(s) or any Incremental Equivalent Debt, Replacement Term Loans or Refinancing Loans, in each case, with (i) a final maturity date prior to the Maturity Date of the Term B Loans and (b) a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Term B Loans.

"**Permitted Floorplan Facility**" means any transaction providing for the financing of purchases of inventory from Holdings and its Subsidiaries by dealers, distributors and other customers of such products on terms that are reasonably customary for such financings.

"**Permitted Holders**" means one or more of (a) Bain, (b) Beaudier, (c) the Caisse, *provided*, that the Caisse shall not be a Permitted Holder unless Bain or Beaudier (or both taken together) owns, directly or indirectly, issued and outstanding Equity Interests of Holdings having a greater percentage of the ordinary voting power of the then outstanding Equity Interests of Holdings than does the Caisse, or (d) any entity that is controlled jointly by two or more of the entities identified in clauses (a), (b) and (c) (excluding, for the avoidance of doubt, Holdings, the Borrower or any of their respective Subsidiaries).

"**Permitted Investments**" means:

(1) any Investment in Holdings or any of its Restricted Subsidiaries;

(2) any Investment in Cash Equivalents;

(3) any Investment by Holdings or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent all or substantially all of its assets or a division, business unit or product line, including research and development and related assets in respect of any product) that is engaged in a business permitted pursuant to Section 7.07 if as a result of such Investment:

(i) such Person becomes a Restricted Subsidiary; or

(ii) 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 (or such division, business unit or product line) to, or is liquidated into, Holdings or a Restricted Subsidiary;

and, in each case, any Investment held by such Person; *provided*, that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation consolidation or transfer;

(4) any Investment in securities or other assets not constituting Cash Equivalents and received in connection with a Disposition made pursuant to Section 7.05 hereof or any other disposition of assets not constituting a Disposition;

(5) any Investment existing on the Closing Date or made pursuant to binding commitments in effect on the Closing Date, in each case as listed on Schedule II, or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any such Investment or binding commitment existing on the Closing Date; *provided*, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Closing 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 this Agreement;

(6) any Investment acquired by Holdings or any of its Restricted Subsidiaries:

(i) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business; or

(ii) in exchange for any other Investment, accounts receivable or endorsements for collection or deposit held by Holdings or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of, or settlement of delinquent accounts of the issuer of such other Investment or accounts receivable (including any trade creditor or customer); or

(iii) in satisfaction of judgments against other Persons; or

(iv) as a result of a foreclosure by Holdings or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Swap Contracts permitted under Section 7.03(f) hereof and Cash Management Services;

(8) distributions or payments of Securitization Fees;

(9) Investments the payment for which consists of Equity Interests (other than Disqualified Equity Interests) of Holdings or any of its direct or indirect parent companies; *provided*, that such Equity Interests will not increase the Cumulative Credit;

(10) guarantees of Indebtedness permitted under Section 7.03(c) (in the case of guarantees provided by Non-Loan Parties, subject to clause (C) of the proviso to Section 7.03(c)), performance guarantees and Contingent Obligations incurred in the ordinary course of business (as long as the primary obligor with respect to such Contingent Obligation is Holdings or any Restricted Subsidiary) and the creation of Liens on the assets of Holdings or any Restricted Subsidiary in compliance with Section 7.01;

(11) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of Section 7.08 (except transactions described in clauses (a), (f), (g), (l), (n), (q) and (r) of such Section);

(12) Investments consisting of purchases or other acquisitions of inventory, supplies, services, material or equipment 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, not to exceed the greater of (i) $100,000,000 and (ii) 21.0% of Consolidated EBITDA (with Consolidated EBITDA being calculated at the time such Investment is made);

(14) Investments in or relating to a Securitization Subsidiary that, in the good faith determination of Holdings are necessary or advisable to effect any Qualified Securitization Financing or any repurchase obligation in connection therewith;

(15) loans and advances to, or guarantees of Indebtedness of, officers, directors, employees, consultants and members of management not in excess of the greater of (i) $12,500,000 and (ii) 2.5% of Consolidated EBITDA outstanding at any one time, in the aggregate (excluding, for the avoidance of doubt, loans and advances described in clause (16) of this definition);

(16) loans and advances to employees, directors, officers, managers and consultants (i) for business-related travel expenses, entertainment expenses, moving expenses and other similar expenses or payroll advances, in each case incurred in the ordinary course of business or consistent with past practices or (ii) to fund such Person's purchase of Equity Interests of Holdings or any direct or indirect parent company thereof;

(17) advances, loans or extensions of trade credit in the ordinary course of business by Holdings or any of its Restricted Subsidiaries;

(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;

(19) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business;

(20) 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;

(21) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(22) Investments consisting of promissory notes issued by Holdings or any Restricted Subsidiary to future, present or former officers, directors and employees, members of management, or consultants of Holdings or any of its Subsidiaries or their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdings or any direct or indirect parent thereof, to the extent the applicable Restricted Payment is permitted by Section 7.06 hereof;

(23) any Investment by any Captive Insurance Subsidiary in connection with its provision of insurance to Holdings or any of its Subsidiaries, which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(24) loans and advances to any direct or indirect parent of Holdings 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 to such parent in accordance with Sections 7.06(f), (g) or (h), such Investment being treated for purposes of the applicable clause of Section 7.06, including any limitations, as a Restricted Payment made pursuant to such clause;

(25) any Investments by Holdings or any Restricted Subsidiary in connection with any joint venture or other arrangement with any university for research and development purposes, in an aggregate amount not to exceed $15,000,000 outstanding at any one time;

(26) any Investment made in the ordinary course of business consisting of a guarantee in favor of (i) a third party in connection with such third party's lease of products purchased from Holdings or any Restricted Subsidiary (or from a dealer or distributor that purchased such products from Holdings or any Restricted Subsidiary) to customers and (ii) a customer in connection with such customer's lease from a third party of products purchased by such third party from Holdings or any Restricted Subsidiary (or from a dealer or distributor that purchased such products from Holdings or any Restricted Subsidiary); and

(27) Investments, in an amount not to exceed $150,000,000 outstanding at any time, in connection with Holdings or any Restricted Subsidiary guaranteeing a minimum return with respect to any financing program provided by any third party, under which financing program such third party provides financing to customers for the purchase from a dealer or distributor of products purchased by such dealer or distributor from Holdings or any Restricted Subsidiary.

For purposes of determining whether an Investment is a Permitted Investment or is otherwise a Restricted Investment permitted to be made pursuant to Section 7.06, in the event that an Investment (or any portion thereof) at any time, whether at the time of making of such Investment or upon or subsequently, meets the criteria of more than one of the categories of Permitted Investments described in clauses (1) through (27) above or any other provision of Section 7.06, Holdings, in its sole discretion, will classify and may subsequently reclassify such Investment (or any portion thereof) in any one or more of the types of Investments described in clauses (1) through (27) above or any other applicable clause in Section 7.06 and will only be required to include the amount and type of such Investment in such of the above clauses or clauses in Section 7.06 as determined by Holdings at such time.

"**Permitted Junior Secured Refinancing Debt**" has the meaning set forth in Section 2.15(h)(i).

"**Permitted Pari Passu Secured Refinancing Debt**" has the meaning set forth in Section 2.15(h)(i).

"**Permitted Ratio Debt**" means Indebtedness (including Acquired Indebtedness) incurred or assumed by Holdings or any Restricted Subsidiary if and to the extent the Consolidated Cash Interest Coverage Ratio of Holdings for Holdings' most recently ended Test Period preceding the date on which such Indebtedness is incurred or assumed would have been equal to or greater than 2.0 to 1.0, determined on a Pro Forma Basis giving effect to such assumption or incurrence and the use of proceeds thereof; *provided*, that (i) immediately after the incurrence or assumption of such Indebtedness and the use of proceeds thereof, no Event of Default shall be continuing or result therefrom, (ii) except with respect to such Indebtedness assumed in connection with a Permitted Acquisition, (1) if such Indebtedness is in the form of loans, the provisions of Sections 2.14(e)(i)(B) and 2.14(e)(i)(C), as applicable, shall apply to any such Indebtedness as if such Indebtedness were a Class of Incremental Loans and (2) if such Indebtedness is in the form of notes, such Indebtedness does not mature or have scheduled amortization or payments of principal (other than customary "AHYDO catch-up payments," customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default) prior to the Maturity Date of the Term B Loans at the time such Indebtedness is incurred or issued and (iii) Non-Loan Parties may not incur Indebtedness pursuant to this definition if, after giving Pro Forma Effect to such incurrence, the aggregate amount of Indebtedness of Non-Loan Parties incurred pursuant to this paragraph then outstanding, together with the aggregate amount of Indebtedness of Non-Loan Parties incurred pursuant to Section 7.03(g), would exceed the greater of (x) $75,000,000 and (y) 15.0% of Consolidated EBITDA, in each case determined at the such time of incurrence; *provided* that a certificate of the Borrower as to the satisfaction of the Consolidated Cash Interest Coverage Ratio condition described above delivered prior to, on or after the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of documentation relating thereto, stating that Holdings has determined in good faith that such terms and conditions satisfy such Consolidated Cash Interest Coverage Ratio condition, shall be conclusive unless the Administrative Agent notifies Holdings within five (5) Business Days of receipt of such certificate that it disagrees with such determination (including a description of the basis upon which it disagrees).

"**Permitted Receivables Facility**" means any transaction providing for the sale or financing of accounts receivable, chattel paper and related assets of Holdings and its Subsidiaries, including any receivables purchase facility, factoring arrangement or securitization transaction, regardless of whether such transaction is effected without recourse to Holdings or the Subsidiary or in any manner that would not be reflected on the consolidated balance sheet of Holdings in accordance with GAAP, in each case as amended or modified from time to time, that is on terms that are reasonably customary for such financings.

"**Permitted Refinancing**" means, with respect to any Person, any modification, refinancing, refunding, renewal, replacement or extension of any Indebtedness of such Person; *provided* that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed, replaced or extended except by an amount (the "**Excess Permitted Refinancing Amounts**") equal to unpaid accrued interest and premium thereon plus other amounts owing or paid related to such Indebtedness plus fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal, replacement or extension and by an amount equal to any existing commitments unutilized thereunder, (b) other than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 7.03(e), such modification, refinancing, refunding, renewal, replacement or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed, replaced or extended, (c) other than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 7.03(e) or (f), at the time thereof, no Event of Default shall have occurred and be continuing, (d) if such Indebtedness being modified, refinanced, refunded, renewed, replaced or extended is Junior Financing, to the extent such Indebtedness being modified, refinanced, refunded, renewed, replaced or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal, replacement or extension is subordinated in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed, replaced or extended, (e) to the extent such Indebtedness being modified, refinanced, refunded, renewed, replaced or extended is secured by the Collateral and/or subject to intercreditor arrangements for the benefit of the Lenders, such modification, refinancing, refunding, renewal, replacement or extension is either (1) unsecured or (2) secured and, if secured, subject to intercreditor arrangements on terms at least as favorable (including with respect to priority) to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed, replaced or extended, and such modification, refinancing, refunding, renewal, replacement or extension is incurred by one or more Persons who is an obligor of the Indebtedness being modified, refinanced, refunded, renewed, replaced or extended, (f) any such modification, refinancing, renewal, replacement or extension has the same primary obligor and the same (or fewer) guarantors as the Indebtedness being modified, refinanced, refunded, renewed, replaced or extended and (g) if such Indebtedness being modified, refinanced, refunded, renewed, replaced or extended is unsecured, such modification, refinancing, refunding, renewal, replacement or extension is either unsecured or subject to Liens only to the extent permitted by Section 7.01(bb) or (cc). Any reference to a Permitted Refinancing in this Agreement or any other Loan Document shall be interpreted to mean (a) a Permitted Refinancing of the subject Indebtedness and (b) any further refinancings constituting a Permitted Refinancing of the Indebtedness resulting from a prior Permitted Refinancing.

"**Permitted Unsecured Refinancing Debt**" has the meaning set forth in Section 2.15(h)(i).

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Plan**" means any material "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established or maintained by any Loan Party or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"**Platform**" has the meaning set forth in Section 6.01.

"**Pledged Debt**" means promissory notes and other instruments evidencing Indebtedness owed to a Loan Party.

"**Pledged Equity**" means the certificates representing Equity Interests.

"**PPSA**" means the *Personal Property Security Act* (Ontario) including the regulations thereto, provided that if perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder or under any other Loan Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in any applicable jurisdiction in Canada. "**PPSA**" means the *Personal Property Security Act* or such other applicable legislation (including, the Civil Code of Quebec) in effect from time to time in such other jurisdiction in Canada for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"**Prime Rate**" shall mean, for any day, the prime rate published in *The Wall Street Journal* for such day; *provided* that if *The Wall Street Journal* ceases to publish for any reason such rate of interest, "Prime Rate" shall mean the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (or such other service as determined by the Administrative Agent from time to time for purposes of providing quotations of prime lending interest rates); each change in the Prime Rate shall be effective on the date such change is effective. The prime rate is not necessarily the lowest rate charged by any financial institution to its customers.

"**Pro Forma Basis**" and "**Pro Forma Effect**" mean, with respect to compliance with any test or covenant or calculation of any ratio hereunder, the determination or calculation of such test, covenant or ratio (including in connection with Specified Transactions) in accordance with Section 1.09.

"**Pro Rata Share**" means, with respect to each Lender, at any time a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitments and, if applicable and without duplication, Term Loans of such Lender under the applicable Facility or Facilities at such time and the denominator of which is the amount of the Aggregate Commitments under the applicable Facility or Facilities and, if applicable and without duplication, Term Loans under the applicable Facility or Facilities at such time.

"**Proceeding**" has the meaning set forth in Section 10.05.

"**Projections**" has the meaning set forth in Section 6.01(c).

"**PTE**" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"**Public Company Costs**" means costs relating to compliance with the provisions of the Securities Act, the Exchange Act and applicable Canadian corporate and securities Laws (or similar Laws in any other jurisdiction), in each case as applicable to companies with equity or debt securities held by the public, the rules of securities exchanges applicable to companies with listed equity or debt securities, directors' compensation, fees and expense reimbursement, costs relating to investor relations, shareholder meetings and reports to shareholders or debtholders, directors' and officers' insurance, listing fees and all executive, legal and professional fees related to the foregoing.

"**Public Lender**" has the meaning set forth in Section 6.01.

"**Qualified ECP Guarantor"** means in respect of any Swap Obligation, each Loan Party that, at the time the relevant guarantee (or grant of the relevant security interest, as applicable) becomes or would become effective with respect to such Swap Obligation, has total assets exceeding $10,000,000 or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and which may cause another person to qualify as an "eligible contract participant" with respect to such Swap Obligation at such time by entering into a keepwell pursuant to section 1a(18)(A)(v)(II) of the Commodity Exchange Act (or any successor provision thereto).

"**Qualified Equity Interests**" means any Equity Interests that are not Disqualified Equity Interests.

"**Qualified Jurisdiction**" means any of (i) Canada or any province or territory thereof, (ii) the United States, any state or territory thereof or in the District of Columbia, (iii) the United Mexican States or any state or federal district thereof and (iv) any other jurisdiction of a Guarantor designated as a Guarantor by the Borrower.

"**Qualified Securitization Financing**" means any Securitization Financing of a Securitization Subsidiary that meets the following conditions: (a) such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to Holdings and the Securitization Subsidiary, (b) all sales and/or contributions of Securitization Assets and related assets to the Securitization Subsidiary are made at fair market value and (c) the financing terms, covenants, termination events and other provisions thereof, including any Standard Securitization Undertakings, shall be market terms. The grant of a security interest in any Securitization Assets of Holdings or any of the Restricted Subsidiaries (other than a Securitization Subsidiary) to secure Indebtedness under this Agreement prior to engaging in any Securitization Financing shall not be deemed a Qualified Securitization Financing.

"**Qualifying Lender**" has the meaning set forth in Section 2.05(a)(v)(D)(c).

"**Quarterly Financial Statements**" means unaudited consolidated balance sheets and related consolidated statements of income and cash flows of Holdings and its Subsidiaries for the fiscal quarter ended April 30, 2018.

"**Real Property**" means, collectively, all right, title and interest (including any leasehold, mineral or other estate) in and to any and all parcels of or interests in real property owned or leased by any Person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

"**Receivables Co.**" means any special purpose wholly owned Subsidiary of Holdings (or such other Person agreed to by the Administrative Agent) that purchases accounts receivable, chattel paper and related assets generated by Holdings or any Restricted Subsidiary in connection with a Permitted Receivables Facility.

"**Recipient**" means (a) the Administrative Agent or (b) any Lender, as applicable.

"**Refinanced Debt**" has the meaning set forth in Section 2.15(a).

"**Refinanced Term Loans**" has the meaning set forth in Section 2.15(h)(i).

"**Refinancing Amendment**" has the meaning set forth in Section 2.15(f).

"**Refinancing Commitments**" has the meaning set forth in Section 2.15(a).

"**Refinancing Equivalent Debt**" has the meaning set forth in Section 2.15(h)(i).

"**Refinancing Facility Closing Date**" has the meaning set forth in Section 2.15(d).

"**Refinancing Lender**" has the meaning set forth in Section 2.15(c).

"**Refinancing Loan**" has the meaning set forth in Section 2.15(b).

"**Refinancing Loan Request**" has the meaning set forth in Section 2.15(a).

"**Register**" has the meaning set forth in Section 10.07(c).

"**Registered Equivalent Notes**" means, with respect to any notes originally issued in an offering pursuant to Rule 144A or Regulation S under the Securities Act or other private placement transactions under the Securities Act or exempt from the prospectus requirements under applicable Canadian securities Laws, substantially identical notes (having the same guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC or applicable provincial and territorial securities regulatory authorities in Canada.

"**Rejection Notice**" has the meaning set forth in Section 2.05(b)(vii).

"Related Indemnified Person" of an Agent, Lender, Arranger or Bookrunner means (1) any controlling Person or controlled Affiliate of such Person, (2) the respective directors, officers, or employees of such Person or any of its controlling Persons or controlled Affiliates and (3) the respective agents or representatives of such Person or any of its controlling Persons or controlled Affiliates, in the case of this clause (3), acting on behalf of or at the instructions of such Person, controlling person or such controlled Affiliate; *provided* that each reference to a controlled Affiliate, director, officer or employee in this definition pertains to a controlled Affiliate, director, officer or employee involved in the negotiation or syndication of this Agreement and the Facilities.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"**Release**" means any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing or migrating in, into, onto or through the Environment.

"**Reorganization Plan**" has the meaning set forth in Section 10.07(b)(v).

"**Replaced Term Loans**" has the meaning set forth in Section 10.01.

"**Replacement Term Loans**" has the meaning set forth in Section 10.01.

"**Reportable Event**" means any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, other than events for which the otherwise applicable notice period has been waived by regulation or otherwise by the PBGC.

"**Repricing Transaction**" means (a) any prepayment or repayment of Term B Loans with the proceeds of, or any conversion of Term B Loans into, any new or replacement tranche of term loans the primary purpose of which is to reduce the All-In Yield applicable to such Term B Loans or (b) any amendment, amendment and restatement or other modification to this Agreement, the primary purpose of which is to reduce the All-In Yield applicable to Term B Loans; *provided* that any refinancing or repricing of Term B Loans shall not constitute a Repricing Transaction if such refinancing or repricing is in connection with (i) any Transformative Acquisition or (ii) a transaction that would result in a Change of Control.

"**Request for Credit Extension**" means with respect to a Borrowing, continuation or conversion of Loans, a Committed Loan Notice.

"**Required Class Lenders**" means, as of any date of determination, with respect to one or more Facilities, Lenders having more than 50% of the sum of (a) the Total Outstandings under such Facility or Facilities and (b) the aggregate unused Commitments under such Facility or Facilities; *provided* that the unused Commitments of, and the portion of the Total Outstandings under such Facility or Facilities held, or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of the Required Class Lenders.

"**Required Lenders**" means, as of any date of determination, Lenders having more than 50% of the sum of the (a) Total Outstandings and (b) aggregate unused Commitments; *provided* that the unused Commitment of, and the portion of the Total Outstandings held, or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"**Responsible Officer**" means the chief executive officer, president, vice president, chief financial officer, chief operating officer, chief administrative officer, secretary or assistant secretary, treasurer or assistant treasurer or other similar officer or Person performing similar functions of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"**Restatement**" has the meaning set forth in the preliminary statements to this Agreement.

"**Restatement Agreement**" has the meaning set forth in the preliminary statements to this Agreement.

"**Restricted Cash**" means cash and Cash Equivalents which are listed as "Restricted" on the consolidated balance sheet of Holdings and its Restricted Subsidiaries.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Payment**" means (i) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of Holdings or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of

any such Equity Interest, or on account of any return of capital to Holdings' or a Restricted Subsidiary's stockholders, partners or members (or the equivalent Persons thereof), *provided*, that a transaction with an Affiliate shall not be a Restricted Payment pursuant to this clause (i) solely because such transaction involves such Affiliate and (ii) any Restricted Investment.

"**Restricted Subsidiary**" means any Subsidiary of Holdings (including the Borrower, unless the context otherwise requires) other than an Unrestricted Subsidiary.

"**Revolving Administrative Agent**" means BMO, in its capacity as administrative agent and collateral agent with respect to the Revolving Facility as of the Closing Date, or any successor or other administrative agent and collateral agent under the Revolving Loan Documents.

"**Revolving Credit Agreement**" means that certain Third Amended and Restated Revolving Credit Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the other guarantors party thereto, the lenders party thereto in their capacities as lenders thereunder, the swingline lenders and letter of credit issuers party thereto in their capacities as such thereunder and the Revolving Administrative Agent (as such agreement may be amended, restated, amended and restated, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original administrative agent and lenders or other agents and lenders or otherwise, and whether provided under the original credit agreement or one or more other credit agreements, indentures, financing agreements or otherwise, including any agreement extending the maturity thereof, otherwise restructuring all or any portion of the Indebtedness thereunder, increasing the amount loaned or issued thereunder, altering the maturity thereof or providing for revolving credit loans, term loans, letters of credit or other Indebtedness), in each case as and to the extent permitted by this Agreement and the Revolving/Term Loan Intercreditor Agreement, unless such agreement, instrument or document expressly provides that it is not intended to be and is not an Revolving Credit Agreement).

"**Revolving Facility**" means the credit facility governed by the Revolving Credit Agreement and any Permitted Refinancing that refinances or replaces any part of the loans, notes, guarantees or other credit facilities or commitments thereunder.

"**Revolving Loans**" has the meaning assigned to the term "Loans" (or any comparable term) in the Revolving Credit Agreement.

"**Revolving Loan Documents**" means the Revolving Credit Agreement and the other "Loan Documents" (as defined in the Revolving Credit Agreement).

"**Revolving Obligations**" has the meaning assigned to the term "Obligations" in the Revolving Credit Agreement.

"**Revolving Priority Collateral**" means "Revolving Priority Collateral" as defined in the Revolving/Term Loan Intercreditor Agreement.

"**Revolving/Term Loan Intercreditor Agreement**" shall mean an intercreditor agreement substantially in the form of Exhibit I (with such changes to such form as may be reasonably acceptable to the Administrative Agent and the Borrower) among the Administrative Agent, the Revolving Administrative Agent, and the representatives for purposes thereof for holders of one or more classes of Indebtedness.

"**S&P**" means S&P Global Ratings and any successor thereto.

"**Sale Leaseback**" means any transaction or series of related transactions pursuant to which Holdings or any of the Restricted Subsidiaries (a) sells, transfers or otherwise Disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or otherwise Disposed.

"**Same Day Funds**" means immediately available funds.

"**Sanctions**" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") or the U.S. Department of State, (b) the Government of Canada, including those administered by Global Affairs Canada or (c) the European Union or Her Majesty's Treasury of the United Kingdom.

"**Sanctioned Person**" means, at any time, any Person (a) listed in any Sanctions-related list of designated Persons with whom transacting business is prohibited by such Sanctions, (b) located, organized or resident in a country or territory that is, or whose government is, the subject of comprehensive Sanctions (which include as of the date of this agreement Cuba, Iran, North Korea, Sudan, Syria, and Crimea), or (c) majority-owned or otherwise controlled (as determined by applicable law) by any Person, or more than one Person on an aggregated basis, that is a Sanctioned Person.

"**Screen Rate**" means, with respect to Eurocurrency Rate Loans, the rate per annum equal to the London interbank offered rate as administered by ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) that appears on the Reuters Screen LIBOR01 Page (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period.

"**SEC**" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"**Second Lien Intercreditor Agreement**" means an intercreditor agreement substantially in the form of Exhibit G hereto (which agreement in such form, or with immaterial changes thereto, the Administrative Agent is authorized to enter into) together with any material changes thereto which are reasonably acceptable to the Administrative Agent and which material changes shall be posted to the Lenders not less than five (5) Business Days before execution thereof and, if the Required Lenders shall not have objected to such changes within five (5) Business Days after posting, then the Required Lenders shall be deemed to have agreed that the Administrative Agent's entry into such intercreditor agreement (with such changes) is reasonable and to have consented to such intercreditor agreement (with such changes) and to the Administrative Agent's execution thereof.

"**Secured Hedge Agreement**" means any Swap Contract that is entered into by and between a Loan Party or Restricted Subsidiary and a Hedge Bank.

"**Secured Hedge Obligations**" shall mean Obligations under Secured Hedge Agreements.

"**Secured Net Leverage Ratio**" means, with respect to any date of determination, the ratio of (a) Consolidated Secured Net Debt as of the last day of the most recently ended Test Period to (b) Consolidated EBITDA for such Test Period.

"**Secured Parties**" means, collectively, the Administrative Agent, the Lenders, the Hedge Banks and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Securitization Assets**" means (a) the accounts receivable, royalty or other revenue streams and other rights to payment subject to a Qualified Securitization Financing 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 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 Financing.

"**Securitization Financing**" means any transaction or series of transactions that may be entered into by Holdings or any of its Subsidiaries pursuant to which Holdings or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Subsidiary (in the case of a transfer by Holdings or any of its Subsidiaries) or (b) any other Person (in the case of a transfer by a Securitization Subsidiary), or may grant a security interest in, any Securitization Assets of Holdings or any of its Subsidiaries, and any assets related thereto, including all collateral securing such Securitization Assets, all contracts and all guarantees or other obligations in respect of such Securitization Assets, proceeds of such Securitization Assets and other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Securitization Assets.

"**Securitization Subsidiary**" means a wholly owned Subsidiary of Holdings (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which Holdings or any Subsidiary of Holdings makes an Investment and to which Holdings or any Subsidiary of Holdings transfers Securitization Assets and related assets) that engages in no activities other than in connection with the financing of Securitization Assets of Holdings or its Subsidiaries, all proceeds thereof and all rights (contingent and other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of Holdings or such other Person (as provided below) as a Securitization Subsidiary and (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by Holdings, the Borrower or any other Subsidiary of Holdings, other than another Securitization Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings or Limited Originator Recourse), (ii) is recourse to or obligates Holdings, the Borrower or any other Subsidiary of Holdings, other than another Securitization Subsidiary, in any way other than pursuant to Standard Securitization Undertakings or Limited Originator Recourse or (iii) subjects any property or asset of Holdings, the Borrower or any other Subsidiary of Holdings, other than another Securitization Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings or Limited Originator Recourse, (b) with which none of Holdings, the Borrower or any other Subsidiary of Holdings, other than another Securitization Subsidiary, has any material contract, agreement, arrangement or understanding other than on terms which Holdings reasonably believes to be no less favorable to Holdings, the Borrower

or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of Holdings and (c) to which none of Holdings, the Borrower or any other Subsidiary of Holdings, other than another Securitization Subsidiary, has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Board of Directors of Holdings or such other Person shall be evidenced to the Administrative Agent by delivery to the Administrative Agent of a certified copy of the resolution of the Board of Directors of Holdings or such other Person giving effect to such designation and a certificate executed by a Responsible Officer certifying that such designation complied with the foregoing conditions.

"**Security Agreements**" means the Canadian Security Agreements and the U.S. Security Agreement and any other security agreement that may from time to time be executed and delivered by a Loan Party pursuant to Section 6.11, Section 6.13 and Section 6.17.

"**Senior Representative**" means, with respect to any series of Permitted Pari Passu Secured Refinancing Debt, Permitted Junior Secured Refinancing Debt, Incremental Equivalent Debt or subordinated Permitted Unsecured Refinancing Debt, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

"**Significant Subsidiary**" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Closing Date.

"**Solicited Discount Proration**" has the meaning set forth in Section 2.05(a)(v)(D)(c).

"**Solicited Discounted Prepayment Amount**" has the meaning set forth in Section 2.05(a)(v)(D)(1).

"**Solicited Discounted Prepayment Notice**" means a written notice of the Borrower of Solicited Discounted Prepayment Offers made pursuant to Section 2.05(a)(v)(D)(a) substantially in the form of Exhibit E-6.

"**Solicited Discounted Prepayment Offer**" means the irrevocable written offer by each Lender, substantially in the form of Exhibit E-7, submitted following the Administrative Agent's receipt of a Solicited Discounted Prepayment Notice.

"**Solicited Discounted Prepayment Response Date**" has the meaning set forth in Section 2.05(a)(v)(D)(a).

"**Solvent**" and "**Solvency**" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the assets of such Person and its Restricted Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (b) the present fair saleable value of the property of such Person and its Restricted Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (c) such Person and its Restricted Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured and (d) such Person and its Restricted Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

"**SPC**" has the meaning set forth in Section 10.07(g).

"**Specified Discount**" has the meaning set forth in Section 2.05(a)(v)(B)(a).

"**Specified Discount Prepayment Amount**" has the meaning set forth in Section 2.05(a)(v)(B)(a).

"**Specified Discount Prepayment Notice**" means a written notice of the Borrower Offer of Specified Discount Prepayment made pursuant to Section 2.05(a)(v)(B) substantially in the form of Exhibit E-8.

"**Specified Discount Prepayment Response**" means the irrevocable written response by each Lender, substantially in the form of Exhibit E-9, to a Specified Discount Prepayment Notice.

"**Specified Discount Prepayment Response Date**" has the meaning set forth in Section 2.05(a)(v)(B)(1).

"**Specified Discount Proration**" has the meaning set forth in Section 2.05(a)(v)(B)(c).

"**Specified Junior Financing Obligations**" means any obligations in respect of any Junior Financing in respect of which any Loan Party is an obligor in a principal amount in excess of the Threshold Amount.

"**Specified Representations**" means those representations and warranties made in Sections 5.01(a) (with respect to the organizational existence of the Loan Parties only), 5.01(b)(ii), 5.02(a), 5.02(b)(i), 5.04, 5.12, 5.16, 5.18(c)(i) (as it relates only to the use of proceeds of the Facilities not violating the USA Patriot Act or OFAC), and Section 5.19.

"**Specified Transaction**" means (u) the Transactions, (v) any Investment that results in a Person becoming a Restricted Subsidiary, (w) any designation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary, (x) any Permitted Acquisition, (y) any Disposition that results in a Restricted Subsidiary ceasing to be a Subsidiary of Holdings and any Disposition of a business unit, line of business or division of Holdings or a Restricted Subsidiary, in each case whether by merger, consolidation, amalgamation or otherwise or (z) any incurrence or repayment of Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility or line of credit), Restricted Payment or Incremental Loan, in each case, that by the terms of this Agreement requires a financial ratio or test to be calculated on a "Pro Forma Basis" or after giving "Pro Forma Effect."

"**Sponsor Management Agreement**" means the Second Amended and Restated Management Agreement, dated as of May 29, 2013, among Holdings, the Borrower and the Sponsors, as amended, restated, supplemented or otherwise modified prior to the Closing Date and as the same may be amended, amended and restated, modified, supplemented, replaced or otherwise modified from time to time as permitted by this Agreement (but only to the extent that any such amendment, amendment and restatement, modification, supplement, replacement or other modification thereto is not, directly or indirectly, materially adverse to the lenders.

"**Sponsors**" means Bain, Beaudier and the Caisse.

"**Standard Securitization Undertakings**" means representations, warranties, covenants and indemnities entered into by Holdings or any Subsidiary of Holdings that are customary in a Securitization Financing.

"**Statutory Reserve Rate**" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the FRB to which the Administrative Agent is subject with respect to the Adjusted Eurocurrency Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the FRB). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"**Sterling**," "**GBP**" and "**£**" means the lawful currency of the United Kingdom.

"**Submitted Amount**" has the meaning set forth in Section 2.05(a)(v)(C)(a).

"**Submitted Discount**" has the meaning set forth in Section 2.05(a)(v)(C)(a).

"**Subordination Agreement**" means a subordination agreement among the Administrative Agent and one or more Senior Representatives for the holders of Indebtedness subordinated to the Obligations, in form and substance reasonably acceptable to the Administrative Agent and the Borrower. Wherever in this Agreement a Senior Representative is required to become party to the Subordination Agreement, if the related Indebtedness is the initial Indebtedness incurred by Holdings or any Restricted Subsidiary to be subordinated to the Obligations, then the Borrower, Holdings, the Subsidiary Guarantors, the Administrative Agent and the Senior Representative for such Indebtedness shall execute and deliver the Subordination Agreement and the Administrative Agent shall be authorized to execute and deliver the Subordination Agreement.

"**Subsequent Transaction**" has the meaning set forth in Section 1.09(f).

"**Subsidiary**" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity (excluding, for the avoidance of doubt, any charitable organizations and any other Person that meets the requirements of Section 501(c)(3) of the Code) (i) of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person or (ii) the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, by such Person, to the extent such entity's financial results are required to be included in such Person's consolidated financial statements under GAAP. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Holdings.

"**Subsidiary Guarantor**" means any Guarantor other than Holdings.

"**Successor Company**" has the meaning set forth in Section 7.04(d).

"**Successor Holdings**" has the meaning set forth in Section 7.04(g).

"**Swap**" means any agreement, contract, or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"**Swap Contract**" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "**Master Agreement**"), including any such obligations or liabilities under any Master Agreement.

"**Swap Obligation**" means, with respect to any person, any obligation to pay or perform under any Swap.

"**Swap Termination Value**" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"**Taxes**" means all present or future taxes, duties, levies, imposts, assessments or withholdings imposed by any Governmental Authority including interest, penalties and additions to tax.

"**TD**" means TD Securities (USA) LLC.

"**Term B Commitment**" means, as to each Term Lender, its obligation to make a Term B Loan to the Borrower pursuant to Section 2.01(a) in an aggregate amount not to exceed the amount set forth opposite such Lender's name in Schedule 1.01A under the caption "Term B Commitment." The aggregate amount of the Term B Commitments is $900,000,000.

"**Term B Loans**" means the term loans made by the Lenders to the Borrower on the Closing Date pursuant to Section 2.01(a).

"**Term Lender**" means, at any time, any Lender that has a Commitment or a Term Loan at such time.

"**Term Loan**" means any Term B Loan, Incremental Loan, Refinancing Loan or Extended Term Loan, as the context may require.

"**Term Loan Increase**" has the meaning set forth in Section 2.14(a).

"**Term Note**" means a promissory note of the Borrower payable to any Term Lender or its registered assigns, in substantially the form of Exhibit C hereto, evidencing the aggregate Indebtedness of the Borrower to such Term Lender resulting from the Term Loans made by such Term Lender.

"**Term Priority Collateral**" means "Term Priority Collateral" as defined in the Revolving/Term Loan Intercreditor Agreement.

"**Test Period**" means, for any date of determination under this Agreement, the four consecutive fiscal quarters of Holdings most recently ended as of such date of determination.

"**Threshold Amount**" means $60,000,000.

"**Total Net Leverage Ratio**" means, with respect to any date of determination, the ratio of (a) Consolidated Total Net Debt as of the last day of the most recently ended Test Period to (b) Consolidated EBITDA for such Test Period.

"**Total Outstandings**" means the aggregate Outstanding Amount of all Loans.

"**Transaction Expenses**" means any fees or expenses incurred or paid by the Sponsors, any direct or indirect parent of Holdings, Holdings or any of its (or their) Subsidiaries in connection with the Transactions (including expenses in connection with close out fees in connection with the termination of hedging transactions, if any, and expenses related to the early extinguishment of Indebtedness (including Indebtedness under the Existing Credit Agreement and the Existing Revolving Credit Agreement)), this Agreement, the other Loan Documents, the Revolving Loan Documents and the transactions contemplated hereby and thereby.

"**Transactions**" means, collectively, (i) the entering into of this Agreement, the Restatement Agreement and the other Loan Documents entered into on the Closing Date, (ii) the refinancing of the Term B Loans (as defined in the Existing Credit Agreement) by the exchange with Term B Loans and the repayment of the Repaid Loans (as defined in the Restatement Agreement), in each case pursuant to the Restatement Agreement, (iii) the entering into of the Revolving Credit Agreement and (iv) the payment of the Transaction Expenses in connection with the foregoing.

"**Transferred Guarantor**" has the meaning set forth in Section 11.09.

"**Transformative Acquisition**" means any merger, acquisition, Investment, dissolution, liquidation, consolidation or disposition by Holdings or any Restricted Subsidiary that either (a) is not permitted by the terms of the Loan Documents immediately prior to the consummation of such transaction or (b) if permitted by the terms of the Loan Documents immediately prior to the consummation of such transaction, would not provide Holdings and its Restricted Subsidiaries with adequate flexibility under the Loan Documents for the continuation and/or expansion of their combined operations following such consummation, as determined by Holdings acting in good faith.

"**Treasury Regulations**" has the meaning set forth in the definition of "Code."

"**Type**" means, with respect to a Loan, its character as a Base Rate Loan or a Eurocurrency Rate Loan.

"**Unfunded Advances**" means, with respect to the Administrative Agent, the aggregate amount, if any (i) (A) made available to the Borrower on the assumption that each Lender has made available to the Administrative Agent such Lender's share of the applicable Borrowing as contemplated by Section

2.02(b) and (B) made available to the Lenders on the assumption that the Borrower has made any payment as contemplated by Section 2.12(c) and (ii) with respect to which a corresponding amount has not in fact been returned or paid to the Administrative Agent by the Borrower or made available to the Administrative Agent by any such Lender.

"**Uniform Commercial Code**" or "**UCC**" 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 or the Uniform Commercial Code or any successor provision thereof (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

"**United States**" and "**U.S.**" mean the United States of America.

"**Unrestricted Subsidiary**" means any Subsidiary of Holdings designated by the Board of Directors of Holdings as an Unrestricted Subsidiary pursuant to Section 6.14 subsequent to the Closing Date and each Securitization Subsidiary.

"**U.S. Perfection Certificate**" means the certificate substantially in the form of Exhibit H-2 or any other form reasonably approved by the Administrative Agent, as the same shall be supplemented from time to time.

"**U.S. Security Agreement**" means a security agreement substantially in the form of Exhibit F-2.

"**U.S. Security Documents**" means the U.S. Security Agreement, each Mortgage on Real Property located in the United States, intellectual property security agreements, control agreements, collateral assignments, security agreements, pledge agreements or other similar agreements executed and delivered pursuant to the Existing Credit Agreement, the Collateral and Guarantee Requirement, Article V of the Restatement Agreement, Sections 6.11, 6.13 or 6.17 of this Agreement or pursuant to any of the foregoing and each of the other agreements, instruments or documents governed by the Laws of the United States, any state thereof or the District of Columbia that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"**USA Patriot Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness; *provided* that the effects of any prepayments made on such Indebtedness shall be disregarded in making such calculation.

"**wholly owned**" means, with respect to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (x) director's qualifying shares, (y) shares issued to foreign nationals to the extent required by applicable Law and (z) Equity Interests issued to a Person other than Holdings or a wholly owned Subsidiary of Holdings in connection with a Permitted Receivables Facility for the purpose of establishing independence and not in order to provide substantive economic or controlling voting interests to such Person) are owned by such Person and/or by one or more wholly owned Subsidiaries of such Person.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(d) The term "including" (and its correlatives) means by way of example and not as a limitation.

(e) The word "or" is not exclusive.

(f) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(g) The word "incur" (and its correlatives) shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist.

(h) Unless the context otherwise requires, the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Equity Interests, securities, revenues, accounts, leasehold interests and contract rights.

(i) The word "will" shall be construed to have the same meaning and effect as the word "shall."

(j) Unless the context otherwise requires, any reference herein (A) to any Person shall be construed to include such Person's permitted successors and assigns and (B) to any Guarantor, the Borrower or any other Loan Party shall be construed to include such Guarantor, the Borrower or such Loan Party as debtor and debtor-in-possession and any receiver or trustee for such Guarantor, the Borrower or any other Loan Party, as the case may be, in any insolvency or liquidation proceeding.

(k) All references to any Governmental Authority, shall include any other Governmental Authority that shall have succeeded to any or all of the functions thereof.

(l) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including.”

(m) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(n) For purposes of determining compliance with any Section of Article VII at any time, in the event that any Lien, Investment, Indebtedness (whether at the time of incurrence or upon application of all or a portion of the proceeds thereof) (subject to the third to last paragraph in Section 7.03), Disposition, Restricted Payment, Affiliate transaction, Contractual Obligation or prepayment of Indebtedness meets the criteria of one or more than one of the categories of transactions permitted pursuant to any clause of such Sections, such transaction (or portion thereof) at any time shall be permitted under one or more of such clauses as determined by the Borrower in its sole discretion at such time.

(o) In the context of an amalgamation pursuant to the Laws of Canada or any province or territory thereof, “the continuing or surviving corporation” shall include the corporation resulting from such an amalgamation.

Section 1.03 Accounting Terms.

All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, except as otherwise specifically prescribed herein. Notwithstanding anything to the contrary herein, all accounting or financial terms used herein shall be construed, and all financial computations pursuant hereto shall be made, without giving effect to any election under GAAP to value any Indebtedness or other liabilities of Holdings or any Subsidiary at “fair value,” as defined therein.

Notwithstanding any changes in GAAP after the Closing Date, any lease of the Loan Parties and their Subsidiaries that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness, Attributable Indebtedness or a Capitalized Lease Obligation under this Agreement or any other Loan Document as a result of such changes in GAAP.

Section 1.04 Rounding.

Any financial ratios required to be maintained by Holdings pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding up if there is no nearest number).

Section 1.05 References to Agreements, Laws, Etc.

Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents and the Revolving Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such

amendments, restatements, amendment and restatements, extensions, supplements and other modifications are permitted by the Loan Documents; and (b) references to any Law (including by succession of comparable successor laws) shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

Section 1.06 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern Time (daylight or standard, as applicable).

Section 1.07 Timing of Payment of Performance.

When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of "Interest Period") or performance shall extend to the immediately succeeding Business Day and such extension shall be reflected in the computation of interest or fees, as the case may be.

Section 1.08 Cumulative Credit Transactions.

If more than one action occurs on any given date the permissibility of the taking of which is determined hereunder by reference to the amount of the Cumulative Credit immediately prior to the taking of such action, the permissibility of the taking of each such action shall be determined independently and in no event may any two or more such actions be treated as occurring simultaneously.

Section 1.09 Pro Forma Calculations.

(a) Notwithstanding anything to the contrary herein, financial ratios and tests, including the Total Net Leverage Ratio, the Secured Net Leverage Ratio, the Consolidated Cash Interest Coverage Ratio and compliance with covenants determined by reference to Consolidated EBITDA, shall be calculated on a *pro forma* basis in the manner prescribed by this Section 1.09; *provided* that notwithstanding anything to the contrary in clauses (b), (c), (d) or (e) of this Section 1.09, (A) when calculating any such ratio or test for purposes of the definition of "Applicable ECF Percentage," the events described in this Section 1.09 that occurred subsequent to the end of the applicable Test Period shall not be given *pro forma* effect and (B) when calculating any such ratio or test for purposes of the incurrence of any Indebtedness, cash and Cash Equivalents resulting from the incurrence of any such Indebtedness shall be excluded from the pro forma calculation of any applicable ratio or test. In addition, whenever a financial ratio or test is to be calculated, the reference to the "Test Period" for purposes of calculating such financial ratio or test shall be deemed to be a reference to, and shall be based on, the most recently ended Test Period for which internal financial statements of Holdings are available (as determined in good faith by Holdings); *provided* that the provisions of the foregoing sentence shall not apply for purposes of calculating any financial ratio or test for purposes of the definition of "Applicable ECF Percentage," which shall be based on the financial statements delivered pursuant to Section 6.01(a) or (b), as applicable, for the relevant Test Period.

(b) For purposes of calculating any financial ratio or test or compliance with any covenant determined by reference to Consolidated EBITDA, Specified Transactions (with any incurrence or repayment of any Indebtedness in connection therewith to be subject to clause (d) of this Section 1.09) that have been made (i) during the applicable Test Period or (ii) if applicable as described in clause (a) above, subsequent to such Test Period and prior to or simultaneously with the event for which the

calculation of any such ratio is made shall be calculated on a *pro forma* basis assuming that all such Specified Transactions (and any increase or decrease in Consolidated EBITDA and the component financial definitions used therein attributable to any Specified Transaction) had occurred on the first day of the applicable Test Period. If since the beginning of any applicable Test Period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into Holdings or any of its Restricted Subsidiaries since the beginning of such Test Period shall have made any Specified Transaction that would have required adjustment pursuant to this Section 1.09, then such financial ratio or test shall be calculated to give *pro forma* effect thereto in accordance with this Section 1.09.

(c) Whenever *pro forma* effect is to be given to a Specified Transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of Holdings and may include, for the avoidance of doubt, the amount of "run-rate" cost savings, operating expense reductions and synergies resulting from or relating to any Specified Transaction (including the Transactions) which is being given pro forma effect that have been realized or are expected to be realized and for which the actions necessary to realize such cost savings, operating expense reductions and synergies are taken, committed to be taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of Holdings) (calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period and as if such cost savings, operating expense reductions and synergies were realized during the entirety of such period and "**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 Public Company Costs) net of the amount of actual benefits realized during such period from such actions, and any such adjustments shall be included in the initial *pro forma* calculations of any financial ratios or tests (and in respect of any subsequent pro forma calculations in which such Specified Transaction is given pro forma effect) and during any applicable subsequent Test Period in which the effects thereof are expected to be realized) relating to such Specified Transaction; *provided* that (A) such amounts are reasonably identifiable and factually supportable in the good faith judgment of Holdings, (B) such actions are taken, committed to be taken or with respect to which substantial steps have been taken or are expected to be taken no later than eighteen (18) months after the date of such Specified Transaction and (C) no amounts shall be added pursuant to this clause (c) to the extent duplicative of any amounts that are otherwise added back in computing Consolidated EBITDA (or any other components thereof), whether through a *pro forma* adjustment or otherwise, with respect to such period.

(d) In the event that Holdings or any Restricted Subsidiary incurs (including by assumption or guarantees) or repays (including by redemption, repayment, retirement or extinguishment) any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes unless such Indebtedness has been permanently repaid and not replaced), (i) during the applicable Test Period or (ii) subject to paragraph (a), subsequent to the end of the applicable Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made, then such financial ratio or test shall be calculated giving *pro forma* effect to such incurrence or repayment of Indebtedness, in each case to the extent required, as if the same had occurred on the last day of the applicable Test Period (except in the case of the Consolidated Cash Interest Coverage Ratio (or similar ratio), in which case such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness will be given effect as if the same had occurred on the first day of the applicable Test Period).

(e) Notwithstanding anything to the contrary herein, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that does not require compliance with a financial ratio or test (including, without limitation, the Consolidated Cash Interest Coverage Ratio, Total Net Leverage Ratio and/or the Secured Net Leverage Ratio) (any such amounts, the "**Fixed Amounts**") substantially concurrently with any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that requires compliance with any such financial ratio or test (any such amounts, the "**Incurrence-Based Amounts**"), it is understood and agreed that any Fixed Amount (and any cash proceeds thereof) shall be disregarded in the calculation of the financial ratio or test applicable to the relevant Incurrence-Based Amount in connection with such substantially concurrent incurrence.

(f) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of:

(i) determining compliance with any provision of this Agreement which is subject to a default or an event of default qualifier (including any representation and warranty related thereto) or requires the calculation of any financial ratio or test, including the Secured Net Leverage Ratio, Total Net Leverage Ratio and Consolidated Cash Interest Coverage Ratio; or

(ii) testing availability under baskets set forth in this Agreement (including baskets determined by reference to Consolidated EBITDA and baskets subject to Default or Event of Default conditions);

in each case, at the option of Holdings (Holdings 'election to exercise such option in connection with any Limited Condition Transaction, an "**LCT Election**"), the date of determination of whether any such action is permitted hereunder (or any such representation, warranty, requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default (other than with respect to any Event of Default under Section 8.01(a) or (f)))) shall be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into (the "**LCT Test Date**"), and if, after giving Pro Forma Effect to the Limited Condition Transaction (and the other transactions to be entered into in connection therewith), Holdings or any of its Restricted Subsidiaries would have been permitted to take such action on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related representations, warranties, requirements and conditions), such ratio, test or basket (and any related representations, warranties, requirements and conditions) shall be deemed to have been complied with (or satisfied). Upon making an LCT Election, Holdings shall deliver a certificate of a Responsible Officer to the Administrative Agent demonstrating compliance on a Pro Forma Basis after giving effect to such Limited Condition Transaction on such LCT Test Date with any relevant ratios, tests or baskets. For the avoidance of doubt, if Holdings has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would have failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Consolidated EBITDA of Holdings or the Person subject to such Limited Condition Transaction, at or prior to the consummation of the relevant transaction or action, such baskets, tests or ratios will not be deemed to have failed to have been complied with as a result of such fluctuations. If Holdings has made an LCT Election for any Limited Condition Transaction, then in connection with any calculation of any ratio, test or basket availability with respect to the incurrence of Indebtedness or Liens, the making of Restricted Payments, the making of any Permitted Investment, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of Holdings, the prepayment, redemption, purchase, defeasance or other satisfaction of Indebtedness, or the designation of an Unrestricted Subsidiary (each, a "**Subsequent Transaction**") following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or irrevocable notice for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, for purposes of

determining whether such Subsequent Transaction is permitted under this Agreement, any such ratio, test or basket shall be required to be satisfied on a Pro Forma Basis (i) assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated and (ii) assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have not been consummated.

(g) If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of the event for which the calculation of the Consolidated Cash Interest Coverage Ratio is made had been the applicable rate for the entire period (taking into account any interest hedging arrangements applicable to such Indebtedness); *provided*, in the case of repayment of any Indebtedness, to the extent actual interest related thereto was included during all or any portion of the applicable Test Period, the actual interest may be used for the applicable portion of such Test Period. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Responsible Officer of Holdings 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 London interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as Holdings or Restricted Subsidiary may designate.

Section 1.10 Currency Generally.

For purposes of determining compliance with Sections 7.01, 7.03 and 7.06 and the definition of "Permitted Investments" with respect to any amount of Indebtedness or Investment in a currency other than Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of currency exchange occurring after the time such Indebtedness or Investment is incurred (so long as such Indebtedness or Investment, at the time incurred, made or acquired, was permitted hereunder).

For purposes of calculating amounts hereunder, amounts in currencies other than Dollars shall be converted to the Equivalent Amount of Dollars to the extent required by the context.

Section 1.11 LIBOR Replacement.

Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, if the Screen Rate is not available with respect to any Interest Period for any reason (including the administrator of the Screen Rate making a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans), then the Screen Rate for such Interest Period shall be (x) a comparable or successor floating rate that is, at such time, broadly accepted by the syndicated loan market for loans denominated in Dollars in lieu of the London interbank offered rate as determined by the Administrative Agent with the consent of the Borrower or (y) if no such broadly accepted comparable successor rate exists at such time, a successor index rate as the Administrative Agent may determine with the consent of the Borrower which successor index rate under this clause (y) may be posted to the Lenders not less than five (5) Business Days before effectiveness thereof and, if the Required Lenders shall not have objected to such successor rate within five (5) Business Days after posting, then the Required Lenders shall be deemed to have agreed that such successor rate is reasonable and have consented to the effectiveness of such successor rate; *provided* that (i) any such successor rate shall be applied by the Administrative Agent in a manner consistent with market practice and (ii) to the extent such market practice is not administratively feasible for the Administrative Agent, such successor rate shall be applied in a manner as otherwise reasonably

determined by the Administrative Agent in consultation with the Borrower, and *provided*, *further*, that, without the consent of any other Loan Party, Agent or Lender, the Borrower and the Administrative Agent may effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 1.11, including amendments as deemed necessary by the Administrative Agent in its reasonable judgment to effect any successor rate or to address technical issues relating to the implementation thereof.

Section 1.12 Cashless Roll.

Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

Section 1.13 Calculation of Baskets.

If any of the baskets set forth in Article VII of this Agreement are exceeded solely as a result of fluctuations to Consolidated EBITDA for the most recently completed fiscal quarter after the last time such baskets were calculated for any purpose under Article VII, such baskets will not be deemed to have been exceeded solely as a result of such fluctuations.

Section 1.14 Effect of Restatement.

This Agreement shall, except as otherwise expressly set forth herein, supersede the Existing Credit Agreement from and after the Closing Date with respect to the transactions hereunder and with respect to the Loans (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement as of the Closing Date. The parties hereto acknowledge and agree, however, that (a) except with respect to the Repaid Loans (as defined in the Restatement Agreement), this Agreement and all other Loan Documents executed and delivered herewith do not constitute a payment and reborrowing or termination of the Obligations (as defined in the Existing Credit Agreement) under the Existing Credit Agreement and the other Credit Documents (as defined in the Existing Credit Agreement) as in effect prior to the Closing Date, (b) the Obligations (as defined in the Existing Credit Agreement) under the Existing Credit Agreement are in all respects continuing as Obligations under this Agreement and each other Loan Document, (c) the Liens and security interests in favor of the Administrative Agent for the benefit of the Secured Parties or any of the Secured Parties pursuant to the Security Documents (as defined in the Existing Credit Agreement) are in all respects continuing and in full force and effect for the benefit of the Administrative Agent and the other Secured Parties and secure the Obligations and (d) all references in the other Loan Documents to the “Term Loan Credit Agreement” or “Credit Agreement” shall be deemed to refer without further amendment to this Agreement as amended and restated. This Agreement shall not constitute a novation of the Existing Credit Agreement or any other Credit Document (as defined in the Existing Credit Agreement).

Each of the Loan Parties hereby (A) acknowledges the Restatement Agreement and this Agreement and the transactions contemplated hereby and thereby and (B) acknowledges and agrees that the Lenders are “Lenders” and “Secured Parties” for all purposes under the Loan Documents. Each Loan Party hereby reaffirms all outstanding Obligations of such Loan Party under the Loan Documents to which it is a party, as such Obligations have been amended by the Restatement Agreement or otherwise modified in the Transactions and confirms that such outstanding Obligations shall continue to be in full force and effect and shall continue to apply to this Agreement and each other Loan Document. Each

Loan Party hereby reaffirms the legality, validity, effectiveness, enforceability and priority of the Liens granted by it to the Administrative Agent for the benefit of the Secured Parties or any of the Secured Parties under the Credit Documents (as defined in the Existing Credit Agreement), which Liens shall continue in full force and effect under the Collateral Documents after giving effect to this Agreement and each other Loan Document, the Transactions and the Restatement Agreement and shall continue to secure the Obligations (including obligations in respect of the Term B Loans).

Section 1.15 Interpretation Clause (Québec).

For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the Laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) "personal property" shall be deemed to include "movable property," (b) "real property" shall be deemed to include "immovable property," (c) "tangible property" shall be deemed to include "corporeal property," (d) "intangible property" shall be deemed to include "incorporeal property," (e) "security interest," "mortgage" and "lien" shall be deemed to include a "hypothec," "prior claim" and a "resolutory clause," (f) all references to filing, registering or recording under the PPSA or UCC shall be deemed to include publication under the Civil Code of Québec, (g) all references to "perfection" of or "perfected" liens or security interest shall be deemed to include a reference to an "opposable" or "set up" lien or security interest as against third parties, (h) any "right of offset," "right of setoff" or similar expression shall be deemed to include a "right of compensation," (i) "goods" shall be deemed to include "corporeal movable property," (j) an "agent" shall be deemed to include a "mandatary," (k) "construction liens" shall be deemed to include "legal hypothecs," (l) "joint and several" shall be deemed to include solidary, (m) "gross negligence or wilful misconduct" shall be deemed to be "intentional or gross fault," (n) "beneficial ownership" shall be deemed to include "ownership," (o) "easement" shall be deemed to include "servitude," (p) "priority" shall be deemed to include "prior claim," (q) "survey" shall be deemed to include "certificate of location and plan," and (r) "fee simple title" shall be deemed to include "absolute ownership." The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisages par cette convention et les autres documents peuvent être rédigés en la langue anglaise seulement.

ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS

Section 2.01 The Loans.

(a) *The Borrowings.*

(i) On the Closing Date, pursuant to the Restatement Agreement (whether by way of exchange of existing extensions of credit under the Existing Credit Agreement or by way of new extensions of credit) each Term Lender severally agrees to make Term B Loans available to the Borrower on the Closing Date in accordance with the Commitment of such Term Lender. No costs shall be payable under Section 3.05 in connection with transactions consummated under this Section 2.01(a)(i).

(ii) Subject to the terms and conditions set forth in any Incremental Amendment or Refinancing Amendment providing for, as applicable, the making, exchange, renewal, replacement or refinancing of Term Loans, each Term Lender party thereto severally agrees to, as applicable, make, exchange, renew, replace or refinance Term Loans on the date specified therein in an aggregate amount not to exceed the amount of such Term Lender's Commitment as set forth therein.

Amounts borrowed, exchanged, renewed, replaced or refinanced under this Section 2.01(a) and repaid or prepaid may not be reborrowed. Term Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

(b) [Reserved].

Section 2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the Borrower's irrevocable notice, on behalf of the Borrower, to the Administrative Agent (*provided* that the notices in respect of the initial Credit Extension may be conditioned on the closing of the Restatement), which may be given by telephone. Each such notice must be received by the Administrative Agent not later than (1) 2:00 p.m. three (3) Business Days prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans or any conversion of Base Rate Loans to Eurocurrency Rate Loans, and (2) 12:00 noon on the requested date of any Borrowing of Base Rate Loans or any conversion of Eurocurrency Rate Loans to Base Rate Loans; *provided* that the notice referred to in subclause (1) above may be delivered one (1) Business Day prior to the Closing Date in the case of the initial Credit Extension. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Except as provided in Section 2.14, each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans shall be in a minimum Dollar Amount of $500,000, or a whole multiple of a Dollar Amount of $50,000 in excess thereof. Except as provided in Section 2.14, each Borrowing of or conversion to Base Rate Loans shall be in a minimum Dollar Amount of $100,000 or a whole multiple of a Dollar Amount of $50,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether the requesting Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the Dollar Amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto and (vi) wire instructions of the account(s) to which funds are to be disbursed (it being understood, for the avoidance of doubt, that the amount to be disbursed to any particular account may be less than the minimum or multiple limitations set forth above so long as the aggregate amount to be disbursed to all such accounts pursuant to such Borrowing meets such minimums and multiples). If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share or other applicable share provided for under this Agreement of the applicable Class of Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation described in Section 2.02(a). In the case of

each Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office not later than the later of 12:00 noon on the Business Day specified in the applicable Committed Loan Notice and one hour after written notice of such Borrowing is delivered by the Administrative Agent to such Lender; *provided*, *that*, on the Closing Date (or with respect to any Incremental Commitments, on the relevant Incremental Amendment Date), such funds may be made available at such earlier time as may be agreed among the relevant Lenders, the Borrower and the Administrative Agent for the purpose of consummating the Transactions (or, in the case of any Incremental Commitments, the relevant transactions). The Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account(s) of the Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided by the Borrower to (and reasonably acceptable to) the Administrative Agent.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan unless the Borrower pays the amount due, if any, under Section 3.05 in connection therewith. During the occurrence and continuation of an Event of Default, the Administrative Agent or the Required Lenders may require by notice to the Borrower that no Loans may be made as, converted to or continued as Eurocurrency Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. The determination of the Eurocurrency Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in the Prime Rate used in determining the Base Rate promptly following such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect unless otherwise agreed between the Borrower and the Administrative Agent; *provided* that after the establishment of any new Class of Loans pursuant to an Incremental Amendment, Refinancing Amendment or Extension Amendment, the number of Interest Periods otherwise permitted by this Section 2.02(e) shall increase by three (3) Interest Periods for each applicable Class so established.

(f) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

(g) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Pro Rata Share or other applicable share provided for under this Agreement of such Borrowing, the Administrative Agent may assume that such Lender has made such Pro Rata Share or other applicable share provided for under this Agreement available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (b) above, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount

together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Overnight Rate plus any administrative, processing, or similar fees customarily charged by the Administrative Agent in accordance with the foregoing. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 2.02(g) shall be conclusive in the absence of manifest error. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

Section 2.03 [Reserved].

Section 2.04 [Reserved].

Section 2.05 Prepayments.

(a) *Optional*.

(i) The Borrower may, upon notice to the Administrative Agent by the Borrower, at any time or from time to time voluntarily prepay any Class or Classes of Loans in whole or in part without premium or penalty, except as set forth in Section 2.05(a)(vi); *provided* that (1) such notice must be received by the Administrative Agent not later than 1:00 p.m. (A) three (3) Business Days prior to any date of prepayment of Eurocurrency Rate Loans (unless otherwise agreed by the Administrative Agent), and (B) on the date of prepayment of Base Rate Loans; (2) any prepayment of Eurocurrency Rate Loans shall be in a minimum Dollar Amount of $500,000, or a whole multiple of a Dollar Amount of $100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding; and (3) any prepayment of Base Rate Loans shall be in a minimum Dollar Amount of $100,000 or a whole multiple of a Dollar Amount of $100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Class(es) and Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Appropriate Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share or other applicable share provided for under this Agreement of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurocurrency Rate Loan shall be, as set forth in Section 2.05(c), accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. In the case of each prepayment of the Loans pursuant to this Section 2.05(a), the Borrower may in its sole discretion select the Borrowing or Borrowings (and the order of maturity of principal payments) to be repaid, and such payment shall be paid to the Appropriate Lenders in accordance with their respective Pro Rata Shares or other applicable share provided for under this Agreement.

(ii) [Reserved].

(iii) Notwithstanding anything to the contrary contained in this Agreement, the Borrower may rescind any notice of prepayment under Section 2.05(a)(i) if such prepayment would have resulted from a refinancing of all or a portion of the applicable Facility, which refinancing shall not be consummated or shall otherwise be delayed.

(iv) Voluntary prepayments of any Class of Term Loans permitted pursuant to Section 2.05(a)(i) shall be applied to the applicable Class and the remaining scheduled installments of principal thereof pursuant to Section 2.07 in a manner determined at the discretion of the Borrower and specified in the notice of prepayment (and absent such direction, pro rata to the Classes outstanding and to the scheduled installments in direct order of maturity).

(v) Notwithstanding anything in any Loan Document to the contrary, so long as (x) no Default or Event of Default has occurred and is continuing and (y) no proceeds of Revolving Loans are used for this purpose, any Company Party may prepay the outstanding Term Loans (which shall, for the avoidance of doubt, be automatically and permanently canceled immediately upon such prepayment) on the following basis:

(A) Any Company Party shall have the right to make a voluntary prepayment of Term Loans at a discount to par pursuant to a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offers or Borrower Solicitation of Discounted Prepayment Offers (any such prepayment, the "**Discounted Term Loan Prepayment**"), in each case made in accordance with this Section 2.05(a)(v).

(B) (a) Any Company Party may from time to time offer to make a Discounted Term Loan Prepayment by providing the Auction Agent with five (5) Business Days' notice in the form of a Specified Discount Prepayment Notice; *provided* that (I) any such offer shall be made available, at the sole discretion of the Company Party, to (x) each Term Lender and/or (y) each Term Lender with respect to any Class of Term Loans on an individual Class basis, (II) any such offer shall specify the aggregate principal amount offered to be prepaid (the "**Specified Discount Prepayment Amount**") with respect to each applicable Class, the Class or Classes of Term Loans subject to such offer and the specific percentage discount to par (the "**Specified Discount**") of such Term Loans to be prepaid (it being understood that different Specified Discounts and/or Specified Discount Prepayment Amounts may be offered with respect to different Classes of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.05(a)(v)(B)), (III) the Specified Discount Prepayment Amount shall be in an aggregate amount not less than $10,000,000 and whole increments of $1,000,000 in excess thereof and (IV) each such offer shall remain outstanding through the Specified Discount Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Specified Discount Prepayment Notice and a form of the Specified Discount Prepayment Response to be completed and returned by each such Term Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to, and with the consent of, the Auction Agent) (the "**Specified Discount Prepayment Response Date**").

(b) Each Term Lender receiving such offer shall notify the Auction Agent (or its delegate) by the Specified Discount Prepayment Response Date whether or not it agrees to accept a prepayment of any of its applicable then outstanding Term Loans at the Specified Discount and, if so (such accepting Lender, a "**Discount Prepayment Accepting Lender**"), the amount and the Classes of such Lender's Term Loans to be prepaid at such offered discount. Each acceptance of a Discounted Term Loan Prepayment by a Discount Prepayment Accepting Lender shall be irrevocable. Any

Term Lender whose Specified Discount Prepayment Response is not received by the Auction Agent by the Specified Discount Prepayment Response Date shall be deemed to have declined to accept the applicable Borrower Offer of Specified Discount Prepayment.

(c) If there is at least one Discount Prepayment Accepting Lender, the relevant Company Party will make a prepayment of outstanding Term Loans pursuant to this paragraph (B) to each Discount Prepayment Accepting Lender on the Discounted Prepayment Effective Date in accordance with the respective outstanding amount and Classes of Term Loans specified in such Lender's Specified Discount Prepayment Response given pursuant to subsection (2) above; *provided* that, if the aggregate principal amount of Term Loans accepted for prepayment by all Discount Prepayment Accepting Lenders exceeds the Specified Discount Prepayment Amount, such prepayment shall be made pro rata among the Discount Prepayment Accepting Lenders in accordance with the respective principal amounts accepted to be prepaid by each such Discount Prepayment Accepting Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its reasonable discretion) will calculate such proration (the "**Specified Discount Proration**"). The Auction Agent shall promptly, and in any case within three (3) Business Days following the Specified Discount Prepayment Response Date, notify (I) the relevant Company Party of the respective Term Lenders' responses to such offer, the Discounted Prepayment Effective Date and the aggregate principal amount of the Discounted Term Loan Prepayment and the Classes to be prepaid, (II) each Term Lender of the Discounted Prepayment Effective Date, and the aggregate principal amount and the Classes of Term Loans to be prepaid at the Specified Discount on such date and (III) each Discount Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the principal amount, Class and Type of Term Loans of such Lender to be prepaid at the Specified Discount on such date. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the Company Party and such Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Company Party shall be due and payable by such Company Party on the Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

(C) (a) Any Company Party may from time to time solicit Discount Range Prepayment Offers by providing the Auction Agent with five (5) Business Days' notice in the form of a Discount Range Prepayment Notice; *provided* that (I) any such solicitation shall be extended, at the sole discretion of such Company Party, to (x) each Term Lender and/or (y) each Term Lender with respect to any Class of Term Loans on an individual Class basis, (II) any such notice shall specify the maximum aggregate principal amount of the relevant Term Loans (the "**Discount Range Prepayment Amount**"), the Class or Classes of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "**Discount Range**") of the principal amount of such Term Loans with respect to each relevant Class of Term Loans willing to be prepaid by such Company Party (it being understood that different Discount Ranges and/or Discount Range Prepayment Amounts may be offered with respect to different Classes of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.05(a)(v)(C)), (III) the Discount Range Prepayment Amount shall be in an aggregate amount not less than $10,000,000 and whole increments of $1,000,000 in excess thereof and (IV) each such solicitation by a Company Party shall remain outstanding through the

Discount Range Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to, and with the consent of, the Auction Agent) (the "**Discount Range Prepayment Response Date"**). Each Term Lender's Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the "**Submitted Discount**") at which such Lender is willing to allow prepayment of any or all of its then outstanding Term Loans of the applicable Class or Classes and the maximum aggregate principal amount and Classes of such Lender's Term Loans (the "**Submitted Amount**") such Term Lender is willing to have prepaid at the Submitted Discount. Any Term Lender whose Discount Range Prepayment Offer is not received by the Auction Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range.

(b) The Auction Agent shall review all Discount Range Prepayment Offers received on or before the applicable Discount Range Prepayment Response Date and shall determine (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the Applicable Discount and Term Loans to be prepaid at such Applicable Discount in accordance with this subsection (C). The relevant Company Party agrees to accept on the Discount Range Prepayment Response Date all Discount Range Prepayment Offers received by the Auction Agent within the Discount Range by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par within the Discount Range being referred to as the "**Applicable Discount**") which yields a Discounted Term Loan Prepayment in an aggregate principal amount equal to the lower of (I) the Discount Range Prepayment Amount and (II) the sum of all Submitted Amounts. Each Term Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following subsection (3)) at the Applicable Discount (each such Term Lender, a "**Participating Lender**").

(c) If there is at least one Participating Lender, the relevant Company Party will prepay the respective outstanding Term Loans of each Participating Lender on the Discounted Prepayment Effective Date in the aggregate principal amount and of the Classes specified in such Lender's Discount Range Prepayment Offer at the Applicable Discount; *provided* that if the Submitted Amount by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discount Range Prepayment Amount, prepayment of the principal amount of the relevant Term Loans for those Participating Lenders whose Submitted Discount is a discount to par greater than or equal to the Applicable Discount (the "**Identified Participating Lenders**") shall be made pro rata among the Identified Participating Lenders in accordance with the Submitted Amount of each such Identified Participating

Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the "**Discount Range Proration**"). The Auction Agent shall promptly, and in any case within five (5) Business Days following the Discount Range Prepayment Response Date, notify (I) the relevant Company Party of the respective Term Lenders' responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount of the Discounted Term Loan Prepayment and the Classes to be prepaid, (II) each Term Lender of the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount and Classes of Term Loans to be prepaid at the Applicable Discount on such date, (III) each Participating Lender of the aggregate principal amount and Classes of such Term Lender to be prepaid at the Applicable Discount on such date, and (IV) if applicable, each Identified Participating Lender of the Discount Range Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the relevant Company Party and Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Company Party shall be due and payable by such Company Party on the Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

(D) (a) Any Company Party may from time to time solicit Solicited Discounted Prepayment Offers by providing the Auction Agent with five (5) Business Days' notice in the form of a Solicited Discounted Prepayment Notice; *provided* that (I) any such solicitation shall be extended, at the sole discretion of such Company Party, to (x) each Term Lender and/or (y) each Lender with respect to any Class of Term Loans on an individual Class basis, (II) any such notice shall specify the maximum aggregate amount of the Term Loans (the "**Solicited Discounted Prepayment Amount**") and the Class or Classes of Term Loans the applicable Company Party is willing to prepay at a discount (it being understood that different Solicited Discounted Prepayment Amounts may be offered with respect to different Classes of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.05(a)(v)(D)), (III) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than $10,000,000 and whole increments of $1,000,000 in excess thereof and (IV) each such solicitation by a Company Party shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Term Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent) (the "**Solicited Discounted Prepayment Response Date**"). Each Term Lender's Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date, and (z) specify both a discount to par (the "**Offered Discount**") at which such Term Lender is willing to allow prepayment of its then outstanding Term Loan and the maximum aggregate principal amount and Classes of such Term Loans (the "**Offered Amount**") such Term Lender is willing to have prepaid at the Offered Discount. Any Term Lender whose Solicited Discounted Prepayment Offer is not received by the Auction Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount.

(b) The Auction Agent shall promptly provide the relevant Company Party with a copy of all Solicited Discounted Prepayment Offers received on or before the Solicited Discounted Prepayment Response Date. Such Company Party shall review all such Solicited Discounted Prepayment Offers and select the smallest of the Offered Discounts specified by the relevant responding Term Lenders in the Solicited Discounted Prepayment Offers that is acceptable to the Company Party in its sole discretion (the "**Acceptable Discount**"), if any. If the Company Party elects, in its sole discretion, to accept any Offered Discount as the Acceptable Discount, then as soon as practicable after the determination of the Acceptable Discount, but in no event later than by the third Business Day after the date of receipt by such Company Party from the Auction Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this subsection (2) (the "**Acceptance Date**"), the Company Party shall submit an Acceptance and Prepayment Notice to the Auction Agent setting forth the Acceptable Discount. If the Auction Agent shall fail to receive an Acceptance and Prepayment Notice from the Company Party by the Acceptance Date, such Company Party shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

(c) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, within three (3) Business Days after receipt of an Acceptance and Prepayment Notice (the "**Discounted Prepayment Determination Date**"), the Auction Agent will determine (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the aggregate principal amount and the Classes of Term Loans (the "**Acceptable Prepayment Amount**") to be prepaid by the relevant Company Party at the Acceptable Discount in accordance with this Section 2.05(a)(v)(D). If the Company Party elects to accept any Acceptable Discount, then the Company Party agrees to accept all Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Term Lender that has submitted a Solicited Discounted Prepayment Offer with an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Offered Amount (subject to any required pro-rata reduction pursuant to the following sentence) at the Acceptable Discount (each such Lender, a "**Qualifying Lender**"). The Company Party will prepay outstanding Term Loans pursuant to this subsection (D) to each Qualifying Lender in the aggregate principal amount and of the Classes specified in such Lender's Solicited Discounted Prepayment Offer at the Acceptable Discount; *provided* that if the aggregate Offered Amount by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount, prepayment of the principal amount of the Term Loans for those Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount (the "**Identified Qualifying Lenders**") shall be made pro rata among the Identified Qualifying Lenders in accordance with the Offered Amount of each such Identified Qualifying Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the "**Solicited Discount Proration**"). On or prior to the Discounted Prepayment Determination Date, the Auction Agent shall promptly notify (I) the relevant Company Party of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the

Discounted Term Loan Prepayment and the Classes to be prepaid, (II) each Term Lender of the Discounted Prepayment Effective Date, the Acceptable Discount, and the Acceptable Prepayment Amount of all Term Loans and the Classes to be prepaid at the Applicable Discount on such date, (III) each Qualifying Lender of the aggregate principal amount and the Classes of such Term Lender to be prepaid at the Acceptable Discount on such date, and (IV) if applicable, each Identified Qualifying Lender of the Solicited Discount Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to such Company Party and Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to such Company Party shall be due and payable by such Company Party on the Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

(E) In connection with any Discounted Term Loan Prepayment, the Company Parties and the Term Lenders acknowledge and agree that the Auction Agent may require as a condition to any Discounted Term Loan Prepayment, the payment of customary and documented fees and out-of-pocket expenses from a Company Party in connection therewith.

(F) If any Term Loan is prepaid in accordance with paragraphs (B) through (D) above, a Company Party shall prepay such Term Loans on the Discounted Prepayment Effective Date without premium or penalty, except as set forth in Section 2.05(a)(vi). The relevant Company Party shall make such prepayment to the Administrative Agent, for the account of the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, at the Administrative Agent's Office in immediately available funds not later than 2:00 p.m. on the Discounted Prepayment Effective Date and all such prepayments shall be applied to the remaining scheduled installments of principal of the relevant Class of Term Loans pursuant to Section 2.07 on a pro-rata basis across such installments. The Term Loans so prepaid shall be, as set forth in Section 2.05(c), accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this Section 2.05(a)(v) shall be paid to the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, and shall be applied to the relevant Term Loans of such Lenders in accordance with their respective Pro Rata Share or other applicable share hereunder. The aggregate principal amount of the Classes and installments of the relevant Term Loans outstanding shall be deemed reduced by the full par value of the aggregate principal amount of the Classes of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment. In connection with each prepayment pursuant to this Section 2.05(a)(v), the relevant Company Party shall waive any right to bring any action against the Administrative Agent, in its capacity as such, in connection with any such Discounted Term Loan Prepayment. In connection with each prepayment pursuant to this Section 2.05(a)(v), the relevant Company Party shall (a) make a representation to the Term Lenders and the Administrative Agent that it does not possess material non-public information with respect to Holdings and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information) or shall make a statement that such representation cannot be made and (b) waive any right to bring any action against the Administrative Agent, in its capacity as such, in connection with any such Discounted Term Loan Prepayment.

(G) To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent with the provisions in this Section 2.05(a)(v), established by the Auction Agent acting in its reasonable discretion and as reasonably agreed by the applicable Company Party.

(H) Notwithstanding anything in any Loan Document to the contrary, for purposes of this Section 2.05(a)(v), each notice or other communication required to be delivered or otherwise provided to the Auction Agent (or its delegate) shall be deemed to have been given upon the Auction Agent's (or its delegate's) actual receipt during normal business hours of such notice or communication; *provided* that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next Business Day.

(I) Each of the Company Parties and the Term Lenders acknowledge and agree that the Auction Agent may perform any and all of its duties under this Section 2.05(a)(v) by itself or through any Affiliate of the Auction Agent and expressly consents to any such delegation of duties by the Auction Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions pursuant to this Agreement shall apply to each Affiliate of the Auction Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this Section 2.05(a)(v) as well as activities of the Auction Agent.

(J) Each Company Party shall have the right, by written notice to the Auction Agent, to revoke in full (but not in part) or modify its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discount Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor at its discretion at any time on or prior to the applicable Specified Discount Prepayment Response Date (and if such offer is revoked or modified pursuant to the preceding clauses, any failure by such Company Party to make any prepayment to a Lender, as applicable, pursuant to this Section 2.05(a)(v) shall not constitute a Default or Event of Default under Section 8.01 or otherwise).

(vi) Notwithstanding the foregoing, in the event that, on or prior to the date that is six (6) months after the Closing Date, the Borrower (x) prepays, refinances, substitutes or replaces any Term B Loans pursuant to a Repricing Transaction (including, for avoidance of doubt, any prepayment made pursuant to Section 2.05(a) or 2.05(b)(iii) that constitutes a Repricing Transaction), or (y) effects any amendment of this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Term Lenders (subject to the proviso below), (I) in the case of clause (x), a prepayment premium of 1.00% of the aggregate principal amount of the Term B Loans so prepaid, refinanced, substituted or replaced and (II) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the applicable Term B Loans outstanding immediately prior to such amendment. Such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction; provided, however, that for the avoidance of doubt, in the case of the exercise by the Borrower of its rights under Section 3.07 in connection with a Repricing Transaction effected through an amendment, the prepayment premium described in the immediately preceding clause (I) shall be payable to any Lender replaced pursuant to Section 3.07 (and not any Person who replaces such Lender) in respect of the Term B Loans assigned pursuant to Section 3.07 immediately prior to such Repricing Transaction.

(b) *Mandatory*. (i) Within five (5) Business Days after financial statements have been delivered pursuant to Section 6.01(a) (commencing with the fiscal year ended January 31, 2020) and the related Compliance Certificate has been delivered pursuant to Section 6.02(a), the Borrower shall, subject to clause (b)(vii) of this Section 2.05, cause to be prepaid an aggregate principal amount of Term Loans in

an amount equal to (A) the Applicable ECF Percentage of Excess Cash Flow, if any, for the Excess Cash Flow Period then ended minus (B) the sum of all voluntary prepayments of Term Loans, Incremental Equivalent Debt and Refinancing Equivalent Debt (in each case that is secured by the Collateral on a pari passu basis, and pari passu in right of payment, with the Obligations under Term Loans), during such Excess Cash Flow Period or, without duplication across Excess Cash Flow Periods, after the end of such Excess Cash Flow Period and prior to when such Excess Cash Flow prepayment is due (limited in the case of any voluntary prepayments made pursuant to Section 2.05(a)(v) to the discounted amount actually paid in respect of the principal amount of such Term Loans (as opposed to the face amount so prepaid)) and (2) all voluntary prepayments of Revolving Loans during such Excess Cash Flow Period or, without duplication across Excess Cash Flow Periods, after the end of such Excess Cash Flow Period and prior to when such Excess Cash Flow prepayment is due, to the extent the "Commitments" (as defined under the Revolving Credit Agreement) are permanently reduced by the amount of such payments and, in the case of each of the immediately preceding clauses (1) and (2), to the extent such prepayments are funded with Internally Generated Cash (the difference of (A) minus (B), the "**ECF Prepayment Amount**"); *provided*, *however*, that if at the time that any such prepayment would be required, Holdings (or any Restricted Subsidiary of Holdings) is required to prepay or offer to repurchase any Incremental Equivalent Debt or any Refinancing Equivalent Debt, in each case that is secured by the Collateral on a pari passu basis, and pari passu in right of payment, with the Obligations under any Class of Term Loans, pursuant to the terms of the documentation governing such Indebtedness (such Incremental Equivalent Debt or Refinancing Equivalent Debt required to be so prepaid or offered to be so repurchased, "**Other Applicable Indebtedness**") with any portion of the ECF Prepayment Amount, then the Borrower may apply such portion of the ECF Prepayment Amount on a pro rata basis (determined on the basis of the aggregate outstanding principal amount of the applicable Class of Term Loans and Other Applicable Indebtedness at such time; *provided*, that the portion of such ECF Prepayment Amount allocated to the Other Applicable Indebtedness shall not exceed the amount of such ECF Prepayment Amount required to be allocated to the Other Applicable Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such ECF Prepayment Amount shall be allocated to the applicable Class of Term Loans in accordance with the terms hereof) to the prepayment of the Term Loans and to the repurchase or prepayment of Other Applicable Indebtedness, and the amount of prepayment of the Term Loans that would have otherwise been required pursuant to this Section 2.05(b)(i) shall be reduced accordingly; *provided*, *further*, that to the extent the holders of Other Applicable Indebtedness decline to have such indebtedness repurchase or prepaid, the declined amount shall promptly (and in any event within ten (10) Business Days after the date of such rejection) be applied to prepay the applicable Class of Term Loans in accordance with the terms hereof; *provided*, *further*, that no prepayment of Term Loans pursuant to this Section 2.05(b)(i) shall be required with respect to any Excess Cash Flow Period unless and to the extent that the ECF Prepayment Amount is at least $25,000,000 for such period.

(ii) (A) If Holdings or any Restricted Subsidiary Disposes of any property or assets (other than (X) any Disposition of any property or assets permitted by Section 7.05(a), (b), (c), (d), (e), (g), (h), (i), (k), (l), (m), (n), (o), (p), (q), (s), (u), (v) or (w)) or (Y) so long as the Revolving Credit Agreement is in effect, any Disposition of Revolving Priority Collateral) which results in the realization or receipt by Holdings or such Restricted Subsidiary of Net Proceeds, the Borrower shall make an offer (each such offer, an "**Asset Sale Offer**") (I) to Lenders to prepay their Loans in accordance with their respective Pro Rata Share of each Class of Term Loans or (II) to purchase, prepay or permanently reduce Other Applicable Indebtedness (*provided* that the Borrower may only exercise its option to reduce obligations under any Other Applicable Indebtedness if, concurrently therewith, the Borrower exercises its option to, equally and ratably, reduce the amount of Indebtedness outstanding under this Agreement by (X) prepaying Loans in accordance with clause (a) of this Section 2.05 or (Y) making an offer (in accordance with the procedures set forth in clause (B) below) to all Classes of Lenders to prepay the relevant portion of their Loans at 100% of the principal amount thereof, plus accrued and unpaid interest

to the date of such prepayment on the principal amount of Loans to be prepaid, in accordance with each such Lender's Pro Rata Share), in an aggregate principal amount of Loans equal to 100% of all such Net Proceeds realized or received; *provided* that such percentage shall be reduced to (A) 50% if the Secured Net Leverage Ratio is equal to or less than 3.25 to 1.00, and (B) 0% if the Secured Net Leverage Ratio is equal to or less than 2.75 to 1.00; *provided*, further, that at the time that any such offer to prepay would be required, Holdings (or any Restricted Subsidiary) shall permanently retire such Indebtedness and, in the case of obligations under revolving credit facilities or other similar Indebtedness, shall correspondingly permanently reduce commitments with respect thereto.

(B) Upon the commencement of an Asset Sale Offer, the Borrower shall send a written notice to the Administrative Agent, which notice shall govern the terms of the Asset Sale Offer. The notice shall contain all instructions and materials necessary to enable each Lender to accept the Asset Sale Offer. Any Asset Sale Offer shall be made on a pro rata basis to all applicable Classes of Lenders (based on the then outstanding principal amounts of the respective Classes of the Loans) in accordance with the Pro Rata Shares of the Lenders. Such notice shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 2.05(b)(ii) and that all Loans of Lenders properly accepting such offer (and not withdrawn) shall be prepaid;

(b) the date on which Loans of Lenders properly accepting such offer (and not withdrawn) shall be prepaid, which date shall be at least 30 days and no later than 60 days from the date such notice is delivered to the Administrative Agent (the "**Asset Sale Payment Date**");

(c) that any Loan as to which such offer is not properly accepted shall continue to accrue interest;

(d) that, unless the Borrower defaults in making payment therefor, any Loan accepted for prepayment pursuant to the Asset Sale Offer shall cease to accrue interest after the Asset Sale Payment Date;

(e) that any Lender electing to accept an Asset Sale Offer shall be required to notify the Administrative Agent at least three (3) Business Days before the Asset Sale Payment Date;

(f) that Lenders shall be entitled to withdraw their election to accept an Asset Sale Offer if the Administrative Agent receives, not later than the close of business on the second Business Day preceding the Asset Sale Payment Date, a written notice setting forth the name of the Lender, the aggregate principal amount of its Loans to be prepaid and a statement that such Lender is withdrawing its election to have such Loans prepaid;

(g) that, if the aggregate principal amount of Loans as to which the Asset Sale Offer is properly accepted (and not withdrawn) exceeds the Net Proceeds allocable to the Loans as part of such Asset Sale Offer, the Administrative Agent shall select the Loans to be prepaid on a pro rata basis; and

(h) that Lenders whose Loans are prepaid only in part shall be issued a new Note, if requested by such Lender, in an aggregate principal amount equal to the unpurchased portion of the Loans not prepaid.

(C) On the Asset Sale Payment Date, the Borrower shall, to the extent lawful: (i) prepay all Loans as to which the Asset Sale Offer was properly accepted and not withdrawn; (ii) deposit with the Administrative Agent an amount equal to the aggregate payment in respect of all Loans subject to such Asset Sale Offer and as to which the Asset Sale Offer was properly accepted and not withdrawn; and (iii) deliver or cause to be delivered to the Administrative Agent an certificate of a Responsible Officer stating the aggregate principal amount of Loans being prepaid by the Borrower.

(D) The Administrative Agent shall promptly wire to each Lender that has properly accepted the Asset Sale Offer the applicable payment for such Loans, and the Borrower shall promptly deliver, to the extent requested by such Lender, a new Note equal in principal amount to the portion of the Loans of such Lender not prepaid, if any. If at the time of any prepayment pursuant to this Section 2.05(b)(ii) there shall be outstanding Borrowings of different Types or with different Interest Periods, and if some but not all Lenders shall have accepted such Asset Sale Offer, then the aggregate amount of such prepayment shall be allocated ratably to each outstanding Borrowing that comprises the Loans of the accepting Lenders.

(E) All prepayments of Loans under this Section 2.05(b)(ii) shall be subject to Section 3.05.

(iii) Subject to Section 2.05(a)(vi), if Holdings or any Restricted Subsidiary incurs or issues any Indebtedness after the Closing Date not permitted to be incurred or issued pursuant to Section 7.03, the Borrower shall cause to be prepaid an aggregate principal amount of Term Loans in an amount equal to 100% of all Net Proceeds received therefrom on or prior to the date which is five (5) Business Days after the receipt by Holdings or such Restricted Subsidiary of such Net Proceeds.

(iv) If the Borrower incurs or issues any Refinancing Loans (or Refinancing Equivalent Debt) resulting in Net Proceeds (as opposed to such Refinancing Loans or Refinancing Equivalent Debt arising out of an exchange of existing Term Loans for such Refinancing Loans or Refinancing Equivalent Debt), the Borrower shall cause to be prepaid an aggregate principal amount of Term Loans in an amount equal to 100% of all Net Proceeds received therefrom on or prior to the date which is five (5) Business Days after the receipt by the Borrower of such Net Proceeds.

(v) (A) If a Change of Control occurs, the Borrower shall be required to make an offer to prepay (such offer, a "**Change of Control Offer**"), on a Business Day (the "**Change of Control Payment Date**") not more than 60 days following the date of the notice referred to below, on a pro rata basis to each Class of Loans (based on the then outstanding principal amounts of the respective Classes of Loans) in accordance with the Pro Rata Shares of the Lenders, all of such Lender's outstanding Loans for a cash payment (the "**Change of Control Payment**") equal to 100% of the aggregate principal amount of such Loans prepaid, plus accrued and unpaid interest thereon, to the Change of Control Payment Date.

(B) Within 60 days following the date upon which a Change of Control occurs (the "**Change of Control Date**"), the Borrower shall send a written notice to the Administrative Agent, which notice shall govern the terms of the Change of Control Offer. The notice shall describe the transaction or transactions that constitute the Change of Control and offer to prepay all or any part of that Lender's Loans pursuant to a Change of Control Offer on the Change of Control Payment Date specified in the notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is delivered to the Administrative Agent, pursuant to the procedures described in such notice. Such notice shall state:

(a) that the Change of Control Offer is being made pursuant to this Section 2.05(b)(v) and that all Loans of Lenders properly accepting such offer (and not withdrawn) shall be prepaid;

(b) the Change of Control Payment (including the amount of accrued interest) and the Change of Control Payment Date;

(c) that any Loan as to which such offer is not properly accepted shall continue to accrue interest;

(d) that, unless the Borrower defaults in making payment therefor, any Loan accepted for prepayment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(e) that any Lender electing to have its Loans prepaid pursuant to the Change of Control Offer shall be required to notify the Administrative Agent at least three (3) Business Days before to the Change of Control Payment Date;

(f) that Lenders shall be entitled to withdraw their election to accept the Change of Control Offer, if the Administrative Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a written notice setting forth the name of the Lender, the aggregate principal amount of such Loans to be prepaid and a statement that such Lender is withdrawing its election to have its Loans prepaid;

(g) that Lenders whose Loans are prepaid only in part shall be issued a new Note, if requested by such Lender, in an aggregate principal amount equal to the portion of its Loans not prepaid; and

(h) the circumstances and relevant facts regarding such Change of Control.

(C) On the Change of Control Payment Date, the Borrower shall, to the extent lawful:

(a) prepay all Loans as to which the Change of Control Offer was properly accepted and not withdrawn;

(b) deposit with the Administrative Agent an amount equal to the Change of Control Payment in respect of all Loans as to which the Change of Control Offer was properly accepted and not withdrawn; and

(c) deliver or cause to be delivered to the Administrative Agent a certificate of a Responsible Officer stating the aggregate principal amount of Loans being prepaid by the Borrower.

(D) The Administrative Agent shall promptly wire to each Lender that has properly accepted the Change of Control Offer the Change of Control Payment for such Loans, and the Borrower shall promptly deliver, to the extent requested by such Lender, a new Note equal in principal amount to the portion of the Loans of such Lender not prepaid, if any. If at the time of any prepayment pursuant to this Section 2.05(b)(v) there shall be outstanding Borrowings of different Types or with different Interest Periods, and if some but not all Lenders shall have accepted such Change of Control Offer, then the aggregate amount of such prepayment shall be allocated ratably to each outstanding Borrowing that comprises the Loans of the accepting Lenders. All prepayments of Loans under this Section 2.05(b)(v) shall be subject to Section 3.05.

(E) Any amounts remaining after the prepayment of Loans pursuant to a Change of Control Offer shall be returned by the Administrative Agent to the Borrower and shall not be treated as having been applied to the prepayment of any Loan.

(F) The Borrower shall not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Agreement applicable to a Change of Control Offer made by the Borrower and prepays all Loans as to which such Change of Control Offer was properly accepted and not withdrawn or (2) a notice of prepayment with respect to all then outstanding Loans has been given pursuant to Section 2.05(a). A Change of Control Offer may be made by the Borrower or a third party in advance of a Change of Control or conditional upon the occurrence of a Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(vi) Each prepayment of Term Loans pursuant to Section 2.05(b) (A) shall be applied either (x) ratably to each Class of Term Loans then outstanding or (y) as requested by the Borrower in the notice delivered pursuant to clause (vii) below, to any Class or Classes of Term Loans with a Maturity Date preceding the Maturity Date of the remaining Classes of Term Loans then outstanding, (B) shall be applied, with respect to each such Class for which prepayments will be made, in a manner determined at the discretion of the Borrower in the applicable notice and, if not specified, in direct order of maturity to repayments thereof required pursuant to Section 2.07 and (C) shall be paid to the Appropriate Lenders in accordance with their respective Pro Rata Share (or other applicable share provided by this Agreement) of each such Class of Term Loans, subject to clause (vii) of this Section 2.05(b). Notwithstanding clause (A) above, (1) in the case of prepayments pursuant to Section 2.05(b)(iv), such prepayment shall be applied in accordance with this clause (vi) solely to those applicable Classes of Term Loans selected by the Borrower and specified in the applicable Refinancing Amendment or notice (i.e., the applicable Refinanced Debt or Refinanced Term Loans) and (2) any Incremental Amendment, Refinancing Amendment or Extension Amendment may provide (including on an optional basis as elected by the Borrower) for a less than ratable application of prepayments to any Class of Term Loans established thereunder.

(vii) The Borrower shall notify the Administrative Agent in writing of any mandatory prepayment of Term Loans required to be made by the Borrower pursuant to clauses (i), (iii) or (iv) of this Section 2.05(b) at least two (2) Business Days prior to the date of such prepayment (unless otherwise agreed by the Administrative Agent). Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the aggregate amount of such prepayment to be made by the Borrower. The Administrative Agent will promptly notify each Appropriate Lender of the contents of the Borrower's prepayment notice and of such Appropriate Lender's Pro Rata Share of the prepayment. Each Term Lender may reject all or a portion of its Pro Rata Share of any mandatory prepayment (such declined amounts, the "**Declined Proceeds**") of Term Loans required to be made pursuant to clauses (i), and (iii) of this Section 2.05(b) by providing written notice (each, a "**Rejection Notice**") to the Administrative Agent and the Borrower no later than 5:00 p.m. one Business Day after the date of such

Lender's receipt of notice from the Administrative Agent regarding such prepayment. Each Rejection Notice from a given Lender shall specify the principal amount of the mandatory repayment of Term Loans to be rejected by such Lender. If a Term Lender fails to deliver a Rejection Notice to the Administrative Agent within the time frame specified above or such Rejection Notice fails to specify the principal amount of the Term Loans to be rejected, any such failure will be deemed an acceptance of the total amount of such mandatory prepayment of Term Loans. Any Declined Proceeds shall be offered to the Term Lenders not so declining such prepayment on a pro rata basis in accordance with the amounts of the Term Loans of such Lender (with such non-declining Term Lenders having the right to decline any prepayment with Declined Proceeds at the time and in the manner specified by the Administrative Agent). To the extent such non-declining Term Lenders elect to decline their Pro Rata Share of such Declined Proceeds, any Declined Proceeds remaining thereafter shall be retained by the Borrower (such remaining Declined Proceeds, the "**Borrower Retained Prepayment Amounts**").

(viii) Notwithstanding any other provisions of this Section 2.05, (i) to the extent that any of or all the Net Proceeds of any Disposition by a Subsidiary organized in a non-Qualified Jurisdiction (a "**Foreign Disposition**") or Excess Cash Flow attributable to Subsidiaries organized in any non-Qualified Jurisdiction are prohibited or delayed by applicable local law from being repatriated to Canada, the portion of such Net Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.05(b) but may be retained by the applicable Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to Canada (the Borrower hereby agreeing to use commercially reasonable efforts to cause the applicable Subsidiary to promptly take all actions reasonably required by the applicable local law to permit such repatriation), and once such repatriation of any of such affected Net Proceeds or Excess Cash Flow is permitted under the applicable local law, such repatriation will be promptly effected and an amount equal to such repatriated Net Proceeds or Excess Cash Flow will be promptly (and in any event not later than five (5) Business Days after such repatriation) applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans pursuant to this Section 2.05(b) to the extent provided herein and (ii) to the extent that the Borrower has determined in good faith that repatriation of any of or all the Net Proceeds of any Foreign Disposition or Excess Cash Flow attributable to Subsidiaries organized in any non-Qualified Jurisdiction would have material adverse tax consequences (as determined in good faith by the Borrower) with respect to such Net Proceeds or Excess Cash Flow, such Net Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.05(b) but may be retained by the applicable Subsidiary.

(c) *Interest Funding Losses, Etc*.

(i) Except to the extent otherwise agreed by each Lender so being prepaid, all prepayments of Loans shall be accompanied by all accrued and unpaid interest thereon through but not including the date of such prepayment (which, in the case of prepayments pursuant to Section 2.05(a)(v)(F) shall be the accrued and unpaid interest on the principal amount so prepaid up to, but not including, the applicable Discounted Prepayment Effective Date), together with, in the case of any such prepayment of a Eurocurrency Rate Loan on a date prior to the last day of an Interest Period therefor, any amounts owing in respect of such Eurocurrency Rate Loan pursuant to Section 3.05.

(ii) So long as no Event of Default shall have occurred and be continuing, if any prepayment of Eurocurrency Rate Loans is required to be made under this Section 2.05 (but excluding prepayments required under Section 2.05(b)(iv)), prior to the last day of the Interest Period therefor, in lieu of making any payment pursuant to this Section 2.05 in respect of any such Eurocurrency Rate Loan prior to the last day of the Interest Period therefor, the Borrower may, in its sole discretion, deposit an amount sufficient to make any such prepayment otherwise required to be made thereunder together with

accrued interest to the last day of such Interest Period into a Cash Collateral Account until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the Borrower or any other Loan Party) to apply such amount to the prepayment of such Loans in accordance with this Section 2.05. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from the Borrower or any other Loan Party) to apply such amount to the prepayment of the outstanding Loans in accordance with the relevant provisions of this Section 2.05 (including amounts owing pursuant to Section 3.05). Such deposit shall be deemed to be a prepayment of such Loans by the Borrower for all purposes under this Agreement.

Section 2.06 Termination or Reduction of Commitments.

(a) *Optional*. The Borrower may, upon written notice to the Administrative Agent, terminate the unused Commitments of any Class, or from time to time permanently reduce the unused Commitments of any Class, in each case without premium or penalty; *provided* that (i) any such notice shall be received by the Administrative Agent at least three (3) Business Days prior to the date of termination or reduction and (ii) any such partial reduction shall be in an aggregate amount of $500,000, or any whole multiple of $100,000 in excess thereof or, if less, the entire amount thereof. Notwithstanding the foregoing, the Borrower may rescind or postpone any notice of termination of any Commitments if such termination would have resulted from a refinancing of all of the applicable Facility, which refinancing shall not be consummated or otherwise shall be delayed.

(b) *Mandatory*. The Term B Commitment of each Term Lender shall be automatically and permanently reduced to $0 upon the funding of Term B Loans to be made by it on the Closing Date (including by way of exchange or reclassification of existing extensions of credit under the Existing Credit Agreement pursuant to the Restatement Agreement). The Commitment of each Term Lender with respect to Incremental Loans, any Refinancing Loan or any Extension Series shall be automatically and permanently reduced to $0 upon the funding of Term Loans to be made by it on the date set forth in the corresponding Incremental Amendment, Refinancing Amendment or Extension Amendment.

(c) *Application of Commitment Reductions; Payment of Fees*. The Administrative Agent will promptly notify the Appropriate Lenders of any termination or reduction of unused Commitments of any Class under this Section 2.06. Upon any reduction of unused Commitments of any Class, the Commitment of each Lender of such Class shall be reduced by such Lender's Pro Rata Share of the amount by which such Commitments are reduced (other than the termination of the Commitment of any Lender as provided in Section 3.07). All commitment fees, if any, accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

Section 2.07 Repayment of Loans.

(a) The Borrower shall repay to the Administrative Agent for the ratable account of the Appropriate Lenders (A) on the last Business Day of each April, July, October and January, commencing with October 31, 2018, an aggregate principal amount equal to 0.25% of the aggregate principal amount of all Term B Loans as of the Closing Date (which payments shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Sections 2.05 and 10.07) and (B) on the Maturity Date for any Class of Term Loans, the aggregate principal amount of all Term Loans of such Class outstanding on such date.

(b) The amount of any such payment set forth in clause (i) above shall be adjusted to account for the addition of any Incremental Loans, Extended Term Loans or Refinancing Loans to contemplate (A) the reduction in the aggregate principal amount of any Term Loans that were paid down in connection with the incurrence of such Incremental Loans, Extended Term Loans or Refinancing Loans, and (B) any increase to payments to the extent and as required pursuant to the terms of any applicable Incremental Amendment, Extension Amendment or Refinancing Amendment.

Section 2.08 Interest.

(a) Subject to the provisions of Section 2.08(b), (i) each Eurocurrency Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate and; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) During the continuance of a Default under Section 8.01(a), the Borrower shall pay interest on past due amounts owing by it hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws; *provided* that no interest at the Default Rate shall accrue or be payable to a Defaulting Lender so long as such Lender shall be a Defaulting Lender. Accrued and unpaid interest on such amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any case or proceeding under any Debtor Relief Law.

Section 2.09 Fees.

(a) *Closing Fees*. The Borrower agrees to pay on the Closing Date to each Lender party to this Agreement on the Closing Date, as fee compensation for the funding of such Lender's Term B Loan, a closing fee (the "**Closing Fee**") in an amount equal to 0.25% of the stated principal amount of such Lender's Term B Loan made on the Closing Date. Such Closing Fee will be in all respects fully earned, due and payable on the Closing Date and non-refundable and non-creditable thereafter and, in the case of the Loans, such Closing Fee shall be netted against Loans made by such Lender on the Closing Date.

(b) *Other Fees*. The Borrower shall pay to the Agents such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever (except as expressly agreed between the Borrower and the applicable Agent).

Section 2.10 Computation of Interest and Fees.

(a) All computations of interest for Base Rate Loans determined by reference to the Prime Rate shall be made on the basis of a year of three hundred and sixty-five (365) days, or three hundred and sixty-six (366) days, as applicable, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a three hundred and sixty (360) day year and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; *provided* that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one (1) day. In computing interest on any Loan, the day such Loan is made or converted to a Loan of a different Type shall be included and the date such Loan is repaid or converted to a Loan of a different type, as the case may be, shall be excluded. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) For purposes of the Interest Act (Canada), (i) whenever any interest or fee under this Agreement is calculated using a rate based on a year of 360 days or 365 days (or such other period that is less than a calendar year), as the case may be, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days or 365 days (or such other period that is less than a calendar year), as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 360 or 365 (or such other period that is less than a calendar year), as the case may be, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields. The parties acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

(c) EACH LOAN PARTY CONFIRMS THAT IT FULLY UNDERSTANDS AND IS ABLE TO CALCULATE THE RATE OF INTEREST APPLICABLE TO EACH FACILITY BASED ON THE METHODOLOGY FOR CALCULATING PER ANNUM RATES PROVIDED FOR IN THIS AGREEMENT. EACH LOAN PARTY HEREBY IRREVOCABLY AGREES NOT TO PLEAD OR ASSERT, WHETHER BY WAY OF DEFENCE OR OTHERWISE, IN ANY PROCEEDING RELATING TO THE LOAN DOCUMENTS, THAT THE RATE OF INTEREST PAYABLE UNDER THE LOAN DOCUMENTS AND THE CALCULATION THEREOF HAS NOT BEEN ADEQUATELY DISCLOSED TO THE LOAN PARTIES, WHETHER PURSUANT TO SECTION 4 OF THE INTEREST ACT (CANADA) OR ANY OTHER APPLICABLE LAW OR LEGAL PRINCIPLE.

(d) Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum amount of interest permitted by applicable Law, including, for greater certainty, pursuant to section 347 of the Criminal Code (Canada) (the "**Maximum Rate**"). If any Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be deemed to have been made by mutual mistake of such Loan Party, the Administrative Agent and the applicable Lender or Lenders and the amount of such payment or collection will be refunded to such Loan Party only to the extent of the amount which is greater than the Maximum Rate. For purposes of determining compliance with the Maximum Rate, the applicable rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term commencing on the Closing Date and ending on the Maturity Date and, in the event of dispute, a certificate of an actuarial firm appointed by the Administrative Agent will be *prima facie* evidence for the purposes of such determination.

(e) Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document if the amount of interest paid by a Loan Party to the Lenders is reduced through the application of Section 2.10(d), then the Loan Party shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the Lenders, promptly on demand by the Administrative Agent, an amount equal to the excess of the amount of interest and fees that should have been paid by the Loan Party for such period had the same not been reduced through the application of Section 2.10(d) over the amount of interest and fees actually paid by the Loan Party for such period. The obligations of the Loan Parties under this Section 2.10(e) shall survive the termination of the Term B Commitment and the repayment of all Indebtedness hereunder for a period of seven years.

Section 2.11 Evidence of Indebtedness.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and evidenced by one or more entries in the Register maintained by the Administrative Agent, acting solely for purposes of Treasury Regulation Section 5f.103-1(c), as agent for the Borrower, in each case in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be *prima facie* evidence absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note payable to such Lender, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) Subject to Section 10.07(c), entries made in good faith by the Administrative Agent in the Register pursuant to Section 2.11(a), and by each Lender in its account or accounts pursuant to Section 2.11(a), shall be *prima facie* evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement and the other Loan Documents, absent manifest error; *provided* that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement and the other Loan Documents.

Section 2.12 Payments Generally.

(a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 1:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Appropriate Lender its Pro Rata Share (or other applicable share provided for under this Agreement) of such payment in like funds as received by wire transfer to such Lender's applicable Lending Office. All payments received by the Administrative Agent after 1:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be; *provided* that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Loans to be made in the next succeeding calendar month, such payment shall be made on the immediately preceding Business Day.

(c) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in Same Day Funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in Same Day Funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in Same Day Funds at the applicable Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in Same Day Funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "**Compensation Period**") at a rate per annum equal to the applicable Overnight Rate from time to time in effect. When such Lender makes payment to the Administrative Agent (together with all accrued interest thereon), then such payment amount (excluding the amount of any interest which may have accrued and been paid in respect of such late payment) shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this Section 2.12(c) shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(g) Whenever any payment received by the Administrative Agent under this Agreement or any of the other Loan Documents is insufficient to pay in full all amounts due and payable to the Administrative Agent and the Lenders under or in respect of this Agreement and the other Loan Documents on any date, such payment shall be distributed by the Administrative Agent and applied by

the Administrative Agent and the Lenders in the order of priority set forth in Section 8.03. If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the manner in which such funds are to be applied, the Administrative Agent may (to the fullest extent permitted by mandatory provisions of applicable Law), but shall not be obligated to, elect to distribute such funds to each of the Lenders in accordance with such Lender's Pro Rata Share or other applicable share provided for under this Agreement of the Outstanding Amount of all Loans outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender.

Section 2.13 Sharing of Payments. If, other than as expressly provided elsewhere herein or required by court order, any Lender shall obtain payment in respect of any principal or interest on account of the Loans made by it, any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment in respect of any principal or interest on such Loans or such participations, as the case may be, pro rata with each of them; provided that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. For the avoidance of doubt, the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement as in effect from time to time (including the application of funds arising from the existence of a Defaulting Lender) or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant permitted hereunder. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by applicable Law, exercise all its rights of payment (including the right of setoff, but subject to Section 10.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section 2.13 and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section 2.13 shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased. For purposes of subclause (v) of the definition of "Indemnified Taxes," a Lender that acquires a participation pursuant to this Section 2.13 shall be treated as having acquired such participation on the earlier date(s) on which such Lender acquired the applicable interest(s) in the Commitment(s) and/or Loan(s) to which such participation relates.

Section 2.14 Incremental Credit Extensions.

(a) *Incremental Commitments*. The Borrower may at any time or from time to time after the Closing Date, by notice to the Administrative Agent (an "**Incremental Loan Request**"), request one or more new commitments which may be of the same Class as any outstanding Term Loans (a "**Term Loan Increase**") or a new Class of term loans (collectively with any Term Loan Increase, the "**Incremental Commitments**"), whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders.

(b) *Incremental Loans*. On the applicable date (each, an "**Incremental Facility Closing Date**") specified in any Incremental Amendment (including through any Term Loan Increase), subject to the satisfaction of the terms and conditions in this Section 2.14 and in the applicable Incremental Amendment, (i) each Incremental Lender of such Class shall make a Loan to the Borrower (an "**Incremental Loan**") in an amount equal to its Incremental Commitment of such Class and (ii) each Incremental Lender of such Class shall become a Lender hereunder with respect to the Incremental Commitment of such Class and the Incremental Loans of such Class made pursuant thereto.

(c) *Incremental Loan Request*. Each Incremental Loan Request from the Borrower pursuant to this Section 2.14 shall set forth the requested amount, currency (which shall be either Dollars or Canadian Dollars, at the Borrower's election) and proposed terms of the relevant Incremental Loans. Incremental Loans may be made by any existing Lender (but no existing Lender will have an obligation to make any Incremental Commitment, nor will the Borrower have any obligation to approach any existing Lender to provide any Incremental Commitment) or by any Additional Lender (each such existing Lender or Additional Lender providing such Commitment or Loan, an "**Incremental Lender**"); *provided* that the Administrative Agent shall have consented (not to be unreasonably withheld or delayed) to such Additional Lender's making such Incremental Loans, to the extent such consent, if any, would be required under Section 10.07(b) for an assignment of Term Loans to such Lender or Additional Lender.

(d) *Effectiveness of Incremental Amendment*. The effectiveness of any Incremental Amendment, and the Incremental Commitments thereunder, shall be subject to the satisfaction on the applicable date (which shall be no earlier than the date of such Incremental Amendment) specified therein (the "**Incremental Amendment Date**") of each of the following conditions, together with any other conditions set forth in the Incremental Amendment:

(i) after giving effect to such Incremental Commitments, the conditions of Section 4.02 shall be satisfied (it being understood that all references to "the date of such Credit Extension" or similar language in such Section 4.02 shall be deemed to refer to the Incremental Amendment Date); *provided*, *that*, such Incremental Amendment may include a waiver by the Incremental Lenders party thereto of the condition set forth in Section 4.02(iii) and, in connection with any Incremental Commitment, the primary purpose of which is to finance a Permitted Acquisition, (x) a waiver in full or in part of the condition set forth in clause (ii) (other than with respect to any Event of Default under Section 8.01(a) or (f)) of Section 4.02 and (y) with respect to clause (i) of Section 4.02, solely the Specified Representations shall be required to be true and correct in all material respects on and as of the date of such Incremental Amendment (*provided* that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; *provided*, *further*, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates);

(ii) each Incremental Commitment shall be in an aggregate principal amount that is not less than $5,000,000 (*provided* that such amount may be less than $5,000,000 if such amount represents all remaining availability under the limit set forth in Section 2.14(d)(iii)), or, in the case of any Incremental Commitment denominated in Canadian Dollars, an aggregate principal amount that is not less than Cdn$5,000,000 (*provided* that such amount may be less than Cdn$5,000,000 if such amount represents all remaining availability under the limit set forth in Section 2.14(d)(iii));

(iii) (A) after giving Pro Forma Effect to both (x) the making of Incremental Loans under such Incremental Amendment and (y) any Specified Transactions consummated in connection therewith, the Secured Net Leverage Ratio calculated on a Pro Forma Basis does not exceed either (x) 3.75:1.00 or (y) solely if such Incremental Loans are incurred in connection with a Permitted Acquisition, the Secured Net Leverage Ratio immediately prior to giving effect to such Incremental Loans and the consummation of such Permitted Acquisition; or (B) together with the Incremental Loans made under such Incremental Amendment, the aggregate principal amount of Incremental Loans made under this clause (B) (*plus* Incremental Equivalent Debt incurred in reliance on clause (i)(B) of the proviso of Section 2.14(h)) does not exceed the sum of (i) the greater of (x) $475,000,000 and (y) 100% of Consolidated EBITDA plus (ii) the principal amount of any voluntary prepayments of Term Loans (other than to the extent made with the proceeds of Indebtedness (other than the incurrence of Revolving Loans or extensions of credit under any other revolving credit or similar facility)); *provided*, *that*, it is understood that (1) Incremental Loans may be incurred under either clause (A) or clause (B) as selected by the Borrower in its sole discretion, including by designating any portion of Incremental Commitments in excess of an amount permitted to be incurred under clause (A) at the time of such incurrence as incurred under clause (B); and

(iv) to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (A) customary legal opinions, board resolutions and officers' certificates (including solvency certificates) consistent with those delivered on the Closing Date (conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent and (B) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that such Incremental Lenders are provided with the benefit of the applicable Loan Documents.

(e) *Required Terms*. The terms, provisions and documentation of the Incremental Loans and Incremental Commitments, as the case may be, of any Class shall be as agreed between the Borrower and the applicable Incremental Lenders providing such Incremental Commitments. Notwithstanding the foregoing, in the case of any Incremental Loans or Incremental Commitments, except as otherwise set forth herein, to the extent such terms and provisions are not identical to the terms and provisions of any Class of Term Loans existing on the Incremental Facility Closing Date, such terms and provisions shall be consistent with clauses (i) through (iii) below, as applicable, and otherwise (a) if more favorable to the existing Term Lenders under the applicable Class of Term Loans, conformed (or added) in the Loan Documents pursuant to the related Incremental Amendment for the benefit of the Term Lenders, (b) applicable only to periods after the Latest Maturity Date with respect to existing Term Loans as of the Incremental Amendment Date or (c) reasonably satisfactory to the Administrative Agent; *provided* that in the case of a Term Loan Increase, the terms, provisions and documentation (other than the Incremental Amendment evidencing such increase) of such Term Loan Increase shall be (subject to any conforming changes pursuant to clause (a) above) identical (other than with respect to upfront fees, OID or similar fees) to the applicable Class of Term Loans being increased, in each case, as existing on the Incremental Facility Closing Date. In any event:

(i) the Incremental Loans:

(A) (I) shall rank *pari passu* or junior in right of payment with the Obligations under Term Loans that are senior in right of payment and (II) shall be secured solely by the Collateral and shall rank *pari passu* or junior in right of security with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral (and subject to a Subordination Agreement (if subject to payment subordination) and/or a Second Lien Intercreditor Agreement

(if subject to lien subordination), or, alternatively, terms in the Incremental Amendment substantially similar to those in such applicable agreement, as agreed by the Borrower and Administrative Agent or other lien subordination arrangement reasonably satisfactory to the Borrower and the Administrative Agent);

(B) as of the Incremental Amendment Date, shall not have a final scheduled maturity date earlier than the Maturity Date of the Term B Loans or any Extended Term Loans as to which the Term B Loans were the Existing Term Loan Tranche (other than in the case of any Permitted Earlier Maturity Debt);

(C) as of the Incremental Amendment Date, shall have a Weighted Average Life to Maturity not shorter than the remaining Weighted Average Life to Maturity of the Term B Loans (other than in the case of any Permitted Earlier Maturity Debt);

(D) shall have an Applicable Rate, and subject to clauses (e)(i)(B) and (e)(i)(C) above, amortization determined by the Borrower and the applicable Incremental Lenders; *provided* the Applicable Rate and amortization for a Term Loan Increase shall be (x) the Applicable Rate and amortization for the Class being increased or (y) in the case of the Applicable Rate, higher than the Applicable Rate for the Class being increased as long as the Applicable Rate for the Class being increased shall be automatically increased as and to the extent necessary to eliminate such deficiency);

(E) shall have fees or other amounts as determined by the Borrower and the applicable Incremental Lenders or arranger(s) and/or lender(s);

(F) shall not be guaranteed by any Person that is not otherwise a Guarantor; and

(G) (I) may participate on a pro rata basis, less than pro rata basis or greater than pro rata basis in any voluntary prepayments of Term Loans hereunder and (II) (x) in the case of Incremental Loans that rank junior in right of payment or junior in right of security, in each case, with the Obligations under Term Loans that are senior in right of payment or secured on a first lien basis, shall participate on a less than pro rata basis in any mandatory prepayments of Term Loans hereunder and (y) in the case of Incremental Loans that rank *pari passu* in right of payment and security with the Obligations under Term Loans that are secured on a first lien basis, may participate on a pro rata basis or less than pro rata basis (but not on a greater than pro rata basis (except for prepayments pursuant to Section 2.05(b)(iv) and Section 2.05(b)(vi)(A)(y)) in any mandatory prepayments of such Term Loans hereunder;

(ii) [Reserved];

(iii) the All-In Yield applicable to the Incremental Loans of each Class shall be determined by the Borrower and the applicable Incremental Lenders and/or arranger(s) and shall be set forth in each applicable Incremental Amendment; *provided*, *however*, that with respect to any Incremental Loans (*provided* that the Borrower may, at its election, exclude up to $75,000,000 in aggregate principal amount of Incremental Loans from the application of the following provisions of this clause (e)(iii)) incurred on or prior to the 12-month anniversary of the Closing Date that are denominated in Dollars, that are *pari passu* in right of payment and security with the Term B Loans and that have a Maturity Date prior to the date that is 24 months after the Maturity Date of the Term B Loans, the All-In Yield applicable to such Incremental Loans shall not be greater than the applicable All-In Yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect to

Term B Loans plus 50 basis points per annum unless the All-In Yield (together with, as provided in the proviso below, the Eurocurrency Rate or Base Rate floor) with respect to the Term B Loans is increased so as to cause the then-applicable All-In Yield under this Agreement on the Term B Loans to equal the All-In Yield then applicable to the Incremental Loans minus 50 basis points; *provided*, *further*, that any increase in All-In Yield to any Term B Loan due to the application or imposition of a Eurocurrency Rate or Base Rate floor on any Incremental Loan shall be effected solely through an increase in (or implementation of, as applicable) any Eurocurrency Rate or Base Rate floor applicable to such Term B Loan.

For the avoidance of doubt, the "MFN" payment provisions in the first proviso of clause (iii) above in respect of the Term B Loans shall not apply to any Incremental Loan requested in Canadian Dollars. Without limiting the obligations of the Borrower provided for in this Section 2.14, the Administrative Agent and the Lenders agree that they will use their commercially reasonable efforts to attempt to minimize the costs of the type referred to in Section 3.05 that would otherwise be incurred in connection with any Incremental Loan.

(f) *Incremental Amendment*. Commitments in respect of Incremental Loans shall become additional Commitments pursuant to an amendment (an "**Incremental Amendment**") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Incremental Lender providing such Commitments and the Administrative Agent. The Incremental Amendment may, without the consent of any other Loan Party, Agent or Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.14, including amendments as deemed necessary by the Administrative Agent in its reasonable judgment to effect any lien or payment subordination and associated rights of the applicable Lenders to the extent any Incremental Loans are to rank junior in right of security or payment or to address technical issues relating to funding and payments or prepayments (including any adjustments to amortization of Term Loans as agreed between the Borrower and the Administrative Agent). The Borrower will use the proceeds of the Incremental Loans for any purpose not prohibited by this Agreement.

(g) [Reserved].

(h) *Incremental Equivalent Debt*. The Borrower may, upon notice to the Administrative Agent, at any time or from time to time after the Closing Date, issue, incur or otherwise obtain Indebtedness of the Borrower (and any Permitted Refinancing thereof) in respect of one or more series of senior or subordinated notes or loans (which may be unsecured or secured on a junior lien basis or a *pari passu* basis with the Obligations under Term Loans required to be secured on a first lien basis), and, in the case of notes, issued in a public offering, Rule 144A or other private placement or bridge in lieu of the foregoing, in each case, that are issued or made in lieu of Incremental Commitments (the "**Incremental Equivalent Debt**"); *provided* that (i) (A) after giving Pro Forma Effect to both (x) the issuance or incurrence of such Incremental Equivalent Debt (assuming a borrowing of the maximum credit thereunder) and (y) any Specified Transactions consummated in connection therewith, (1) if such Incremental Equivalent Debt is secured, the Secured Net Leverage Ratio calculated on a Pro Forma Basis does not exceed either (I) 3.75:1.00 or (II) solely if such Incremental Equivalent Debt is incurred in connection with a Permitted Acquisition, the Secured Net Leverage Ratio immediately prior to the issuance or incurrence of such Incremental Equivalent Debt and the consummation of such Permitted Acquisition, and (2) if such Incremental Equivalent Debt is unsecured, either (I) (x) the Total Net Leverage Ratio calculated on a Pro Forma Basis does not exceed 4.25:1.00 or (y) the Consolidated Cash Interest Coverage Ratio calculated on a Pro Forma Basis is no less than 2.00:1.00, or (II) solely in the case of Incremental Equivalent Debt incurred in connection with a Permitted Acquisition, either (x) the

Total Net Leverage Ratio calculated on a Pro Forma Basis does not exceed the Total Net Leverage Ratio immediately prior to the issuance or incurrence of such Incremental Equivalent Debt and the consummation of such Permitted Acquisition, or (y) the Consolidated Cash Interest Coverage Ratio calculated on a Pro Forma Basis is no less than the Consolidated Cash Interest Coverage Ratio immediately prior to the issuance or incurrence of such Incremental Equivalent Debt and the consummation of such Permitted Acquisition, or (B) together with such Incremental Equivalent Debt, the aggregate principal amount of Incremental Equivalent Debt incurred or issued under this clause (B) and Incremental Loans made under Section 2.14(d)(iii)(B) does not exceed the sum of (a) the greater of (x) $475,000,000 and (y) 100% of Consolidated EBITDA plus (b) the principal amount of any voluntary prepayments of Term Loans (other than to the extent made with the proceeds of Indebtedness (other than the incurrence of Revolving Loans or extensions of credit under any other revolving credit or similar facility)), (ii) such Incremental Equivalent Debt shall not be subject to any Guarantee by any Person other than a Loan Party, (iii) if such Incremental Equivalent Debt is secured, the obligations in respect thereof shall not be secured by any Lien on any asset of Holdings, the Borrower or any Restricted Subsidiary other than any asset constituting Collateral, (iv) no Default or Event of Default shall have occurred and be continuing or would exist immediately after giving effect to such incurrence, (v) if such Incremental Equivalent Debt is secured, the security agreements and other collateral documents relating to such Incremental Equivalent Debt shall be substantially similar to the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (vi) if such Incremental Equivalent Debt is (a) secured on a *pari passu* basis with the Obligations under Term Loans that are secured on a first lien basis by Term Priority Collateral, then such Incremental Equivalent Debt shall be subject to a First Lien Pari Passu Intercreditor Agreement, (b) secured on a junior basis with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral, then such Incremental Equivalent Debt shall be subject to a Second Lien Intercreditor Agreement or other lien subordination and intercreditor arrangement satisfactory to the Borrower and the Administrative Agent or (c) unsecured and subordinated to the Obligations, then such Incremental Equivalent Debt shall be subject to a Subordination Agreement (or, alternatively, terms in the definitive documentation for such Incremental Equivalent Debt substantially similar to those in such applicable agreement, as agreed by the Borrower and Administrative Agent), (vii) such Incremental Equivalent Debt (other than in the case of any Permitted Earlier Maturity Debt) shall have a final maturity date which is no earlier than the Maturity Date of the Term B Loans and a Weighted Average Life to Maturity which is equal to or greater than the then Weighted Average Life to Maturity of the Term B Loans, (viii) such Incremental Equivalent Debt shall not be subject to any mandatory redemption or prepayment provisions or rights (except to the extent any such mandatory redemption or prepayment is required to be applied (x) in the case of Incremental Equivalent Debt that is secured on a junior basis, unsecured or subordinated with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral, on a less than pro rata basis than the Term Loans and (y) in the case of Incremental Equivalent Debt that is secured on a *pari passu* basis with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral, on a pro rata or a less than pro rata basis than the Term Loans that are secured on a first lien basis and except with respect to customary “AHYDO catch-up payments”), offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default, (ix) the provisions set forth in Section 2.14(e)(iii) shall apply to any Incremental Equivalent Debt in the form of loans denominated in Dollars that rank *pari passu* in right of payment and security with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral as if such Incremental Equivalent Debt were a Class of Incremental Loans that is *pari passu* in right of payment and security with the Term B Loans and (x) except as otherwise set forth in this clause (h), such Incremental Equivalent Debt shall have terms and conditions (other than with respect to pricing, fees, rate floors and optional prepayment or redemption terms) substantially similar to, or (taken as a whole) no more favorable (as determined by the Borrower in good faith) to the lenders or holders providing such Incremental Equivalent Debt, than those applicable to the Term B Loans (except

for covenants or other provisions (a) if more favorable to the existing Lenders under the Term B Loans, conformed (or added) in the Loan Documents, for the benefit of the Lenders holding Term B Loans, pursuant to an amendment thereto subject solely to the reasonable satisfaction of the Administrative Agent, (b) applicable only to periods after the Latest Maturity Date at the time of the issuance or incurrence of such Incremental Equivalent Debt) or (c) such terms and conditions shall be current market terms for such type of Incremental Equivalent Debt (as determined by the Borrower in good faith)). It is understood that Incremental Equivalent Debt may be incurred under either clause (i)(A) or clause (i)(B) of the immediately preceding sentence as selected by the Borrower in its sole discretion, including by designating any portion of Incremental Equivalent Debt in excess of an amount permitted to be incurred under such clause (i)(A) at the time of such incurrence as incurred under such clause (i)(B).

(i) Any portion of any Incremental Loans and Incremental Commitments incurred under Section 2.14(d)(iii)(B) or Incremental Equivalent Debt incurred under Section 2.14(h)(i)(B) may be reclassified, as the Borrower elects from time to time, as incurred under Section 2.14(d)(iii)(A) or Section 2.14(h)(i)(A), respectively, if such portion of such Incremental Loans, Incremental Commitments or Incremental Equivalent Debt could at such time be incurred (or established, as applicable) under Section 2.14(d)(iii)(A) or Section 2.14(h)(i)(A). Upon making any such election under this Section 2.14(i), the Borrower shall deliver a certificate of a Responsible Officer to the Administrative Agent demonstrating compliance on a Pro Forma Basis as of the last day of the most recently ended Test Period with the Secured Net Leverage Ratio, Total Net Leverage Ratio or Consolidated Cash Interest Coverage Ratio, as applicable.

(j) The Incremental Loans made under each Term Loan Increase shall be made by the applicable Lenders participating therein pursuant to the procedures set forth in Section 2.01 and 2.02 and on the date of the making of such Incremental Loans, and notwithstanding anything to the contrary set forth in Section 2.01 and 2.02, such Incremental Loans shall be added to (and form part of) each Borrowing of outstanding Term Loans under the applicable Class of Term Loans on a pro rata basis (based on the relative sizes of the various outstanding Borrowings), so that each Lender under such Class will participate proportionately in each then outstanding Borrowing of Term Loans of such Class.

(k) This Section 2.14 shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

Section 2.15 Refinancing Amendments.

(a) *Refinancing Commitments*. The Borrower may at any time or from time to time after the Closing Date, by notice to the Administrative Agent (a "**Refinancing Loan Request**"), request new commitments which may take the form of a new Class of term loans or one or more increases in the amount of any existing Class of term loans (any such new Class or increase to any existing Class, as applicable, "**Refinancing Commitments**"), in each case, established in exchange for, or to extend, renew, replace, repurchase, retire or refinance, in whole or in part, existing Loans or Commitments (with respect to a particular Refinancing Commitment or Refinancing Loan, such existing Loans or Commitments, "**Refinanced Debt**"), whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders.

(b) *Refinancing Loans*. On any Refinancing Facility Closing Date on which any Refinancing Commitments of any Class are effected or increased, subject to the satisfaction of the terms and conditions in this Section 2.15, (i) each Refinancing Lender of such Class shall make a Loan to the Borrower (a "**Refinancing Loan**") in an amount equal to its Refinancing Commitment of such Class or such increase and (ii) each Refinancing Lender of such Class shall become a Lender hereunder with respect to the Refinancing Commitment of such Class and the Refinancing Loans of such Class made pursuant thereto.

(c) *Refinancing Loan Request*. Each Refinancing Loan Request from the Borrower pursuant to this Section 2.15 shall set forth the requested amount and proposed terms of the relevant Refinancing Loans. Refinancing Loans may be made by any existing Lender (but no existing Lender will have an obligation to make any Refinancing Commitment, nor will the Borrower have any obligation to approach any existing Lender to provide any Refinancing Commitment) or by any Additional Lender (each such existing Lender or Additional Lender providing such Commitment or Loan, a "**Refinancing Lender**"); *provided* that the Administrative Agent shall have consented (not to be unreasonably withheld or delayed) to such Additional Lender's making such Refinancing Loans, to the extent such consent, if any, would be required under Section 10.07(b) for an assignment of Term Loans to such Lender or Additional Lender.

(d) *Effectiveness of Refinancing Amendment*. The effectiveness of any Refinancing Amendment, and the Refinancing Commitments thereunder, shall be subject to the satisfaction on the date thereof (a "**Refinancing Facility Closing Date**") of each of the following conditions, together with any other conditions set forth in the Refinancing Amendment:

(i) after giving effect to such Refinancing Commitments, the conditions of Sections 4.02(i) and (ii) shall be satisfied (it being understood that all references to "the date of such Credit Extension" or similar language in such Section 4.02 shall be deemed to refer to the effective date of such Refinancing Amendment);

(ii) each Refinancing Commitment shall be in an aggregate principal amount that is not less than $10,000,000 and shall be in an increment of $1,000,000 (*provided* that such amount may be less than $10,000,000 and not in an increment of $1,000,000 if such amount is equal to the entire outstanding principal amount of Refinanced Debt); and

(iii) to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (A) customary legal opinions, board resolutions and officers' certificates (including solvency certificates) consistent with those delivered on the Closing Date (conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent and (B) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that such Refinancing Lenders are provided with the benefit of the applicable Loan Documents.

(e) *Required Terms*. The terms, provisions and documentation of the Refinancing Loans and Refinancing Commitments of any Class shall be as agreed between the Borrower and the applicable Refinancing Lenders providing such Refinancing Commitments, and except as otherwise set forth herein, to the extent not identical to any Class of Term Loans, each existing on the Refinancing Facility Closing Date, shall be consistent with clauses (i) and (ii) below, as applicable, and otherwise (a) if more favorable to the existing Lenders under the applicable Class of Term Loans, conformed (or added) in the Loan Documents pursuant to the related Refinancing Amendment for the benefit of the Term Lenders, (b) applicable only to periods after the Latest Maturity Date as of the Incremental Amendment Date or (c) reasonably satisfactory to the Administrative Agent. In any event:

(i) the Refinancing Loans:

(A) as of the Refinancing Facility Closing Date, shall not have a final scheduled maturity date earlier than the Maturity Date of the Refinanced Debt (other than in the case of any Permitted Earlier Maturity Debt),

(B) as of the Refinancing Facility Closing Date, shall not have a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Refinanced Debt (other than in the case of any Permitted Earlier Maturity Debt),

(C) shall have an Applicable Rate and Eurocurrency Rate or Base Rate floor (if any), and subject to clauses (e)(i)(A) and (e)(i)(B) above, amortization determined by the Borrower and the applicable Refinancing Lenders,

(D) shall have fees or other amounts as determined by the Borrower and the applicable Refinancing Lenders or arranger(s),

(E) (I) may participate on a pro rata basis, less than pro rata basis or greater than pro rata basis in any voluntary prepayments of Term Loans hereunder and (II) (x) in the case of Refinancing Loans that rank junior in right of payment or junior in right of security, in each case, with the Obligations under Term Loans that are senior in right of payment or secured on a first lien basis, shall participate on a less than pro rata basis in any mandatory prepayments of Term Loans hereunder and (y) in the case of Refinancing Loans that rank *pari passu* in right of payment and security with the Obligations under Term Loans that are secured on a first lien basis, may participate on a pro rata basis or less than pro rata basis (but not on a greater than pro rata basis (except for prepayments pursuant to Section 2.05(b)(iv) and Section 2.05(b)(vi)(A)(y)) in any mandatory prepayments of such Term Loans hereunder,

(F) shall not have a greater principal amount than the principal amount of the Refinanced Debt plus accrued but unpaid interest, fees, premiums (if any) and penalties thereon and reasonable fees, expenses, OID and upfront fees associated with the refinancing,

(G) shall not be guaranteed by any Person that is not otherwise a Guarantor, and

(H) (I) shall have the same or more junior rank in right of payment with respect to the other Obligations as the applicable Refinanced Debt and (II) shall be secured solely by the Collateral and shall have the same or more junior rank in right of security with respect to the other Obligations as the applicable Refinanced Debt (and, to the extent subordinated in right of payment with respect to the other Obligations, subject to a Subordination Agreement and/or a Second Lien Intercreditor Agreement, as applicable (or, alternatively, terms in the Refinancing Amendment substantially similar to those in such applicable agreement, as agreed by the Borrower and Administrative Agent) or other lien subordination arrangement reasonably satisfactory to the Borrower and the Administrative Agent); and

(ii) [Reserved].

(f) *Refinancing Amendment*. Commitments in respect of Refinancing Loans shall become additional Commitments pursuant to an amendment (a "**Refinancing Amendment**") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Refinancing Lender providing such Commitments and the Administrative Agent. The Refinancing Amendment may, without the consent of any other Loan Party, Agent or Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the

Administrative Agent and the Borrower, to effect the provisions of this Section 2.15, including amendments as deemed necessary by the Administrative Agent in its reasonable judgment to effect any lien or payment subordination and associated rights of the applicable Lenders to the extent any Refinancing Loans are to rank junior in right of security or payment or to address technical issues relating to funding and payments. The Borrower will use the proceeds of the Refinancing Loans to extend, renew, replace, repurchase, retire or refinance, substantially concurrently, the applicable Refinanced Debt.

(g) [reserved.]

(h) *Refinancing Equivalent Debt*.

(i) In lieu of incurring any Refinancing Loans, the Borrower may, upon notice to the Administrative Agent, at any time or from time to time after the Closing Date issue, incur or otherwise obtain (A) secured Indebtedness (including any Registered Equivalent Notes) in the form of one or more series of first lien senior secured notes (such notes, "**Permitted Pari Passu Secured Refinancing Debt**"), (B) secured Indebtedness (including any Registered Equivalent Notes) in the form of one or more series of second lien (or other junior lien) secured notes or second lien (or other junior lien) secured term loans (such notes or term loans, "**Permitted Junior Secured Refinancing Debt**") and (C) unsecured or subordinated Indebtedness (including any Registered Equivalent Notes) in the form of one or more series of unsecured or subordinated notes or term loans (such notes or term loans, "**Permitted Unsecured Refinancing Debt**" and together with Permitted Pari Passu Secured Refinancing Debt and Permitted Junior Secured Refinancing Debt, and, in each case, any Permitted Refinancing thereof, "**Refinancing Equivalent Debt**"), in each case, in exchange for, or to extend, renew, replace, repurchase, retire or refinance, in whole or in part, any existing Class of Term Loans (such Term Loans, "**Refinanced Term Loans**").

(ii) Any Refinancing Equivalent Debt:

(A) (1) shall not have a Maturity Date prior to the date that is on or after the Maturity Date of the Refinanced Term Loans (other than in the case of any Permitted Earlier Maturity Debt), (2) if in the form of term loans, shall not have a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Refinanced Term Loans (other than in the case of any Permitted Earlier Maturity Debt), (3) if in the form of notes, shall not have scheduled amortization or payments of principal and not be subject to mandatory redemption, repurchase, prepayment or sinking fund obligations (except to the extent any such mandatory redemption or prepayment is required to be applied (x) in the case of Permitted Junior Secured Refinancing Debt and Permitted Unsecured Refinancing Debt, on a less than pro rata basis than the Term Loans and (y) in the case of Permitted Pari Passu Secured Refinancing Debt, on a pro rata or a less than pro rata basis than the Term Loans that are secured on a first lien basis by the Term Priority Collateral and except with respect to customary "AHYDO catch-up payments," offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default), in each case prior to the Maturity Date of the Refinanced Term Loans, (4) shall not be guaranteed by Persons other than Guarantors, (5) if in the form of subordinated Permitted Unsecured Refinancing Debt, shall be subject to a Subordination Agreement to which a Senior Representative acting on behalf of the holders of such Permitted Unsecured Refinancing Debt shall have become a party or otherwise subject (or, alternatively, terms in the definitive documentation for such Refinancing Equivalent Debt substantially similar to those in such applicable agreement, as agreed by the Borrower and Administrative Agent); *provided* that if such Permitted Unsecured Refinancing Debt is the initial subordinated Permitted Unsecured Refinancing Debt incurred by the Borrower, then Holdings,

the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Senior Representative for such Permitted Unsecured Refinancing Debt shall have executed and delivered a Subordination Agreement, (6) shall not have a greater principal amount than the principal amount of the Refinanced Term Loans plus accrued and unpaid interest, fees, premiums (if any) and penalties thereon and reasonable fees, expenses, OID and upfront fees associated with the refinancing and (7) except as otherwise set forth in this clause (h)(ii), shall have terms and conditions (other than with respect to pricing, fees, rate floors and optional prepayment or redemption terms) substantially similar to, or (taken as a whole) no more favorable (as determined by the Borrower in good faith) to the lenders or holders providing such Refinancing Equivalent Debt, than those applicable to the Refinanced Term Loans (except for covenants or other provisions (a) if more favorable to the existing Lenders under the Term B Loans, conformed (or added) in the Loan Documents, for the benefit of the Lenders holding Term B Loans, pursuant to an amendment thereto subject solely to the reasonable satisfaction of the Administrative Agent or (b) applicable only to periods after the Latest Maturity Date at the time of the issuance or incurrence of such Refinancing Equivalent Debt) or such terms and conditions shall be current market terms for such type of Refinancing Equivalent Debt (as determined by the Borrower in good faith),

(B) (1) if either Permitted Pari Passu Secured Refinancing Debt or Permitted Junior Secured Refinancing Debt, shall be subject to security agreements relating to such Refinancing Equivalent Debt that are substantially the same as or more favorable to the Loan Parties than the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (2) if Permitted Pari Passu Secured Refinancing Debt, (x) shall be secured by the Collateral on a *pari passu* basis with the Obligations under Term Loans required to be secured on a first lien basis by the Term Priority Collateral and shall not be secured by any property or assets of Holdings, the Borrower or any Restricted Subsidiary other than the Collateral, and (y) shall be subject to a First Lien Pari Passu Intercreditor Agreement to which a Senior Representative acting on behalf of the holders of such Permitted Pari Passu Secured Refinancing Debt shall have become a party or otherwise subject; *provided* that if such Permitted Pari Passu Secured Refinancing Debt is the initial Permitted Pari Passu Secured Refinancing Debt incurred by the Borrower, then Holdings, the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Senior Representative for such Permitted Pari Passu Secured Refinancing Debt shall have executed and delivered a First Lien Pari Passu Intercreditor Agreement and (3) if Permitted Junior Secured Refinancing Debt, (x) shall be secured by the Collateral on a second priority (or other junior priority) basis to the Liens securing the Obligations under Term Loans required to be secured on a first lien basis by the Term Priority Collateral and shall not be secured by any property or assets of Holdings, the Borrower or any Restricted Subsidiary other than the Collateral, and (y) shall be subject to a Second Lien Intercreditor Agreement to which a Senior Representative acting on behalf of the holders of such Permitted Junior Secured Refinancing Debt shall have become a party or otherwise subject or other lien subordination or intercreditor arrangement satisfactory to the Borrower and the Administrative Agent, and

(C) shall be incurred solely to repay, repurchase, retire or refinance substantially concurrently the Refinanced Term Loans.

(i) This Section 2.15 shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

Section 2.16 Extension of Term Loans.

(a) *Extension of Term Loans*. The Borrower may at any time and from time to time request that all or a portion of the Term Loans of a given Class (an "**Existing Term Loan Tranche**") be amended to extend the scheduled Maturity Date(s) with respect to the Term Loans of such Existing Term Loan Tranche (any such Term Loans which have been so amended, "**Extended Term Loans**") and to provide for other terms consistent with this Section 2.16. In order to establish any Extended Term Loans, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders under the applicable Existing Term Loan Tranche) (each, an "**Extension Request**") setting forth the proposed terms of the Extended Term Loans to be established, which shall (x) be identical as offered to each Lender under such Existing Term Loan Tranche (including as to the proposed interest rates and fees payable, but excluding any arrangement, structuring or other similar fees payable in connection therewith that are not generally shared with all relevant Lenders) and offered pro rata to each Lender under such Existing Term Loan Tranche and (y) be identical to the Term Loans under the Existing Term Loan Tranche from which such Extended Term Loans are intended to be amended, except that: (i) all or any of the scheduled amortization payments of principal of the Extended Term Loans may be delayed to later dates than the scheduled amortization payments of principal of the Term Loans of such Existing Term Loan Tranche, to the extent provided in the applicable Extension Amendment; *provided*, *however*, that at no time shall there be Classes of Extended Term Loans and Refinancing Loans hereunder which have more than five (5) different Maturity Dates; (ii) the All-In Yield with respect to the Extended Term Loans (whether in the form of interest rate margin, upfront fees, original issue discount or otherwise) may be different than the All-In Yield for the Term Loans of such Existing Term Loan Tranche, in each case, to the extent provided in the applicable Extension Amendment; (iii) the Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of the Extension Amendment (immediately prior to the establishment of such Extended Term Loans); and (iv) Extended Term Loans may have call protection as may be agreed by the Borrower and the Lenders thereof; *provided*, that no Extended Term Loans may be optionally prepaid prior to the Maturity Date of the Term B Loans, unless such optional prepayment is accompanied by a pro rata optional prepayment of the Term B Loans; *provided*, *however*, that (A) no Event of Default shall have occurred and be continuing at the time an Extension Request is delivered to Lenders, (B) in no event shall the Maturity Date of any Extended Term Loans of a given Extension Series at the time of establishment thereof be earlier than the Maturity Date of the Existing Term Loan Tranche, (C) the Weighted Average Life to Maturity of any Extended Term Loans of a given Extension Series at the time of establishment thereof shall be no shorter than the remaining Weighted Average Life to Maturity of the Existing Term Loan Tranche, (D) all documentation in respect of such Extension Amendment shall be consistent with the foregoing and (E) any Extended Term Loans may participate on a pro rata basis or less than or greater than a pro rata basis in any voluntary repayments or prepayments of principal of Term Loans hereunder and on a pro rata basis or less than a pro rata basis (but not greater than a pro rata basis except in the case of a prepayment under Section 2.05(b)(iv) and Section 2.05(b)(vi)(A)(y)), in any mandatory repayments or prepayments of Term Loans hereunder, in each case as specified in the respective Extension Request. Any Extended Term Loans amended pursuant to any Extension Request shall be designated a series (each, an "**Extension Series**") of Extended Term Loans for all purposes of this Agreement;*provided* that any Extended Term Loans amended from an Existing Term Loan Tranche may, to the extent provided in the applicable Extension Amendment, be designated as an increase in any previously established Extension Series with respect to such Existing Term Loan Tranche (in which case scheduled amortization with respect thereto shall be proportionately increased). Each request for an Extension Series of Extended Term Loans proposed to be incurred under this Section 2.16 shall be in an aggregate principal amount that is not less than $25,000,000 (it being understood that the actual principal amount thereof provided by the applicable Lenders may be lower than such minimum amount) and the Borrower may impose an Extension Minimum Condition with respect to any Extension Request, which may be waived by the Borrower in its sole discretion.

(b) [Reserved].

(c) *Extension Request*. The Borrower shall provide the applicable Extension Request at least five (5) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior to the date on which Lenders under the Existing Term Loan Tranche are requested to respond, and shall agree to such procedures, if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.16. No Lender shall have any obligation to agree to have any of its Term Loans of any Existing Term Loan Tranche amended into Extended Term Loans pursuant to any Extension Request. Any Lender holding a Loan under an Existing Term Loan Tranche (each, an "**Extending Term Lender**") wishing to have all or a portion of its Term Loans under the Existing Term Loan Tranche subject to such Extension Request amended into Extended Term Loans shall notify the Administrative Agent (each, an "**Extension Election**") on or prior to the date specified in such Extension Request of the amount of its Term Loans under the Existing Term Loan Tranche, which it has elected to request be amended into Extended Term Loans (subject to any minimum denomination requirements imposed by the Administrative Agent). In the event that the aggregate principal amount of Term Loans under the Existing Term Loan Tranche in respect of which applicable Term Lenders shall have accepted the relevant Extension Request exceeds the amount of Extended Term Loans requested to be extended pursuant to the Extension Request, Term Loans subject to Extension Elections shall be amended to be Extended Term Loans on a pro rata basis (subject to rounding by the Administrative Agent, which shall be conclusive) based on the aggregate principal amount of Term Loans included in each such Extension Election.

(d) *Extension Amendment*. Extended Term Loans shall be established pursuant to an amendment (each, a "**Extension Amendment**") to this Agreement among the Borrower, the Administrative Agent and each Extending Term Lender providing an Extended Term Loan thereunder, which shall be consistent with the provisions set forth in Sections 2.16(a) or (b) above, respectively (but which shall not require the consent of any other Lender). The effectiveness of any Extension Amendment shall be subject to the satisfaction on the date thereof of each of the conditions set forth in Section 4.02 and, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (i) legal opinions, board resolutions and officers' certificates consistent with those delivered on the Closing Date (conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent and (ii) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that the Extended Term Loans are provided with the benefit of the applicable Loan Documents. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Extension Amendment. Each of the parties hereto hereby agrees that this Agreement and the other Loan Documents may be amended pursuant to an Extension Amendment, without the consent of any other Lenders, to the extent (but only to the extent) necessary to (i) reflect the existence and terms of the Extended Term Loans incurred pursuant thereto, (ii) modify the scheduled repayments set forth in Section 2.07 with respect to any Existing Term Loan Tranche subject to an Extension Election to reflect a reduction in the principal amount of the Term Loans required to be paid thereunder in an amount equal to the aggregate principal amount of the Extended Term Loans amended pursuant to the applicable Extension (with such amount to be applied ratably to reduce scheduled repayments of such Term Loans required pursuant to Section 2.07), (iii) modify the prepayments set forth in Section 2.05 to reflect the existence of the Extended Term Loans and the application of prepayments with respect thereto, (iv) address technical issues relating to funding and payments and (v) effect such other amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.16, and the Required Lenders hereby expressly authorize the Administrative Agent to enter into any such Extension Amendment.

(e) No conversion of Loans pursuant to any Extension in accordance with this Section 2.16 shall constitute a voluntary or mandatory payment or prepayment for purposes of this Agreement.

(f) This Section 2.16 shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

Section 2.17 Defaulting Lenders.

(a) *Adjustments*. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder;*second*, as the Borrower may request (so long as no Default or Event of Default has occurred and is continuing), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default has occurred and is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction;*provided* that if (x) such payment is a payment of the principal amount of any Loans in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.17(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. That Defaulting Lender shall not be entitled to receive any commitment fee that may be payable in respect of its Commitments or Loans for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) *Defaulting Lender Cure*. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided*, *further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III.
TAXES, INCREASED COSTS PROTECTION AND ILLEGALITY

Section 3.01 Taxes.

(a) Except as provided in this Section 3.01, all payments made by or on account of the Borrower or Guarantor under any Loan Document shall be made free and clear of and without deduction or withholding for any Taxes, except as required by any Law. If the Borrower, any Guarantor or other applicable withholding agent shall be required by any Laws to deduct or withhold any Taxes from or in respect of any sum payable under any Loan Document to any Agent or any Lender, (i) if the Tax in question is an Indemnified Tax or Other Tax, the sum payable by the Borrower or any Guarantor shall be increased as necessary so that after making all required deductions or withholding (including deductions or withholding applicable to additional sums payable under this Section 3.01), each Lender (or, in the case of a payment made to an Agent for its own account, such Agent) receives an amount equal to the sum it would have received had no such deductions or withholding been made, (ii) the applicable withholding agent shall make such deductions or withholding, (iii) the applicable withholding agent shall pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty (30) days after the date of such payment (or, if receipts or evidence are not available within thirty (30) days, as soon as possible thereafter), if the Borrower or any Guarantor is the applicable withholding agent, it shall furnish to such Agent or Lender (as the case may be) the original or a copy of a receipt evidencing payment thereof or other evidence acceptable to such Agent or Lender.

(b) In addition, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrower and each Guarantor agrees to indemnify each Agent and each Lender, within 10 days after demand therefor, for (i) the full amount of Indemnified Taxes and Other Taxes payable by such Agent or such Lender (including Indemnified Taxes and Other Taxes imposed on or attributable to amounts payable under this Section 3.01) and (ii) any expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the Governmental Authority. A certificate as to the amount of such payment or liability prepared in good faith and delivered by such Agent or Lender (or by an Agent on behalf of such Lender), accompanied by a written statement thereof setting forth in reasonable detail the basis and calculation of such amounts shall be conclusive absent manifest error. If the Borrower or a Guarantor reasonably believes that any such Indemnified Taxes or Other Taxes were not correctly or legally asserted, the Administrative Agent and/or each affected Lender will use reasonable efforts to cooperate with the Borrower or such Guarantor in pursuing a refund of such Indemnified Taxes or Other Taxes so long as such efforts would not, in the sole determination of the Administrative Agent or such Lender, result in any additional out-of-pocket costs or expenses not reimbursed by such Loan Party or be otherwise materially disadvantageous to the Administrative Agent or such Lender, as applicable.

(d) Each Lender and Agent shall, at such times as are reasonably requested by the Borrower or the Administrative Agent, provide the Borrower and the Administrative Agent with any documentation prescribed by Law or reasonably requested by the Borrower or the Administrative Agent certifying as to any entitlement of such Lender to an exemption from, or reduction in, withholding Tax with respect to any payments to be made to such Lender under the Loan Documents. Each such Lender and Agent shall, whenever a lapse in time or change in circumstances renders such documentation obsolete or inaccurate in any material respect, deliver promptly and on or before the date such documentation expires, becomes obsolete or inaccurate to the Borrower and the Administrative Agent updated or other appropriate documentation (including any new documentation reasonably requested by the Borrower or the Administrative Agent) or promptly notify the Borrower and the Administrative Agent in writing of its inability to do so. Unless the applicable withholding agent has received forms or other documents satisfactory to it indicating that payments under any Loan Document to or for a Lender are not subject to withholding Tax or are subject to such Tax at a rate reduced by an applicable tax treaty, the applicable withholding agent shall withhold amounts required to be withheld by applicable Law from such payments at the applicable statutory rate. Notwithstanding any other provision of this clause (d), a Lender shall not be required to deliver any form pursuant to this clause (d) that such Lender is not legally eligible to deliver.

(e) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Laws and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Laws and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA and, if necessary, to determine the amount to deduct and withhold from such payment. For purposes of this clause (e), the term "FATCA" shall include Part XVIII of the ITA and any amendments made to FATCA after the date of this Agreement.

(f) Any Lender or Agent claiming any additional amounts payable pursuant to this Section 3.01 shall use its reasonable efforts to mitigate or reduce the additional amounts payable, which reasonable efforts may include a change in the jurisdiction of its Lending Office (or any other measures reasonably requested by the Borrower) if such a change or other measures would reduce any such additional amounts (or any similar amount that may thereafter accrue) and would not, in the sole determination of such Lender, result in any unreimbursed cost or expense or be otherwise disadvantageous to such Lender.

(g) If any Lender or Agent determines, in its sole discretion, that it has received a refund in respect of any Indemnified Taxes or Other Taxes as to which indemnification or additional amounts have been paid to it by a Loan Party pursuant to this Section 3.01, it shall promptly remit such refund to such Loan Party (but only to the extent of indemnification or additional amounts paid by the Loan Party under this Section 3.01(g) with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of the Lender or Agent, as the case may be, and without interest (other than any interest paid by the relevant taxing authority with respect to such refund net of any Taxes payable by any Agent or Lender on such interest); *provided* that the Loan Parties, upon

the request of the Lender or Agent, as the case may be, agree promptly to return such refund (plus any penalties, interest or other charges imposed by the relevant taxing authority) to such party in the event such party is required to repay such refund to the relevant taxing authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section shall not be construed to require any Agent or any Lender to make available its tax returns (or any other information relating to Taxes that it deems confidential) to the Borrower or any other Person.

(h) Each Lender authorizes the Administrative Agent to deliver to the Loan Parties and to any successor Administrative Agent any documentation provided by such Lender to the Administrative Agent pursuant to this Section 3.01.

Section 3.02 Illegality.

If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurocurrency Rate Loans, or to determine or charge interest rates based upon the Eurocurrency Rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurocurrency Rate Loans or to convert Base Rate Loans to Eurocurrency Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or convert all of such Lender's Eurocurrency Rate Loans to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate), in each case, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans to such day, or promptly, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurocurrency Rate component of the Base Rate with respect to any Base Rate Loans, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurocurrency Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurocurrency Rate. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted and all amounts due, if any, in connection with such prepayment and conversion.

Section 3.03 Inability to Determine Rates.

If the Required Lenders reasonably determine that for any reason in connection with any request for a Eurocurrency Rate Loan or a conversion to or continuation thereof that (a) deposits are not being offered to banks in the London interbank market for the applicable amount, currency and Interest Period of such Eurocurrency Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan, or in connection with an existing or proposed Base Rate Loan, or (c) the Eurocurrency Rate for any requested Interest Period does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans, or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Section 3.04 Increased Cost and Reduced Return; Capital Adequacy; Eurocurrency Rate Loan Reserves.

(a) If any Lender reasonably determines that as a result of a Change in Law, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Loans or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (including any Taxes other than (i) Indemnified Taxes or Other Taxes or (ii) Taxes excluded from the definition of "Indemnified Taxes"), including by imposing, modifying or holding applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against its loans, loan principal or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, and excluding for purposes of this Section 3.04(a) any such increased costs or reduction in amount resulting from reserve requirements contemplated by Section 3.04(b) or the definition of "Eurocurrency Rate"), then from time to time within fifteen (15) days after demand by such Lender setting forth in reasonable detail such increased costs (with a copy of such demand to the Administrative Agent given in accordance with Section 3.06), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender reasonably determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by it to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity and such Lender's desired return on capital), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower will pay to such Lender, as the case may be, within fifteen (15) days after demand by such Lender, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) The Borrower shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, additional interest on the unpaid principal amount of each applicable Eurocurrency Rate Loan of the Borrower equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive in the absence of manifest error), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financing regulatory authority imposed in respect of the maintenance of the Commitments or the funding of any Eurocurrency Rate Loans of the Borrower, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error) which in each case shall be due and payable on each date on which interest is payable on such Loan, *provided* the Borrower shall have received at least fifteen (15) days' prior notice (with a copy to the Administrative Agent) of such additional interest or cost from such Lender. If a Lender fails to give notice fifteen (15) days prior to the relevant Interest Payment Date, such additional interest or cost shall be due and payable fifteen (15) days from receipt of such notice.

Section 3.05 Funding Losses.

Upon written demand of any Lender (with a copy to the Administrative Agent) from time to time, which demand shall set forth in reasonable detail the basis for requesting such amount, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense actually incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Eurocurrency Rate Loan of the Borrower on a day other than the last day of the Interest Period for such Loan;

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurocurrency Rate Loan of the Borrower on the date or in the amount notified by the Borrower; or

(c) any assignment of such Lender's Eurocurrency Rate Loans pursuant to Section 3.07 on a day other than the last day of the Interest Period for such Loans;

including any loss or expense (excluding loss of anticipated profits or margin) arising from the liquidation or reemployment of funds obtained by it to maintain such Eurocurrency Rate Loan or from fees payable to terminate the deposits from which such funds were obtained.

Section 3.06 Matters Applicable to All Requests for Compensation.

(a) If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material economic, legal or regulatory respect; *provided* nothing in this Section 3.06(a) shall affect or postpone any Obligations of the Borrower or the rights of the Lenders under this Article III.

(b) If any Lender requests compensation by the Borrower under Section 3.04, the Borrower may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender to make or continue Eurocurrency Rate Loans from one Interest Period to another Interest Period, or to convert Base Rate Loans into Eurocurrency Rate Loans, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.06(d) shall be applicable); *provided* that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of Section 3.01, 3.02, 3.03 or 3.04 shall not constitute a waiver of such Lender's right to demand such compensation, *provided* that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of Section 3.01, 3.02, 3.03 or 3.04 for any increased costs incurred or reductions suffered more than one hundred and eighty (180) days prior to the date that such Lender notifies the Borrower of the event giving rise to such claim and of such Lender's intention to claim compensation therefor (except that, if the circumstance giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

(d) If the obligation of any Lender to make or continue any Eurocurrency Rate Loan or to convert Base Rate Loans into Eurocurrency Rate Loans shall be suspended pursuant to Section 3.06(b) hereof, such Lender's applicable Eurocurrency Rate Loans shall be automatically converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for such Eurocurrency Rate Loans (or, in the case of any immediate conversion required by Section 3.02, on such earlier date as required by Law) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 3.02, 3.03 or 3.04 hereof that gave rise to such conversion no longer exist:

(i) to the extent that such Lender's Eurocurrency Rate Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender's applicable Eurocurrency Rate Loans shall be applied instead to its Base Rate Loans; and

(ii) all Loans that would otherwise be made or continued from one Interest Period to another by such Lender as Eurocurrency Rate Loans shall be made or continued instead as Base Rate Loans (if possible), and all Base Rate Loans of such Lender that would otherwise be converted into Eurocurrency Rate Loans shall remain as Base Rate Loans.

(e) If any Lender gives notice to the Borrower (with a copy to the Administrative Agent) that the circumstances specified in Section 3.02, 3.03 or 3.04 hereof that gave rise to the conversion of any of such Lender's Eurocurrency Rate Loans pursuant to this Section 3.06 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Eurocurrency Rate Loans made by other Lenders under the applicable Facility are outstanding, if applicable, such Lender's Base Rate Loans shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Eurocurrency Rate Loans to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Eurocurrency Rate Loans under such Facility and by such Lender are held pro rata (as to principal amounts, interest rate basis, and Interest Periods) in accordance with their respective Commitments for the applicable Facility.

(f) Any Agent or Lender claiming compensation under this Article III shall deliver a certificate to the Borrower setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder, which shall be conclusive on the absence of manifest error. In determining such amounts, such Agent or Lender may use any reasonable averaging and attribution methods.

Section 3.07 Replacement of Lenders under Certain Circumstances. If (i) any Lender ceases to make Eurocurrency Rate Loans as a result of any condition described in Section 3.02 or Section 3.04, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 or 3.04, (iii) any Lender is a Non-Consenting Lender, (iv) any Lender becomes a Defaulting Lender, or (v) any other circumstance exists hereunder that gives the Borrower the right to replace a Lender as a party hereto, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.07), all of its interests, rights and obligations under this Agreement (or, with respect to clause (iii) above, all of its interests, rights and obligations with respect to the Class of Loans or Commitments that is the subject of the related consent, waiver and amendment) and the related Loan Documents to one or more Eligible Assignees (provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender or other such Person) that shall assume such obligations (any of which assignee may be another Lender, if a Lender accepts such assignment), *provided* that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.07(b)(ii)(B);

(b) such Lender shall have received payment of an amount equal to the applicable outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower;

(c) such Lender being replaced pursuant to this Section 3.07 shall (1) execute and deliver an Assignment and Assumption with respect to all, or a portion as applicable, of such Lender's Commitment and outstanding Loans and (2) deliver any Notes evidencing such Loans to the Borrower or the Administrative Agent (or a lost or destroyed note indemnity in lieu thereof); *provided* that the failure of any such Lender to execute an Assignment and Assumption or deliver such Notes shall not render such sale and purchase (and the corresponding assignment) invalid and such assignment may be recorded in the Register and the Notes shall be deemed to be canceled upon such failure;

(d) the Eligible Assignee shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Loans, Commitments and participations, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender;

(e) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(f) such assignment shall not conflict with applicable Laws;

(g) [reserved]; and

(h) the Lender that acts as the Administrative Agent (if any) cannot be replaced in its capacity as the Administrative Agent other than in accordance with Section 9.06.

In the event that (i) the Borrower or the Administrative Agent has requested that the Lenders consent to a departure or waiver of any provisions of the Loan Documents or agree to any amendment thereto, (ii) the consent, waiver or amendment in question requires the agreement of each affected Lender or all the Lenders with respect to a certain Class or Classes of the Loans and/or Commitments and (iii) the Required Lenders (or, in the case of a consent, waiver or amendment involving all affected Lenders of a certain Class, the Required Class Lenders) have agreed (but solely to the extent required by Section 10.01) to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a "**Non-Consenting Lender**."

In connection with any such replacement, (i) if the Lender to be replaced is a Non-Consenting Lender, the Borrower shall pay to each Non-Consenting Lender, concurrently with the effectiveness of the respective assignment, the fee set forth in Section 2.05(a)(vi) to the extent applicable and (ii) if any such Non-Consenting Lender or Defaulting Lender does not execute and deliver to the Administrative Agent a duly executed Assignment and Assumption reflecting such replacement within five (5) Business Days of the date on which the assignee Lender executes and delivers such Assignment and Assumption to such Non-Consenting Lender or Defaulting Lender, then such Non-Consenting Lender or Defaulting Lender shall be deemed to have executed and delivered such Assignment and Assumption without any action on the part of the Non-Consenting Lender or Defaulting Lender.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 3.08 Survival.

All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder and the termination of this Agreement.

ARTICLE IV.
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

Section 4.01 Conditions to Initial Credit Extension.

The obligation of each Lender to make a Credit Extension hereunder on the Closing Date is subject to satisfaction of the conditions precedent described in Article V of the Restatement Agreement, except as otherwise agreed between the Borrower and the Administrative Agent.

Without limiting the generality of the provisions of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01 on the Closing Date, each Lender that has signed a Consent to the Restatement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 4.02 Conditions to All Credit Extensions Following the Closing Date.

Following the Closing Date, the obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to another Type or a continuation of Eurocurrency Rate Loans) is subject to the satisfaction or waiver of the following conditions precedent:

(i) The representations and warranties of each Loan Party set forth in Article V and in each other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided*, *however*, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(ii) No Default or Event of Default shall exist or would result from such proposed Credit Extension or from the application of the proceeds therefrom.

(iii) The Administrative Agent shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurocurrency Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(i) and (ii) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Holdings, the Borrower and each of the Subsidiary Guarantors party hereto represent and warrant to the Agents and the Lenders at the time of each Credit Extension (to the extent required to be true and correct for such Credit Extension pursuant to Article IV) that:

Section 5.01 Existence, Qualification and Power; Compliance with Laws.

Each Loan Party and each Restricted Subsidiary (a) is a Person duly incorporated, organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, organization or formation (to the extent such concept exists in such jurisdiction), (b) has all requisite power and authority to (i) own or lease its assets and carry on its business as currently conducted and (ii) in the case of the Loan Parties, execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and in good standing (to the extent such concept exists in such jurisdiction) under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, (d) is in compliance with all applicable Laws, orders, writs and injunctions and (e) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; except in each case referred to in clause (a) (other than with respect to Holdings and the Borrower), (b)(i) (other than with respect to Holdings and the Borrower), (c), (d) or (e), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Loan Party is a party, and the consummation of the Transactions, (a) have been duly authorized by all necessary corporate or other organizational action, and (b) do not (i) contravene the terms of any of such Loan Party's Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under (other than as permitted by Section 7.01), or require any payment to be made under (x) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Subsidiaries or (y) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its

property is subject or (iii) violate any Law; except with respect to any conflict, breach or contravention or payment (but not creation of Liens) referred to in clauses (ii) and (iii), to the extent that such violation, conflict, breach, contravention or payment could not reasonably be expected to have a Material Adverse Effect.

Section 5.03 Governmental Authorization; Other Consents.

No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, the perfection or maintenance of the Liens created under the Collateral Documents (including the priority thereof) or the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for (i) filings and registrations necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect (except to the extent not required to be obtained, taken, given or made or in full force and effect pursuant to the Collateral and Guarantee Requirement) and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect.

Section 5.04 Binding Effect.

This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is a party thereto. This Agreement and each other Loan Document constitutes a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is a party thereto in accordance with its terms, except as such enforceability may be limited by (i) Debtor Relief Laws and by general principles of equity principles of good faith and fair dealing, (ii) the need for filings and registrations necessary to create or to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties and (iii) the effect of Laws, rules and regulations of jurisdictions other than the jurisdiction of organization of such Loan Party.

Section 5.05 Financial Statements; No Material Adverse Effect.

(a) The Annual Financial Statements and the Quarterly Financial Statements fairly present in all material respects the financial condition of Holdings and its Subsidiaries as of the dates thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the periods covered thereby, (A) except as otherwise expressly noted therein and (B) subject in the case of the Quarterly Financial Statements, to changes resulting from normal year-end adjustments and absence of footnotes.

(b) Since the Closing Date, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of Holdings, overtly threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against Holdings, the Borrower or any of the Restricted Subsidiaries or against any of their properties or revenues that either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.07 Ownership of Property; Liens.

Holdings, the Borrower and each of the Restricted Subsidiaries has good record title to, or valid leasehold interests in, or easements or other limited property interests in, all Real Property necessary in the ordinary conduct of its business, free and clear of all Liens except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes and Liens permitted by Section 7.01 and except where the failure to have such title or other interest could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.08 Environmental Matters.

Except as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) each Loan Party and its respective properties and operations are in compliance with all Environmental Laws, which includes obtaining and maintaining all applicable Environmental Permits required under such Environmental Laws to carry on the business of the Loan Parties;

(b) the Loan Parties have not received any written notice that alleges any of them is in violation of or potentially liable under any Environmental Laws and none of the Loan Parties nor any of the Real Property is the subject of any claims, investigations, liens, demands, or judicial, administrative or arbitral proceedings pending or, to the knowledge of Holdings, threatened in writing, under any Environmental Law the effect of which would be to impose liability on any Loan Party under such Environmental Law or to revoke or modify any Environmental Permit held by any of the Loan Parties; and

(c) there has been no Release of Hazardous Materials on, at, under or from any Real Property or facilities owned, operated or leased by any of the Loan Parties, or, to the knowledge of Holdings, Real Property formerly owned, operated or leased by any Loan Party that, in any case, could reasonably be expected to require Holdings or the Borrower to perform any investigation, remedial activity or corrective action or cleanup under Environmental Laws or could otherwise reasonably be expected to result in Holdings or the Borrower incurring any Environmental Liability.

Section 5.09 Taxes.

Except as would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, Holdings, the Borrower and the Restricted Subsidiaries have timely filed all tax returns required to be filed by them, and have paid all Taxes levied or imposed upon them or their properties, income, profits or assets, that are due and payable (including in their capacity as a withholding agent), except those that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed Tax deficiency or assessment known to any Loan Parties against the Loan Parties that, if made would, individually or in the aggregate, have a Material Adverse Effect.

Section 5.10 ERISA Compliance.

(a) Except as could not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, each Plan, Canadian Pension Plan and Canadian MEPP (in respect of employer and employee contribution remittances only) is in compliance with the applicable provisions of ERISA, the Code, the ITA and other federal, provincial or state Laws, in each case, to the extent applicable.

(b) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) neither any Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 of ERISA with respect to a Multiemployer Plan, (iii) no event has occurred or is reasonably expected to occur respecting any Canadian Defined Benefit Plan which would entitle any Person to cause the wind-up or termination of such Canadian Defined Benefit Plan in whole or in part and (iv) there have been no improper withdrawals, applications or transfers of assets from any Canadian Pension Plan, except, with respect to each of the foregoing clauses of this Section 5.10(b), in each case, as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 5.11 Subsidiaries; Equity Interests.

As of the Closing Date (after giving effect to the Transactions), no Loan Party has any Subsidiaries other than those specifically disclosed in Schedule 5.11, and all of the outstanding Equity Interests owned by the Loan Parties (or a Subsidiary of any Loan Party) in such Subsidiaries have been validly issued and are fully paid and all Equity Interests owned by a Loan Party (or a Subsidiary of any Loan Party) in such Subsidiaries are owned free and clear of all Liens except (i) those created under the Collateral Documents and (ii) any Lien that is permitted under Section 7.01. As of the Closing Date, Schedule 5.11 (a) sets forth the name and jurisdiction of each Subsidiary organized in a Qualified Jurisdiction that is a Loan Party, (b) set forth the ownership interest of Holdings, the Borrower and any other Subsidiary thereof in each Subsidiary, including the percentage of such ownership and (c) identifies each Subsidiary that is a Subsidiary the Equity Interests of which are required to be pledged on the Closing Date pursuant to the Collateral Documents.

Section 5.12 Margin Regulations; Investment Company Act.

(a) Neither Holdings nor the Borrower is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Borrowings will be used for any purpose that violates Regulation U of the Board of Governors of the United States Federal Reserve System.

(b) None of Holdings, the Borrower or any of the Restricted Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

Section 5.13 Disclosure.

No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party (other than projected financial information, *pro forma* financial information and information of a general economic or industry nature) to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or any other Loan Document (as modified or supplemented by other information so furnished) when taken as a whole contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were

made, not materially misleading. With respect to projected financial information and *pro forma* financial information, Holdings represents that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation; it being understood that such projections may vary from actual results and that such variances may be material.

Section 5.14 Labor Matters.

Except as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against Holdings, the Borrower or any of the Restricted Subsidiaries pending or, to the knowledge of Holdings, threatened and (b) hours worked by and payments made to employees of Holdings, the Borrower or any of the Restricted Subsidiaries have been in compliance with the Fair Labor Standards Act or any other applicable Laws dealing with such matters.

Section 5.15 Intellectual Property; Licenses, Etc.

Holdings, the Borrower and the Restricted Subsidiaries own, license or possess the right to use all of the trademarks, service marks, trade names, domain names, copyrights, patents, industrial designs, patent rights, trade secrets, licenses, technology, software, know-how database rights, design rights and other intellectual property rights (collectively, "**IP Rights**") that are reasonably necessary for the operation of their respective businesses as currently conducted, and such IP Rights do not conflict with the rights of any Person, except to the extent the absence of such IP Rights and such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The operation of the respective businesses of Holdings, the Borrower and the Restricted Subsidiaries as currently conducted does not infringe upon any rights held by any Person, except for such infringements, individually or in the aggregate, which could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the IP Rights is pending or, to the knowledge of Holdings, threatened in writing against any Loan Party or any of the Restricted Subsidiaries, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.16 Solvency.

On the Closing Date, after giving effect to the Transactions, Holdings, the Borrower and the Restricted Subsidiaries, on a consolidated basis, are Solvent.

Section 5.17 Subordination of Junior Financing.

The Obligations under any Facility are "Senior Debt," "Senior Indebtedness," "Guarantor Senior Debt" or "Senior Secured Financing" (or any comparable term) under, and as defined in, any Junior Financing Documentation in respect of any Junior Financing that is subordinated in right of payment to the Obligations under such Facility.

Section 5.18 USA Patriot Act, Anti-Corruption Laws and Sanctions.

(a) To the extent applicable, each of Holdings and its Subsidiaries is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto and (ii) the USA Patriot Act.

(b) (i) No part of the proceeds of the Loans will be used directly or indirectly, (A) for any offers, payments, promises to pay, or authorizations or approvals of the payment or gift of money or anything else of value to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") or (B) except as would not reasonably be expected to have a Material Adverse Effect, in violation of any other Anti-Corruption Laws and (ii) Holdings, its Subsidiaries, their respective directors and officers and, to the knowledge of Holdings or such Subsidiary, their respective agents and employees, are currently in compliance with (A) applicable provisions of the FCPA and the CFPOA in all material respects and (B) except as would not reasonably be expected to have a Material Adverse Effect, any other Anti-Corruption Laws.

(c) (i) None of Holdings or its Subsidiaries will directly or knowingly indirectly use the proceeds of the Loans in any manner that would result in a violation of applicable Sanctions by any party hereto or otherwise make available such proceeds directly or knowingly indirectly to any Person for the purpose of funding or financing any activities or business of or with any Sanctioned Person, provided that Holdings and any Subsidiary that is organized under the Laws of Canada or any province or territory thereof shall not be restricted from conducting good faith business dealings with Cuba in compliance with all applicable Laws, (ii) none of Holdings, any Subsidiary or to the knowledge of Holdings or such Subsidiary, their respective directors, officers or employees or any controlled Affiliate of Holdings, the Borrower or its Subsidiaries that will act in any capacity in connection with or benefit from any Facility, is a Sanctioned Person and (iii) Holdings, its Subsidiaries and to the knowledge of Holdings, their respective directors, officers and employees, are in compliance with applicable Sanctions in all material respects.

Section 5.19 Security Documents.

Except as otherwise contemplated hereby or under any other Loan Documents, the provisions of the other Collateral Documents (including the delivery to the Administrative Agent of any Pledged Debt and any Pledged Equity required to be delivered pursuant to the applicable Collateral Documents) and any other documents and instruments necessary to satisfy the Collateral and Guarantee Requirement, together with such filings and other actions required to be taken hereby or by the applicable Collateral Documents, are effective to create in favor of the Administrative Agent for the benefit of the Secured Parties a legal, valid, enforceable and perfected first priority Lien on all right, title and interest of the respective Loan Parties in the Collateral described therein (or in the case of the Revolving Priority Collateral, a second priority Lien), in each case subject to exceptions and limitations otherwise set forth in this Agreement and the Collateral Documents, including the Revolving/Term Loan Intercreditor Agreement, including subject to Liens permitted by Section 7.01.

Notwithstanding anything herein (including this Section 5.19) or in any other Loan Document to the contrary, neither the Borrower nor any other Loan Party makes any representation or warranty as to the effects of perfection or non-perfection, the priority or the enforceability of any pledge of or security interest in any Equity Interests of any Subsidiary domiciled in a non-Qualified Jurisdiction, or as to the rights and remedies of the Agents or any Lender with respect thereto, under the applicable foreign Law.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, and until all Loans and other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Secured Hedge Obligations) have been paid in full, Holdings shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02 and 6.03) cause each of its Restricted Subsidiaries to:

Section 6.01 Financial Statements.

Deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) not later than ninety (90) days after the end of each fiscal year of Holdings, a consolidated balance sheet of Holdings and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of operations, retained earnings and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP (except for changes identified by such accountants and with which such accountants concur), audited and accompanied by a report and opinion of Deloitte LLP or any other independent registered public accounting firm of nationally recognized standing, which report and opinion (i) shall be prepared in accordance with generally accepted auditing standards and (ii) shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit (except as a result of the impending maturity of any Facility, any Incremental Equivalent Debt, any Refinancing Equivalent Debt, the Revolving Facility or any other Indebtedness, or as a result of any actual or potential default under, Section 7.11 of the Revolving Credit Agreement or any financial maintenance covenant in any agreement governing Indebtedness of Holdings or any Subsidiary);

(b) within forty-five (45) days after the end of each fiscal quarter of each fiscal year of Holdings (other than the fourth fiscal quarter), a consolidated balance sheet of Holdings and its Subsidiaries as at the end of such fiscal quarter and, to the extent available, the related consolidated statements of income and cash flows for such fiscal quarter, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of Holdings as fairly presenting in all material respects the financial condition, results of operations and cash flows of Holdings and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) within ninety (90) days after the end of each fiscal year, a reasonably detailed consolidated budget for the then-current fiscal year (collectively, the "**Projections**"); and

(d) simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b) above, the related unaudited consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) (which may in any case be in footnote form only) from such consolidated financial statements.

Notwithstanding the foregoing, the obligations in paragraphs (a) and (b) of this Section 6.01 may be satisfied with respect to financial information of Holdings and the Subsidiaries by furnishing (A) the applicable financial statements of any direct or indirect parent of Holdings or (B) Holdings' (or any direct or indirect parent thereof), as applicable, Form 10-K or 10-Q (or their equivalents), as applicable, filed on the System for Electronic Document Analysis and Retrieval (SEDAR) with the Canadian Securities Administrators, or with the SEC; *provided* that, with respect to clauses (A) and (B), (i) to the extent such

information relates a parent of Holdings, such information is accompanied by unaudited consolidating information that explains in reasonable detail the differences between the information relating to such direct or indirect parent of Holdings, on the one hand, and the information relating to Holdings and its consolidated Subsidiaries on a standalone basis, on the other hand and (ii) to the extent such information is in lieu of information required to be provided under Section 6.01(a), such materials are, to the extent applicable, accompanied by a report and opinion of Deloitte LLP or any other independent registered public accounting firm of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (except for changes identified by such accountants and with which such accountants concur) and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit (except as a result of the impending maturity of any Facility, any Incremental Equivalent Debt, any Refinancing Equivalent Debt, the Revolving Facility or any other Indebtedness, or as a result of any actual or potential default under, Section 7.11 of the Revolving Credit Agreement or any financial covenant in any agreement governing Indebtedness of Holdings or any Subsidiary).

Any financial statement required to be delivered pursuant to Section 6.01(a) or (b) shall not be required to include acquisition accounting adjustments relating to the Transactions or any Permitted Acquisition to the extent it is not practicable to include any such adjustments in such financial statement.

Documents required to be delivered pursuant to Section 6.01 and Section 6.02(b) and (c) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Holdings (or any direct or indirect parent of Holdings) posts such documents, or provides a link thereto on the website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on Holdings' behalf on IntraLinks or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that (i) upon written request by the Administrative Agent, Holdings shall deliver paper copies of such documents (which may be electronic copies delivered via electronic mail) to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) Holdings shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Notwithstanding anything contained herein, in every instance Holdings shall be required to provide paper copies of the Compliance Certificates required by Section 6.02(a) to the Administrative Agent (which may be electronic copies delivered via electronic mail). Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

Holdings hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders materials and/or information provided by or on behalf of Holdings hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "**Platform**") and (b) certain of the Lenders (each, a "**Public Lender**") may have personnel who do not wish to receive materialnon-public information with respect to Holdings or its Subsidiaries, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Holdings hereby agrees that so long as Holdings is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the

first page thereof; (x) by marking Borrower Materials "PUBLIC," Holdings shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to Holdings or its securities for purposes of Canadian and United States Federal and state and provincial securities laws (*provided*, *however*, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.08); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arranger shall treat the Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, neither Holdings nor the Borrower shall be under no obligation to mark the Borrower Materials "PUBLIC."

Section 6.02 Certificates; Other Information.

Deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) (i) no later than five (5) days after the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of Holdings and (ii) no later than five (5) days after the delivery of the financial statements referred to in Section 6.01(a), a "Management's Discussion and Analysis of Financial Condition and Results of Operations" in respect of such financial statements (*provided* that any "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in any filings with respect to subclause (b) below shall this requirement for delivery);

(b) promptly after the same are publicly available, copies of all annual, regular, periodic and special reports and registration statements which Holdings, the Borrower or any Restricted Subsidiary files with the SEC, the Autorité des marchés financiers and any other securities regulatory authority in Canada, the Toronto Stock Exchange, the New York Stock Exchange and any other exchange or market on which any of the securities of Holdings or any of its Subsidiaries are listed or traded or with any Governmental Authority that may be substituted therefor (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered), exhibits to any registration statement and, if applicable, any registration statement on Form S-8 (or its equivalent in Canada or any other non-U.S. jurisdiction) and in any case not otherwise required to be delivered to the Administrative Agent pursuant to any other clause of this Section 6.02 (to the extent not already provided pursuant to Section 6.01);

(c) promptly after the furnishing thereof, in connection with any Junior Financing Documentation and any Permitted Refinancing thereof, in each case in a principal amount in excess of the Threshold Amount, copies of any material notices received by any Loan Party (other than in the ordinary course of business) or material statements or material reports furnished to any holder of such Indebtedness (other than in connection with any board observer rights) of Holdings, the Borrower or of any of the Restricted Subsidiaries and not otherwise required to be furnished to the Lenders pursuant to any other clause of this Section 6.02;

(d) promptly, such additional information regarding the business, legal, financial or corporate affairs of the Loan Parties or any of their respective Restricted Subsidiaries, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request; and

(e) together with the delivery of the financial statements referred to in Sections 6.01(a) and (b), furnished in reasonable detail and within the time frames and for the periods specified therein, information regarding the financial condition and results of operations of the non-Guarantor Restricted Subsidiaries of the Borrower, in each case on a combined basis, together with a certificate (with supporting details) of the chief financial officer of the Borrower to the effect that such financial information presents fairly in all material respects the financial condition and results of operations of such entities and has been prepared in accordance with GAAP (it being understood that such certification and supporting details may be included in the Compliance Certificate).

Section 6.03 Notices.

Promptly after a Responsible Officer of Holdings, the Borrower or any Subsidiary Guarantor has obtained actual knowledge thereof, notify the Administrative Agent:

(a) of the occurrence of any Default;

(b) of the occurrence of an ERISA Event which would reasonably be expected to result in a Material Adverse Effect; or

(c) of the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity by or before any Governmental Authority against Holdings or any of its Restricted Subsidiaries, that could in each case reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to this Section 6.03 shall be accompanied by a written statement of a Responsible Officer of Holdings (x) that such notice is being delivered pursuant to Section 6.03(a), (b) or (c) (as applicable) and (y) setting forth details of the occurrence referred to therein and stating what action Holdings has taken and proposes to take with respect thereto.

Section 6.04 Payment of Taxes.

Pay, discharge or otherwise satisfy, as the same shall become due and payable in the normal conduct of its business, all its obligations and liabilities in respect of Taxes imposed upon it or upon its income or profits or in respect of its property, except, in each case, to the extent (a) any such Tax is being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with GAAP or (b) the failure to pay or discharge the same would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 6.05 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization, and

(b) take all reasonable action to maintain all rights, privileges (including its good standing where applicable in the relevant jurisdiction), permits, licenses and franchises material to the ordinary conduct of its business,

except, in the case of clause (a) (other than with respect to Holdings and the Borrower) or (b), to the extent (i) that failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (ii) pursuant to any merger, consolidation, liquidation, dissolution or Disposition permitted by Article VII.

Section 6.06 Maintenance of Properties.

Except if the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order, repair and condition, ordinary wear and tear excepted and fire, casualty or condemnation excepted.

Section 6.07 Maintenance of Insurance.

Maintain with insurance companies that Holdings believes (in the good faith judgment of its management) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as Holdings and the Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons. Each such policy of insurance shall as appropriate (i) name the Administrative Agent, on behalf of the Secured Parties, as an additional insured thereunder as its interest may appear or (ii) in the case of each casualty insurance policy, contain a lenders' loss payable clause or endorsement that names the Administrative Agent, on behalf of the Secured Parties, as lenders' loss payee thereunder. If a building or mobile home on any Mortgaged Property located in the United States is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or successor act thereto), then, to the extent required by applicable Flood Insurance Laws, Holdings shall, or shall cause each Loan Party to, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount reasonably satisfactory to the Administrative Agent and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Administrative Agent evidence of such compliance in form and substance reasonably acceptable to the Administrative Agent.

Section 6.08 Compliance with Laws.

Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except if the failure to comply therewith could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 6.09 Books and Records.

Maintain proper books of record and accounts, with entries that are full, true and correct in all material respects, in a manner to allow financial statements to be prepared, in conformity with GAAP and which reflect all material financial transactions and matters involving the assets and business of Holdings or a Restricted Subsidiary, as the case may be (it being understood and agreed that certain Subsidiaries of Holdings that are not organized under the Laws of Canada or any province of territory thereof, maintain individual books and records in conformity with generally accepted accounting principles in their respective countries of organization and that such maintenance shall not constitute a breach of the representations, warranties or covenants hereunder).

Section 6.10 Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (subject to such accountants' customary policies and procedures), all at the reasonable expense of Holdings and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Holdings; *provided* that only the Administrative Agent on behalf of the Lenders may exercise rights of the Administrative Agent and the Lenders under this Section 6.10 and the Administrative Agent shall not exercise such rights more often than two (2) times during any calendar year and only one (1) such time shall be at Holdings' expense; *provided*, *further*, that during the continuance of an Event of Default, the Administrative Agent (or any of its respective representatives or independent contractors), on behalf of the Lenders, may do any of the foregoing at the expense of Holdings at any time during normal business hours and upon reasonable advance notice. The Administrative Agent shall give Holdings the opportunity to participate in any discussions with Holdings' independent public accountants. Notwithstanding anything to the contrary in this Section 6.10, none of Holdings or any of the Restricted Subsidiaries will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (a) constitutes non-financial trade secrets or non-financial proprietary information, (b) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by Law or any binding agreement or (c) is subject to attorney-client or similar privilege or constitutes attorney work product.

Section 6.11 Additional Collateral; Additional Guarantors.

At the Borrower's expense, subject to the limitations and exceptions of this Agreement, including, without limitation, the provisions of the Collateral and Guarantee Requirement and any applicable limitation in any Collateral Document, take all action necessary or reasonably requested by the Administrative Agent to ensure that the Collateral and Guarantee Requirement continues to be satisfied, including:

(a) Upon (x) the formation or acquisition of any Restricted Subsidiary (in each case, other than an Excluded Subsidiary) by any Loan Party, (y) the designation in accordance with Section 6.14 of any Subsidiary as a Restricted Subsidiary (in each case, other than an Excluded Subsidiary) or (z) any Restricted Subsidiary ceasing to be an Excluded Subsidiary (including, at the election of the Borrower, pursuant to the definition of "Guarantors"):

(i) within sixty (60) days after such formation, acquisition, occurrence or designation, or such longer period as the Administrative Agent may agree in its discretion:

(A) cause each such Subsidiary to duly execute and deliver to the Administrative Agent, joinders to this Agreement as Guarantors, joinders to the applicable Security Agreement, intellectual property security agreements (if applicable), joinders to the Intercreditor Agreements then in effect and other security agreements and documents as reasonably requested by and in form and substance reasonably satisfactory to the Administrative Agent, in each case granting the Liens required by the Collateral and Guarantee Requirement;

(B) cause each such Subsidiary (and the parent of each such Subsidiary that is a Guarantor) to deliver any and all certificates representing Equity Interests (to the extent certificated) and intercompany notes (to the extent certificated) that are required to be pledged pursuant to the Collateral and Guarantee Requirement or the Collateral Documents, accompanied by undated stock powers or other appropriate instruments of transfer executed in blank;

(C) take and cause such Subsidiary and the parent of such Subsidiary to take whatever action (including the recording of Mortgages, the filing of UCC or PPSA financing statements and delivery of stock and membership interest certificates to the extent certificated) as may be required pursuant to the terms of the Collateral Documents or as may be necessary in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and perfected Liens to the extent required by the Collateral and Guarantee Requirement, and to otherwise comply with the requirements of the Collateral and Guarantee Requirement;

(D) cause such Subsidiary to execute and deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including certified resolutions and other organizational and authorizing documents of such entity, all in form and substance reasonably satisfactory to the Administrative Agent;

(ii) if reasonably requested by the Administrative Agent, within sixty (60) days after such request (or such longer period as the Administrative Agent may agree in its discretion), deliver to the Administrative Agent a signed copy of an opinion, addressed to the Administrative Agent and the Lenders, of counsel for the Loan Parties as to such matters set forth in this Section 6.11(a) as the Administrative Agent may reasonably request;

(iii) as promptly as practicable after the request therefor by the Administrative Agent, deliver to the Administrative Agent with respect to each Material Real Property, any existing title reports, abstracts, surveys or environmental assessment reports, to the extent available and in the possession or control of Holdings; *provided*, *however*, that there shall be no obligation to deliver to the Administrative Agent any existing environmental assessment report whose disclosure to the Administrative Agent would require the consent of a Person other than Holdings or one of its Subsidiaries, where, despite the commercially reasonable efforts of Holdings to obtain such consent, such consent cannot be obtained; and

(iv) if reasonably requested by the Administrative Agent, within sixty (60) days after such request (or such longer period as the Administrative Agent may agree in its discretion), deliver to the Administrative Agent any other items necessary from time to time to satisfy the Collateral and Guarantee Requirement with respect to perfection and existence of security interests with respect to property of any Guarantor acquired after the Closing Date and subject to the Collateral and Guarantee Requirement, but not specifically covered by the preceding clauses (i), (ii) or (iii) or clause (b) below.

(b) Not later than one hundred twenty (120) days after the acquisition by any Loan Party of Material Real Property as determined by Holdings (acting reasonably and in good faith) (or such longer period as the Administrative Agent may agree in its discretion) that is required to be provided as Collateral pursuant to the Collateral and Guarantee Requirement, which property would not be automatically subject to another Lien pursuant to pre-existing Collateral Documents, cause such property to be subject to a Lien and Mortgage in favor of the Administrative Agent for the benefit of the Secured Parties and take, or cause the relevant Loan Party to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect or record such Lien, in each case to the extent required by, and subject to the limitations and exceptions of this Agreement, including, without limitation, the Collateral and Guarantee Requirement, and to otherwise comply with the requirements of the Collateral and Guarantee Requirement.

(c) To the extent reasonably necessary to maintain the continuing priority of the Lien of any existing Mortgages as security for the Obligations in connection with the funding or incurrence of any Incremental Loans or Incremental Commitments, as determined by the Administrative Agent in its reasonable discretion, the applicable Loan Party to any Mortgages shall within sixty (60) days of such funding or incurrence (or such later date as agreed by the Administrative Agent) (i) enter into and deliver to the Administrative Agent, at the direction and in the reasonable discretion of the Administrative Agent, a mortgage modification or new Mortgage in proper form for recording in the relevant jurisdiction and in a form reasonably satisfactory to the Administrative Agent, (ii) cause to be delivered to the Administrative Agent for the benefit of the Secured Parties an endorsement to the Mortgage Policy, date down(s) or other similar endorsement reasonably satisfactory to the Administrative Agent insuring that the priority of the Lien of the Mortgages as security for the Obligations has not changed and confirming and/or insuring that since the issuance of the Mortgage Policy there has been no change in the condition of title and there are no intervening liens or encumbrances which may then or thereafter take priority over the Lien of the Mortgages (other than Liens permitted under Section 7.01 of this Agreement) and (iii) deliver, at the request of the Administrative Agent, to the Administrative Agent and/or all other relevant third parties, all other items reasonably necessary to maintain the continuing priority of the Lien of the Mortgages as security for the Obligations.

Section 6.12 Quarterly Calls At a time mutually agreed with the Administrative Agent that is promptly after the delivery of the information required pursuant to Section 6.01(b) above, to participate in one conference call for Lenders (if requested by the Administrative Agent) to discuss the financial position and results of operations of Holdings and its Subsidiaries for the most recently ended period for which financial statements have been delivered; *provided* that if the Borrower holds a conference call open to the public or holders of any public securities to discuss the financial condition and results of operations of Holdings and its Subsidiaries for the most recently ended period for which financial statements have been delivered, such conference call will be deemed to satisfy the requirements of this Section 6.12.

Section 6.13 Further Assurances.

(a) Promptly upon reasonable request by the Administrative Agent, at the Borrower's expense execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Collateral Documents or otherwise deemed by the Administrative Agent reasonably necessary or desirable for the continued validity, perfection and priority of the Liens on the Collateral covered thereby superior to and prior to the rights of all third Persons other than, in the case of priority, the holders of prior Liens to the extent permitted by Section 7.01 and subject to no other Liens except as permitted by the Collateral Documents.

(b) Deliver or cause to be delivered to the Administrative Agent from time to time such other documentation, consents, authorizations, approvals and orders in form and substance reasonably satisfactory to the Administrative Agent as the Administrative Agent shall reasonably request to perfect or maintain the Liens on the Collateral pursuant to the Collateral Documents.

(c) Upon the exercise by the Administrative Agent or the Lenders of any power, right, privilege or remedy pursuant to any Loan Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Administrative Agent or the Lenders may be so required to obtain.

(d) If the Administrative Agent reasonably determines that it or any Lender is required by applicable Law to have appraisals prepared in respect of the Real Property of any Loan Party subject to a Mortgage constituting Collateral, Holdings shall comply with all applicable requirements imposed by law to enable the Administrative Agent to obtain appraisals that satisfy the applicable requirements of FIRREA in form and substance reasonably satisfactory to the Administrative Agent.

Section 6.14 Designation of Subsidiaries.

Holdings may at any time after the Closing Date designate any Restricted Subsidiary of Holdings as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that (i) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (ii) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, immediately after giving effect to such designation, Holdings could incur $1.00 of Permitted Ratio Debt, or the Consolidated Cash Interest Coverage Ratio would be no less than the Consolidated Cash Interest Coverage Ratio immediately prior to giving effect thereto, (iii) no Subsidiary may be designated as an Unrestricted Subsidiary if, after such designation, it would be a "Restricted Subsidiary" for the purpose of any Junior Financing, any Incremental Equivalent Debt, any Refinancing Equivalent Debt, any Permitted Ratio Debt or any Permitted Refinancing thereof and (iv) no Restricted Subsidiary may be designated an Unrestricted Subsidiary if it was previously designated an Unrestricted Subsidiary. The designation of any Subsidiary as an Unrestricted Subsidiary after the Closing Date shall constitute an Investment by Holdings therein at the date of designation as set forth in the definition of "Investment." The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence at the time of designation of any Investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any Investment by Holdings in Unrestricted Subsidiaries pursuant to the definition of "Investment."

Section 6.15 [Reserved]

Section 6.16 Use of Proceeds

Use the proceeds of any Borrowing on the Closing Date, whether directly or indirectly, in a manner consistent with the uses set forth in the Restatement Agreement, and after the Closing Date, use the proceeds of any Borrowing for any purpose not otherwise prohibited under this Agreement, including for general corporate purposes, working capital needs, the repayment of Indebtedness, the making of Restricted Payments permitted by Section 7.06 and the making of Investments.

Section 6.17 Post-Closing Actions.

Complete each of the actions described on Schedule 6.17 as soon as commercially reasonable and by no later than the date set forth in Schedule 6.17 with respect to such action or such later date as the Administrative Agent may reasonably agree.

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, and until all Loans and other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Secured Hedge Obligations) have been paid in full, Holdings shall not and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

Section 7.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) (i) Liens created pursuant to any Loan Document and (ii) subject to the Revolving/Term Loan Intercreditor Agreement and the limitations in Section 7.03(z), Liens on the Collateral created pursuant to any Revolving Loan Document;

(b) Liens existing on the Closing Date and listed in Schedule 7.01(b) and any modifications, replacements, renewals, refinancings or extensions thereof; *provided* that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 7.03, and (B) proceeds and products thereof, and (ii) the replacement, renewal, extension or refinancing of the obligations secured or benefited by such Liens, to the extent constituting Indebtedness, is permitted by Section 7.03;

(c) Liens for taxes, assessments or governmental charges that (i) are not overdue for a period of more than thirty (30) days, (ii) that are being contested in good faith and by appropriate actions, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction or (iii) that are not required to be paid pursuant to Section 6.04;

(d) statutory or common law Liens of landlords, sublandlords, carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors or other like Liens, so long as, in each case, such Liens secure amounts not overdue for a period of more than thirty (30) days or if more than thirty (30) days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith and by appropriate actions, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;

(e) (i) pledges or deposits in the ordinary course of business in connection with workers' compensation, health, disability or employee benefits, unemployment insurance and other social security laws or similar legislation or regulation or other insurance-related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) and (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Holdings, the Borrower or any of its Restricted Subsidiaries;

(f) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business or consistent with past practice or industry practice;

(g) easements, rights-of-way, covenants, conditions, restrictions (including zoning restrictions), encroachments, protrusions and other similar encumbrances and minor title defects affecting Real Property that do not in the aggregate materially interfere with the ordinary conduct of the business of Holdings or any of its Restricted Subsidiaries, taken as a whole, or the use of the property for its intended purpose, and any other exceptions to title on the final Mortgage Policies issued to the Administrative Agent in connection with the Mortgaged Properties;

(h) Liens securing judgments or orders for the payment of money not constituting an Event of Default under Section 8.01(h);

(i) leases, licenses, cross-licenses, subleases or sublicenses granted to others in the ordinary course of business which (i) do not interfere in any material respect with the business of Holdings and its Restricted Subsidiaries, taken as a whole, (ii) do not secure any Indebtedness or (iii) are permitted by Section 7.05;

(j) 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 in the ordinary course of business;

(k) Liens (i) of a collection bank arising under Section 4-208 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking or other financial institution arising as a matter of Law or under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off) and that are within the general parameters customary in the banking industry or arising pursuant to such banking institution's general terms and conditions;

(l) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.06 to be applied against the purchase price for such Investment or other acquisition, and (ii) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.05, in each case, solely to the extent such Investment or other acquisition or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(m) Liens (i) in favor of Holdings, the Borrower or a Restricted Subsidiary on assets of aNon-Loan Party or (ii) in favor of Holdings, the Borrower or any Subsidiary Guarantor on assets of a Restricted Subsidiary;

(n) any interest or title (and all encumbrances and other matters affecting such 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, subleases, licenses, cross-licenses or sublicenses entered into by Holdings or any of its Restricted Subsidiaries in the ordinary course of business;

(o) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by Holdings or any of its Restricted Subsidiaries in the ordinary course of business;

(p) Liens deemed to exist in connection with Investments in repurchase agreements under Section 7.06 or the definition of "Permitted Investments";

(q) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts maintained in the ordinary course of business and not for speculative purposes;

(r) Liens that are contractual rights of set-off or rights of pledge (i) relating to the establishment of depository relations with banks or other deposit-taking financial institutions and not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of Holdings or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Holdings or any of its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of Holdings or any of its Restricted Subsidiaries in the ordinary course of business;

(s) Liens solely on any cash earnest money deposits made by Holdings or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(t) ground leases in respect of Real Property on which facilities owned or leased by Holdings or any of its Restricted Subsidiaries are located;

(u) Liens to secure Indebtedness permitted under Section 7.03(e); *provided* that (i) such Liens are created within 270 days of the acquisition, construction, repair, lease or improvement of the property subject to such Liens, (ii) such Liens do not at any time encumber property (except for replacements, additions and accessions to such property) other than the property financed by such Indebtedness and the proceeds and products thereof and customary security deposits and (iii) with respect to Capitalized Leases, such Liens do not at any time extend to or cover any assets (except for replacements, additions and accessions to such assets) other than the assets subject to such Capitalized Leases and the proceeds and products thereof and customary security deposits; *provided* that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender;

(v) Liens on property of any Non-Loan Party, which Liens secure Indebtedness of any Non-Loan Party permitted under Section 7.03 or other obligations of any Non-Loan Party not constituting Indebtedness;

(w) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Restricted Subsidiary (other than by designation as a Restricted Subsidiary pursuant to Section 6.14), in each case after the Closing Date; *provided* that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and other than after-acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (iii) the Indebtedness secured thereby is permitted under Section 7.03(g), (m), (s) or (x);

(x) (i) zoning, building, entitlement and other land use regulations by Governmental Authorities with which the normal operation of the business complies, and (ii) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any Real Property that does not materially interfere with the ordinary conduct of the business of Holdings and its Restricted Subsidiaries, taken as a whole;

(y) Liens arising from precautionary Uniform Commercial Code or PPSA financing statements or similar filings;

(z) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(aa) the modification, replacement, renewal or extension of any Lien permitted by clauses (b), (u), (w) and (cc) of this Section 7.01; *provided* that (i) the Lien does not extend to any additional property, other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien and (B) proceeds and products thereof, and (ii) the renewal, extension or refinancing of the obligations secured or benefited by such Liens is permitted by Section 7.03 (to the extent constituting Indebtedness);

(bb) Liens with respect to property or assets of Holdings or any of its Restricted Subsidiaries securing obligations in an aggregate principal amount outstanding at any time not to exceed the greater of $100,000,000 and 21.0% of Consolidated EBITDA, in each case determined as of the date of incurrence;

(cc) Liens securing obligations in respect of Indebtedness; *provided,* that after giving Pro Forma Effect to the incurrence of such Indebtedness (and any Specified Transactions consummated in connection therewith), Holdings' Secured Net Leverage Ratio shall be no greater than 3.75:1.00 (provided that the provisions set forth in Section 2.14(e)(iii) shall apply to any such Indebtedness in the form of loans that ranks pari passu in right of payment and security with the Obligations under Term Loans that are secured on a first lien basis by the Term Priority Collateral as if such Indebtedness were a Class of Incremental Loans that is pari passu in right of payment and security with the Term B Loans);

(dd) Liens on the Collateral securing obligations in respect of Permitted Pari Passu Secured Refinancing Debt or Permitted Junior Secured Refinancing Debt and any Permitted Refinancing of any of the foregoing; *provided* that (x) any such Liens securing any Permitted Refinancing in respect of Permitted Pari Passu Secured Refinancing Debt are subject to a First Lien Pari Passu Intercreditor Agreement and the Revolving/Term Loan Intercreditor Agreement and (y) any such Liens securing any Permitted Refinancing in respect of Permitted Junior Secured Refinancing Debt are subject to a Second Lien Intercreditor Agreement, the Revolving/Term Loan Intercreditor Agreement or other lien subordination and intercreditor arrangement satisfactory to Holdings and the Administrative Agent;

(ee) Liens on specific items of inventory or other goods and the proceeds thereof of any Person securing such Person's obligations in respect of letters of credit or banker's acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or goods in the ordinary course of business;

(ff) deposits of cash with the owner or lessor of premises leased and operated by Holdings or any of its Subsidiaries to secure the performance of Holdings' or such Subsidiary's obligations under the terms of the lease for such premises;

(gg) Liens securing obligations in respect of Indebtedness permitted under Section 7.03(w);

(hh) Liens on the Securitization Assets arising in connection with a Qualified Securitization Financing;

(ii) Liens in respect of Sale Leasebacks;

(jj) Liens on proceeds held in Escrow securing obligations in respect of Excluded Indebtedness;

(kk) Liens on cash and Cash Equivalents securing obligations in respect of Indebtedness permitted under clause (f) of Section 7.03, so long as such Swap Contracts do not constitute Secured Hedge Agreements;

(ll) Liens assets of the type specified in Section 7.05(u) in connection with a Permitted Receivables Facility and/or a Permitted Floorplan Facility;

(mm) (x) Liens on any Term Priority Collateral, so long as such Liens expressly rank junior to the security interest created in favor of the Administrative Agent for the benefit of the Secured Parties and the terms of such Liens are no more favorable to the beneficiaries thereof than the terms contained in the Revolving/Term Loan Intercreditor Agreement applicable to Revolving Secured Parties (as defined in the Revolving/Term Loan Intercreditor Agreement), (y) Liens on any Revolving Priority Collateral, so long as such Liens expressly rank pari passu or junior to the security interest created in favor of the Administrative Agent for the benefit of the Secured Parties and the terms of such pari passu or junior interest are no more favorable to the beneficiaries thereof than the terms contained in the Revolving/Term Loan Intercreditor Agreement applicable to the Secured Parties and (z) Liens on any assets that are not Collateral, so long as the Obligations are equally and ratably secured; and

(nn) Liens in respect of certain intellectual property granted pursuant to the Kawasaki Settlement Agreement.

The expansion of Liens by virtue of accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness, amortization of original issue discount 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 Section 7.01.

Section 7.02 [Reserved].

Section 7.03 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) (i) Indebtedness outstanding on the Closing Date and listed in Schedule 7.03(b) and any Permitted Refinancing thereof and (ii) intercompany Indebtedness outstanding on the Closing Date and any Permitted Refinancing thereof; *provided* that all such Indebtedness of any Loan Party owed to any Non-Loan Party shall be unsecured and subordinated to the Obligations;

(c) Guarantees by Holdings and any Restricted Subsidiary in respect of Indebtedness of Holdings or any Restricted Subsidiary of Holdings otherwise permitted hereunder; *provided* that (A) no Guarantee by any Restricted Subsidiary of any Indebtedness constituting a Specified Junior Financing Obligation, Incremental Equivalent Debt or Refinancing Equivalent Debt shall be permitted unless such guaranteeing party shall have also provided a Guarantee of the Obligations on the terms set forth herein, (B) if the Indebtedness being guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination of such Indebtedness and (C) for the avoidance of doubt, any Guarantee by any Non-Loan Party of any Indebtedness of a Loan Party that is incurred under Section 7.03(g) or Section 7.03(s) shall itself be deemed to be an incurrence by such Non-Loan Party of Indebtedness under Section 7.03(g) or Section 7.03(s), as applicable, and shall be subject to the caps set forth therein;

(d) Indebtedness of Holdings or any Restricted Subsidiary owing to any Loan Party or any other Restricted Subsidiary (or issued or transferred to any direct or indirect parent of a Loan Party which is substantially contemporaneously transferred to a Loan Party or any Restricted Subsidiary of a Loan Party) to the extent constituting a Restricted Investment permitted by Section 7.06 or a Permitted Investment; *provided* that all such Indebtedness of any Loan Party owed to any Non-Loan Party shall be unsecured and subordinated to the Obligations;

(e) (i) Attributable Indebtedness and other Indebtedness (including Capitalized Leases) financing an acquisition, construction, repair, replacement, lease or improvement of a fixed or capital asset incurred by Holdings or any Restricted Subsidiary prior to or within 270 days after the acquisition, construction, repair, replacement, lease or improvement of the applicable asset and any Permitted Refinancing thereof in an aggregate amount not to exceed at any time outstanding the greater of $100,000,000 and 21.0% of Consolidated EBITDA, in each case determined at the time of incurrence and (ii) Attributable Indebtedness arising out of Sale Leaseback and any Permitted Refinancing of such Attributable Indebtedness;

(f) Indebtedness in respect of Swap Contracts designed to hedge against Holdings', the Borrower's or any Restricted Subsidiary's exposure to interest rates, foreign exchange rates or commodities pricing risks incurred in the ordinary course of business and not for speculative purposes and Guarantees thereof;

(g) Indebtedness of Holdings or any Restricted Subsidiary (i) assumed (including Acquired Indebtedness) in connection with any Permitted Acquisition or (ii) incurred to finance a Permitted Acquisition and, in the case of clauses (i) and (ii), any Permitted Refinancing of any such Indebtedness; *provided* that after giving Pro Forma Effect to such Permitted Acquisition and the assumption or incurrence of such Indebtedness incurred or assumed pursuant to this clause (g), then:

(A) Holdings could incur $1.00 of Permitted Ratio Debt, or

(B) the Consolidated Cash Interest Coverage Ratio is equal to or greater than the Consolidated Cash Interest Coverage Ratio immediately prior to such Permitted Acquisition, or

(C) the Total Net Leverage Ratio is no greater than 4.25:1.00, or

(D) the Total Net Leverage Ratio is equal to or less than the Total Net Leverage Ratio immediately prior to such Permitted Acquisition;

provided, *however*, that in the case of clause (ii), any such Indebtedness incurred by non-Loan Parties, together with any Indebtedness of Non-Loan Parties incurred pursuant to Section 7.03(s) below, at any time outstanding shall not exceed the greater of (x) $75,000,000 and (y) 15.0% of Consolidated EBITDA;

provided, *further*, that (1) to the extent such Indebtedness is in the form of loans, the provisions of Section 2.14(e)(i)(B) and 2.14(e)(i)(C), as applicable, shall apply to any Indebtedness incurred (but not assumed) under this clause (g) as if such Indebtedness were a Class of Incremental Loans and (2) to the extent such Indebtedness is incurred (but not assumed) in the form of notes, such Indebtedness does not mature or have scheduled amortization or payments of principal (other than customary "AHYDO catch-up payments," customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default) prior to the Maturity Date of the Term B Loans at the time such Indebtedness is incurred;

(h) Indebtedness representing deferred compensation to employees of Holdings (and any direct or indirect parent thereof) or any of its Restricted Subsidiaries incurred in the ordinary course of business;

(i) Indebtedness to current or former officers, managers, consultants, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests or other equity-based awards of Holdings or any direct or indirect parent of Holdings permitted by Section 7.06;

(j) Indebtedness incurred by Holdings or any of its Restricted Subsidiaries in a Permitted Acquisition, any other Investment expressly permitted hereunder or any Disposition, in each case, constituting indemnification obligations or obligations in respect of purchase price (including earnouts) or other similar adjustments;

(k) Indebtedness consisting of obligations of Holdings or any of its Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, and Permitted Acquisitions or any other Investment expressly permitted under this Agreement;

(l) Indebtedness in respect of Cash Management Services and any Guarantees thereof;

(m) Indebtedness which, when aggregated with the principal amount of all other Indebtedness incurred pursuant to this clause (m) and then outstanding, does not exceed the greater of $100,000,000 and 21.0% of Consolidated EBITDA (in each case determined at the time of incurrence or assumption);

(n) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, incurred in the ordinary course of business;

(o) Indebtedness incurred by Holdings or any of its Restricted Subsidiaries in respect of letters of credit, bank guarantees, bankers' acceptances, warehouse receipts or similar instruments issued or created in the ordinary course of business, including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims;

(p) obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by Holdings or any of its Restricted Subsidiaries 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;

(q) [reserved];

(r) Indebtedness supported by a letter of credit under the Revolving Credit Agreement, in a principal amount not to exceed the face amount of such letter of credit;

(s) Permitted Ratio Debt and any Permitted Refinancing thereof;

(t) Refinancing Equivalent Debt;

(u) Indebtedness of a Non-Loan Party which, when aggregated with the principal amount of all other Indebtedness incurred pursuant to this clause (u) and then outstanding, does not exceed the greater of $75,000,000 and 15.0% of Consolidated EBITDA (in each case determined at the date of

incurrence or issuance, it being understood that any Indebtedness incurred pursuant to this Section 7.03(u) shall cease to be deemed incurred or outstanding for purposes of this Section 7.03(u) but shall be deemed incurred or issued for the purposes of this covenant from and after the first date on which Holdings or such Restricted Subsidiary could have incurred such Indebtedness under Section 7.03(s) without reliance on this Section 7.03(u));

(v) Indebtedness incurred by a Securitization Subsidiary in a Qualified Securitization Financing that is not recourse (except for Standard Securitization Undertakings and Limited Originator Recourse) to Holdings or any of the Restricted Subsidiaries;

(w) Incremental Equivalent Debt;

(x) Indebtedness of Holdings or any Restricted Subsidiary (and any Permitted Refinancing thereof) in an aggregate principal amount not to exceed twice the amount of the net cash proceeds received by Holdings since the Closing Date from the issuance or sale of Equity Interests of Holdings or cash contributed to the capital of Holdings (in each case, other than proceeds of Disqualified Equity Interests or sales of Equity Interests to Holdings or any of its Subsidiaries) as determined in accordance with clauses (b) and (c) of the definition of "Cumulative Credit" to the extent such net cash proceeds have not been applied pursuant to such clauses to make Restricted Payments pursuant to Section 7.06 or to prepay, redeem, purchase, defease or satisfy Indebtedness pursuant to Section 7.13, so long as (i) such Indebtedness is incurred within one year following the receipt by Holdings of such net cash proceeds and (ii) such Indebtedness is designated as "Contribution Indebtedness" on the date incurred;

(y) unsecured Indebtedness in respect of obligations of Holdings or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided* that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money;

(z) (A)(x) Indebtedness incurred under the Revolving Credit Agreement in an aggregate principal amount at any time outstanding not to exceed the greater of (1) Cdn$575,000,000 and (2) the sum of (i) 75% of Eligible Receivables and (ii) 50% of Eligible Inventories and (y) any Permitted Refinancing thereof (it being understood that any such Permitted Refinancing of Indebtedness outstanding under clause (x) above shall continue to be included in the calculation of amounts outstanding under clause (x) above, subject to the automatic increase in the limitation of clause (x) to account for any Excess Permitted Refinancing Amount) and (B) Indebtedness in respect of any Secured Hedging Agreement any Secured Cash Management Agreement (each as defined in the Revolving Credit Agreement); and

(aa) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (z) above.

For purposes of determining compliance with Section 7.03, in the event that an item of Indebtedness (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 described in Section 7.03(a) through (aa) above, Holdings, in its sole discretion, will classify and may subsequently reclassify such item of Indebtedness (or any portion thereof) in any one or more of the types of Indebtedness described in Section 7.03(a) through (aa) and will only be required to include the amount and type of such Indebtedness in such of the above clauses as determined by Holdings at such time. Holdings will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Section 7.03(a) through (aa).

Notwithstanding the foregoing, Indebtedness incurred (a) under the Loan Documents, any Incremental Commitments, any Incremental Loans, any Refinancing Commitments and any Refinancing Loans shall only be classified as incurred under Section 7.03(a), (b) as Refinancing Equivalent Debt shall only be classified as incurred under Section 7.03(t), (c) as Incremental Equivalent Debt shall only be classified as incurred under Section 7.03(w), (d) [reserved] and (e) with respect to commitments under the Revolving Credit Agreement that are in effect on the Closing Date shall only be classified (or reclassified) as incurred under Section 7.03(z).

For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to extend, replace, refund, refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, plus the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including OID) incurred in connection with such refinancing.

The accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 7.03. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date shall be the principal amount thereof that would be shown on a balance sheet of Holdings dated such date prepared in accordance with GAAP.

Section 7.04 Fundamental Changes.

Merge, amalgamate, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (other than as part of the Transactions), except that:

(a) any Restricted Subsidiary may merge, amalgamate or consolidate with (i) Holdings or the Borrower (including a merger, the purpose of which is to reorganize Holdings or the Borrower into a new jurisdiction within Canada or the United States); *provided* that Holdings or the Borrower, as applicable, shall be the continuing or surviving Person or (ii) one or more other Restricted Subsidiaries; *provided* that when any Person that is a Loan Party (other than Holdings or the Borrower) is merging with a Restricted Subsidiary, a Loan Party shall be the continuing or surviving Person unless the resulting Investment made in connection with a Loan Party merging or amalgamating with a Non-Loan Party shall otherwise be a Restricted Investment permitted by Section 7.06 or a Permitted Investment;

(b) (i) any Subsidiary that is a Non-Loan Party may merge, amalgamate or consolidate with or into any other Subsidiary that is a Non-Loan Party, (ii) any Subsidiary (other than the Borrower) may liquidate or dissolve and (iii) Holdings, the Borrower or any Subsidiary may change its legal form if, with respect to clauses (ii) and (iii), Holdings determines in good faith that such action is in the best interest of Holdings and its Subsidiaries and if not materially disadvantageous to the Lenders (it being understood that in the case of any change in legal form, Holdings will remain Holdings, the Borrower will remain the Borrower and a Subsidiary that is a Guarantor will remain a Guarantor unless such Guarantor is otherwise permitted to cease being a Guarantor hereunder);

(c) any Restricted Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Holdings, the Borrower or another Restricted Subsidiary; *provided* that if the transferor in such a transaction is a Loan Party, then (i) the transferee must be a Loan Party or (ii) to the extent constituting an Investment, such Investment must be a Restricted Investment permitted by Section 7.06 or a Permitted Investment;

(d) so long as no Default has occurred and is continuing or would result therefrom, the Borrower may merge, amalgamate or consolidate with any other Person; *provided* that (i) the Borrower shall be the continuing or surviving corporation or (ii) if the Person formed by or surviving any such merger, amalgamation or consolidation is not the Borrower (any such Person, the "**Successor Company**"), (A) the Successor Company shall be an entity organized or existing under the Laws of Canada or any province or territory thereof, the United States, any state thereof, the District of Columbia or any territory thereof, (B) the Successor Company shall expressly assume all the obligations of the Borrower under this Agreement and the other Loan Documents to which the Borrower is a party pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (C) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have confirmed that its Guarantee shall apply to the Successor Company's obligations under the Loan Documents, (D) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the applicable Security Agreement and other applicable Collateral Documents confirmed that its obligations thereunder shall apply to the Successor Company's obligations under the Loan Documents, (E) if requested by the Administrative Agent, each mortgagor of a Mortgaged Property, unless it is the other party to such merger, amalgamation or consolidation, shall have by an amendment to or restatement of or assignment of the applicable Mortgage (or other instrument reasonably satisfactory to the Administrative Agent) confirmed that its obligations thereunder shall apply to the Successor Company's obligations under the Loan Documents, and (F) the Borrower shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger, amalgamation or consolidation and such supplement to this Agreement or any Collateral Document comply with this Agreement; *provided*, *further*, that if the foregoing are satisfied, the Successor Company will succeed to, and be substituted for, the Borrower under this Agreement;

(e) so long as no Event of Default has occurred and is continuing or would result therefrom (in the case of a merger, amalgamation or consolidation involving a Loan Party), any Restricted Subsidiary may merge, amalgamate or consolidate with any other Person in order to effect a Restricted Investment permitted pursuant to Section 7.06 or a Permitted Investment; *provided* that the continuing or surviving Person shall be a Restricted Subsidiary of Holdings, which together with each of its Restricted Subsidiaries, shall have complied with the requirements of Section 6.11 to the extent required pursuant to the Collateral and Guarantee Requirement;

(f) so long as no Event of Default has occurred and is continuing or would result therefrom, a merger, consolidation, amalgamation, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 7.05;

(g) so long as no Default has occurred and is continuing or would result therefrom, Holdings may merge, amalgamate or consolidate with any other Person; *provided* that (i) Holdings shall be the continuing or surviving corporation or (ii) if the Person formed by or surviving any such merger, amalgamation or consolidation is not Holdings (any such Person, the "**Successor Holdings"**), (A) the

Successor Holdings shall be an entity organized or existing under the Laws of Canada or any province or territory thereof, the United States, any state thereof, the District of Columbia or any territory thereof, (B) the Successor Holdings shall expressly assume all the obligations of Holdings under this Agreement and the other Loan Documents to which Holdings is a party pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (C) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have confirmed that its Guarantee shall apply to the Successor Holdings' obligations under the Loan Documents, (D) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the applicable Security Agreement and other applicable Collateral Documents confirmed that its obligations thereunder shall apply to the Successor Holdings' obligations under the Loan Documents, (E) if requested by the Administrative Agent, each mortgagor of a Mortgaged Property, unless it is the other party to such merger, amalgamation or consolidation, shall have by an amendment to or restatement of or assignment of the applicable Mortgage (or other instrument reasonably satisfactory to the Administrative Agent) confirmed that its obligations thereunder shall apply to the Successor Holdings' obligations under the Loan Documents, and (F) Holdings shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger, amalgamation or consolidation and such supplement to this Agreement or any Collateral Document comply with this Agreement; *provided*, *further*, that if the foregoing are satisfied, the Successor Holdings will succeed to, and be substituted for, Holdings under this Agreement; and

(h) so long as no Default has occurred and is continuing or would result therefrom, Holdings may merge, amalgamate or consolidate with the Borrower; *provided* that the Borrower shall be the continuing or surviving Person (and all references to "Holdings" in this Agreement and any other Loan Document shall be deemed to refer to the Borrower, as applicable).

Section 7.05 Dispositions.

Make any Disposition (other than as part of or in connection with the Transactions), except:

(a) (x) Dispositions of obsolete, worn out, used or surplus property, whether now owned or hereafter acquired, in the ordinary course of business, (y) Dispositions of property no longer used or useful in the conduct of the business of Holdings or any of its Restricted Subsidiaries and (z) Dispositions to landlords of improvements made to leased real property pursuant to customary terms of leases entered into in the ordinary course of business;

(b) Dispositions of inventory, goods held for sale in the ordinary course of business and immaterial assets in the ordinary course of business;

(c) Dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(d) Dispositions of property to Holdings, the Borrower or any Restricted Subsidiary;*provided* that if the transferor of such property is a Loan Party (i) the transferee thereof must be a Loan Party or (ii) if such transaction constitutes an Investment, such Investment must be a Restricted Investment permitted by Section 7.06 or a Permitted Investment;

(e) Dispositions that are permitted by Section 7.04 (other than Section 7.04(f)) or otherwise constitute a Restricted Payment (including a Restricted Investment) permitted by Section 7.06 and Liens permitted by Section 7.01 (other than Section 7.01(l)(ii));

(f) [reserved];

(g) Dispositions of Cash Equivalents;

(h) (i) leases, subleases, licenses, cross-licenses or sublicenses, in each case in the ordinary course of business and which do not materially interfere with the business of Holdings or any of its Restricted Subsidiaries and (ii) Dispositions of intellectual property that are not material to the business of Holdings or any of its Restricted Subsidiaries;

(i) transfers of property subject to Casualty Events;

(j) Dispositions of property; *provided* that (i) at the time of such Disposition (other than any such Disposition made pursuant to a legally binding commitment entered into at a time when no Default has occurred and is continuing), no Event of Default shall have occurred and be continuing or would result from such Disposition and (ii) with respect to any Disposition pursuant to this clause (j) for a purchase price in excess of the greater of $12,500,000 and 2.5% of Consolidated EBITDA, as determined at the time of such Disposition, Holdings or any of its Restricted Subsidiaries shall receive not less than 75% of such consideration in the form of cash or Cash Equivalents; *provided*, *however*, that for the purposes of this clause (j)(ii), the following shall be deemed to be cash: (A) any liabilities (as shown on Holdings' most recent balance sheet provided hereunder or in the footnotes thereto) of Holdings or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the payment in cash of the Obligations, that (i) are assumed by the transferee with respect to the applicable Disposition or (ii) are otherwise cancelled or terminated in connection with the transaction with such transferee (other than intercompany debt owed to Holdings or its Restricted Subsidiaries) and, in each case, for which Holdings and all of its Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, (B) any securities, notes or other obligations or assets received by Holdings or the applicable Restricted Subsidiary from such transferee that are converted by Holdings or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days following the closing of the applicable Disposition, and (C) aggregate non-cash consideration received by Holdings or the applicable Restricted Subsidiary having an aggregate fair market value (determined as of the closing of the applicable Disposition for which such non-cash consideration is received) not to exceed the greater of $35,000,000 and 7.5% of Consolidated EBITDA, as determined at the time of such Dispositions (net of any non-cash consideration converted into cash and Cash Equivalents);

(k) to the extent allowable under Section 1031 of the Code (or comparable or successor provision), any exchange of like property (excluding any boot thereon permitted by such provision) for use in any business conducted by Holdings or any of the Restricted Subsidiaries that is not in contravention of Section 7.07;

(l) Dispositions or discounts without recourse of accounts receivable in connection with the compromise or collection thereof in the ordinary course of business;

(m) Dispositions of (x) director's qualifying shares and (y) shares issued to foreign nationals to the extent required by applicable Law;

(n) any swap of assets in exchange for services or other assets in the ordinary course of business of comparable or greater value or usefulness to the business of Holdings and its Subsidiaries as a whole, as determined in good faith by the management of Holdings;

(o) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(p) 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 unwinding of any Swap Contract;

(r) the lapse or abandonment in the ordinary course of business of any registrations or applications for registration of any immaterial IP Rights;

(s) any Disposition of Securitization Assets to a Securitization Subsidiary;

(t) Dispositions in the aggregate pursuant to this clause (t) not to exceed the greater of $25,000,000 and 5.0% of Consolidated EBITDA, as determined at the time of such Dispositions;

(u) any Disposition of an account receivable, chattel paper and related assets pursuant to a Permitted Receivables Facility or Disposition of inventory pursuant to a Permitted Floorplan Facility;

(v) any Disposition of property or assets acquired after the Closing Date that is subject to a Sale Leaseback within 180 days after such acquisition; and

(w) any Disposition in any transaction or series of related transactions with an aggregate fair market value of less than $10,000,000;

provided that any Disposition of any property pursuant to this Section 7.05 (except pursuant to Sections 7.05(a), (d), (e), (h), (i), (l), (m), (p), (q), (r), (u), (v) and (w) and except for Dispositions from a Loan Party to any other Loan Party) shall be for no less than the fair market value of such property at the time of such Disposition. To the extent any Collateral is Disposed of as expressly permitted by this Section 7.05 to any Person other than any Loan Party, such Collateral shall be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

Section 7.06 Restricted Payments.

Declare or make, directly or indirectly, any Restricted Payment, except:

(a) each Restricted Subsidiary may make Restricted Payments (other than a Restricted Investment) to Holdings, and other Restricted Subsidiaries of Holdings (and, in the case of a Restricted Payment by a non-wholly owned Restricted Subsidiary, to Holdings or any other Restricted Subsidiary and to each other owner of Equity Interests of such Restricted Subsidiary based on their relative ownership interests of the relevant class of Equity Interests);

(b) Holdings and each Restricted Subsidiary may declare and make dividend payments or other Restricted Payments payable solely in the Equity Interests (other than Disqualified Equity Interests not otherwise permitted by Section 7.03) of such Person;

(c) [reserved];

(d) to the extent constituting Restricted Payments, Holdings (or any direct or indirect parent thereof) and its Restricted Subsidiaries may enter into and consummate transactions expressly permitted by any provision of Section 7.04;

(e) repurchases of Equity Interests in Holdings, the Borrower or any Restricted Subsidiary of Holdings deemed to occur upon exercise of stock options or warrants or the settlement or vesting of other Equity Interests if such Equity Interests represent all or a portion of the exercise price of, or tax withholdings with respect to, such Equity Interests;

(f) Holdings and each Restricted Subsidiary may (i) pay (or make Restricted Payments to allow Holdings or any other direct or indirect parent thereof to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests or settlement of equity-based awards of such Restricted Subsidiary (or of Holdings or any other such direct or indirect parent thereof) held by any future, present or former employee, officer, director, manager or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributes of any of the foregoing) of such Restricted Subsidiary (or Holdings or any other direct or indirect parent thereof) or any of its Subsidiaries or (ii) make Restricted Payments in the form of distributions to allow Holdings or any direct or indirect parent of Holdings to pay principal or interest on promissory notes that were issued to any future, present or former employee, officer, director, manager or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributes of any of the foregoing) of such Restricted Subsidiary (or Holdings or any other direct or indirect parent thereof) in lieu of cash payments for the repurchase, retirement or other acquisition or retirement for value of such Equity Interests or equity-based awards held by such Persons, in each case, upon the death, disability, retirement or termination of employment or services, as applicable, of any such Person or pursuant to any employee, manager or director equity plan, employee, manager or director stock option plan or any other employee, manager or director benefit plan or any agreement (including any stock subscription agreement, shareholder agreement or stockholders' agreement) with any employee, director, officer or consultant of such Restricted Subsidiary (or Holdings or any other direct or indirect parent thereof) or any of its Restricted Subsidiaries; *provided* that the aggregate amount of Restricted Payments made pursuant to this clause (f) together with the aggregate amount of loans and advances to Holdings or any parent thereof made pursuant to clause (24) of the definition of "Permitted Investments" in lieu of Restricted Payments permitted by this clause (f) shall not exceed $20,000,000 in any calendar year (with 100% of the unused amounts in any calendar year being carried over to succeeding calendar years); *provided further* that such amount in any calendar year may further be increased by an amount not to exceed:

(A) amounts used to increase the Cumulative Credit pursuant to clauses (b) and (c) of the definition of "Cumulative Credit";

(B) the net proceeds of key man life insurance policies received by Holdings or its Restricted Subsidiaries less the amount of Restricted Payments previously made with the cash proceeds of such key man life insurance policies;

and *provided further* that cancellation of Indebtedness owing to Holdings or any Restricted Subsidiary from members of management of Holdings, any of Holdings' direct or indirect parent companies or any of Holdings' Restricted Subsidiaries in connection with a repurchase of Equity Interests of any of Holdings' direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Agreement;

(g) Holdings and its Restricted Subsidiaries may make Restricted Payments in an aggregate amount not to exceed (x) the greater of $100,000,000 and 21.0% of Consolidated EBITDA, as determined at the time of such Restricted Payment (*less* the amount of any prepayments, redemptions, purchases, defeasances and other payments in respect of Junior Financings in reliance on Section 7.13(iv)(x)), *plus* (y) the Cumulative Credit at such time (*provided*, that with respect to any Restricted Payment (other than a Restricted Investment) made out of amounts under clause (a)(ii) of the definition of "Cumulative Credit" pursuant to this clause (y), (1) no Event of Default has occurred and is continuing or would result therefrom and (2) the Consolidated Cash Interest Coverage Ratio calculated on a Pro Forma Basis is no less than 2.00:1.00);

(h) Holdings may make Restricted Payments to any direct or indirect parent of Holdings:

(i) to pay its operating costs and expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business and attributable to the ownership or operations of Holdings and its Restricted Subsidiaries, Transaction Expenses and any reasonable and indemnification claims made by directors or officers of such parent attributable to the ownership or operations of Holdings and its Restricted Subsidiaries;

(ii) the proceeds of which shall be used to pay (or make Restricted Payments to allow any direct or indirect parent thereof to pay) franchise and similar taxes and other fees and expenses required to maintain its (or any of its direct or indirect parents') corporate existence;

(iii) to finance any Permitted Investments and other Investments that would be permitted to be made pursuant to this Section 7.06 and Section 7.08 if made by Holdings or any of its Restricted Subsidiaries; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to Holdings or the Restricted Subsidiaries or (2) the merger (to the extent permitted in Section 7.04) of the Person formed or acquired into Holdings or its Restricted Subsidiaries in order to consummate such Permitted Acquisition or Investment, in each case, in accordance with the requirements of Section 6.11;

(iv) the proceeds of which (A) shall be used to pay salary, commissions, bonus, amounts in respect of equity-based or phantom awards and other compensation and benefits payable to and indemnities provided on behalf of partners, officers, employees, third party consultants, directors and members of management of Holdings or any direct or indirect parent company of Holdings and any payroll social security or similar taxes thereof to the extent such salaries, commissions, bonuses, amounts in respect of equity-based or phantom awards and other compensation or benefits are attributable to the ownership or operation of Holdings and its Restricted Subsidiaries or (B) shall be used to make payments permitted under Sections 7.08 (e), (i), (k) and (p) (but only to the extent such payments have not been and are not expected to be made by Holdings or a Restricted Subsidiary); and

(v) the proceeds of which shall be used by Holdings to pay (or to make Restricted Payments to allow any direct or indirect parent thereof to pay) (A) fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering by Holdings (or any direct or indirect parent thereof) that is directly attributable to the operations of Holdings and its Restricted Subsidiaries and (B) expenses and indemnities of the trustee with respect to any debt offering by Holdings (or any direct or indirect parent thereof);

(i) payments made or expected to be made by Holdings, the Borrower or any of the Restricted Subsidiaries in respect of withholding or other payroll and other similar Taxes payable by or with respect to any future, present or former employee, director, manager or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributes of any of the foregoing) and any repurchases of Equity Interests in consideration of such payments including deemed repurchases in connection with the exercise of stock options or the vesting or settlement of other equity-based awards;

(j) Restricted Payments in an aggregate amount per annum not to exceed an amount equal to $45,000,000;

(k) Holdings, the Borrower or any of the Restricted Subsidiaries may pay cash in lieu of fractional Equity Interests in connection with any dividend, split or combination thereof or any Permitted Acquisition;

(l) [reserved]; and

(m) Restricted Payments so long as immediately after giving effect to such Restricted Payment, (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) the Total Net Leverage Ratio calculated on a Pro Forma Basis is less than or equal to (x) in the case of any Restricted Investment, 3.25:1.00 and (y) in the case of any other Restricted Payment, 3.00:1.00.

Section 7.07 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by Holdings and the Restricted Subsidiaries on the Closing Date or any business or any other activities reasonably related, complementary, synergistic or ancillary thereto (including related, complementary, synergistic or ancillary technologies) or reasonable extensions thereof.

Section 7.08 Transactions with Affiliates.

Enter into any transaction of any kind with any Affiliate of Holdings involving aggregate payments or consideration in excess of $10,000,000 for any individual transaction or series of related transactions, whether or not in the ordinary course of business, other than:

(a) transactions among Holdings, the Borrower and its Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transaction;

(b) on terms substantially as favorable to Holdings or such Restricted Subsidiary as would be obtainable by Holdings or such Restricted Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate;

(c) the Transactions and the payment of fees and expenses (including Transaction Expenses) as part of or in connection with the Transactions;

(d) the issuance of Equity Interests or equity-based awards to any officer, director, employee or consultant of Holdings or any of its Restricted Subsidiaries or any direct or indirect parent of Holdings in connection with the Transactions;

(e) the payment of management, monitoring, consulting, advisory and other fees (including transaction and termination fees), indemnities and expenses pursuant to the Sponsor Management Agreement (plus any unpaid management, consulting, monitoring, advisory and other fees, indemnities and expenses accrued in any prior year);

(f) Restricted Payments permitted under Section 7.06 and Permitted Investments other than Permitted Investments under clauses (2), (3), (10), (11) and (13) of the definition thereof;

(g) transactions by Holdings and its Restricted Subsidiaries permitted under an express provision (including any exceptions thereto) of this Article VII;

(h) employment, consulting, severance and other compensatory, service or benefit related arrangements between Holdings and its Restricted Subsidiaries and their respective partners, officers, employees, third party consultants, directors and members of management in the ordinary course of business and transactions pursuant to plans or agreements governing Equity Interests, phantom equity and other employee benefit or compensatory plans and arrangements in the ordinary course of business;

(i) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, officers, employees and consultants of Holdings, the Borrower and its Restricted Subsidiaries (or any direct or indirect parent of Holdings) in the ordinary course of business to the extent attributable to the ownership or operation of Holdings and its Restricted Subsidiaries;

(j) transactions pursuant to agreements, instruments or arrangements in existence on the Closing Date and set forth in Schedule 7.08 or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect;

(k) payments by Holdings and any of its Restricted Subsidiaries to one or more direct or indirect holders of Equity Interests in Holdings (including the Sponsors) made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures), which payments are approved by the majority of the members of the Board of Directors or a majority of the disinterested members of the Board of Directors of Holdings in good faith;

(l) [reserved];

(m) the issuance or transfer of Equity Interests (other than Disqualified Equity Interests) of Holdings (or a direct or indirect parent of Holdings) to any Permitted Holder or to any former, current or future director, manager, officer, employee or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees, distributes or Affiliate of any of the foregoing) of Holdings, any of its Subsidiaries or any direct or indirect parent thereof;

(n) transactions with customers, clients, joint venture partners, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement that are fair to Holdings and the Restricted Subsidiaries, in the reasonable determination of the Board of Directors or the senior management of Holdings, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(o) [reserved];

(p) [reserved];

(q) transactions in which Holdings or any of the Restricted Subsidiaries, as the case may be, deliver to the Administrative Agent a letter from an Independent Financial Advisor stating that such transaction is fair to Holdings or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (b) of this Section 7.08;

(r) payments to or from, and transactions with, joint ventures (to the extent any such joint venture is only an Affiliate as a result of Investments by Holdings and the Restricted Subsidiaries in such joint venture) to the extent otherwise constituting a Permitted Investment or Restricted Payment permitted under Section 7.06;

(s) any Disposition of Securitization Assets or related assets, Investment permitted pursuant to clause (14) of the definition of "Permitted Investments" or Standard Securitization Undertakings and Limited Originator Recourse, in each case in connection with any Qualified Securitization Financing; and

(t) any agreement or instrument between Holdings or any Restricted Subsidiary and any Affiliate thereof relating to a Permitted Floorplan Facility or a Permitted Receivables Facility and any transactions contemplated thereby.

Section 7.09 Burdensome Agreements. (a) Enter into or permit to exist any Contractual Obligation (other than this Agreement, any other Loan Document and the Revolving Loan Documents) that limits the ability of any Non-Loan Party to make Restricted Payments to any Loan Party; *provided* that this clause (a) shall not apply to Contractual Obligations which:

(i) (x) exist on the Closing Date and (to the extent not otherwise permitted by this Section 7.09) are listed in Schedule 7.09 and (y) to the extent Contractual Obligations permitted by clause (x) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted modification, replacement, renewal, extension or refinancing of such Indebtedness so long as such modification, replacement, renewal, extension or refinancing does not expand the scope of such Contractual Obligation,

(ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of Holdings, so long as such Contractual Obligations were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of Holdings,

(iii) are customary restrictions that arise in connection with (x) any Lien permitted by Sections 7.01(k), (l), (p), (q), (r)(i), (r)(ii), (s) and (ee) and relate to the property subject to such Lien or (y) arise in connection with any Disposition permitted by Section 7.04 or 7.05 and relate solely to the assets or Person subject to such Disposition,

(iv) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures constituting Permitted Investments or otherwise permitted under Section 7.06 and applicable solely to such joint venture,

(v) [reserved],

(vi) are customary restrictions on leases, subleases, licenses, cross-licenses, sublicenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the property interest, rights or the assets subject thereto,

(vii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 7.03(e), (g), (n)(i) and (u) to the extent that such restrictions apply only to the property or assets securing such Indebtedness or, in the case of Section 7.03(g), to the Restricted Subsidiaries incurring or guaranteeing such Indebtedness,

(viii) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of Holdings or any Restricted Subsidiary,

(ix) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business,

(x) are restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business,

(xi) arise in connection with cash or other deposits permitted under Sections 7.01 or the definition of "Permitted Investments," and limited to such cash or deposits, and

(xii) comprise restrictions imposed by any agreement governing Indebtedness entered into on or after the Closing Date and permitted under Section 7.03 that are, taken as a whole, in the good faith judgment of the Borrower, no more restrictive with respect to Holdings or any Restricted Subsidiary than customary market terms for Indebtedness of such type (and, in any event, are no more restrictive than the restrictions contained in this Agreement or the Revolving Credit Agreement), so long as the Borrower shall have determined in good faith that such restrictions will not affect its obligation or ability to make any payments required hereunder.

(b) No Loan Party shall, pursuant to any Contractual Obligation, create, incur, assume or suffer to exist any mortgage on (i) the Ciudad Juarez Property or (ii) any Real Property in Mexico acquired after the Closing Date with a fair market value of at least $15,000,000 unless the Administrative Agent shall have been granted a Mortgage with respect thereto that is senior in right of priority.

Section 7.10 [Reserved].

Section 7.11 [Reserved].

Section 7.12 [Reserved].

Section 7.13 Prepayments, Etc. of Junior Financing.

Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (it being understood that payments of regularly scheduled principal, interest and mandatory prepayments shall be permitted) any Indebtedness for borrowed money of a Loan Party that is subordinated in right of payment to the Obligations expressly by its terms (for the avoidance of doubt, not including any Indebtedness incurred under the Revolving Credit Agreement) and any Permitted Refinancing of any of the foregoing (each, a "**Junior Financing**"), except (i) the refinancing thereof with any Indebtedness that constitutes a Permitted Refinancing, to the extent not required to prepay any Loans pursuant to Section 2.05(b), (ii) the conversion or exchange of any Junior Financing to Equity Interests (other than Disqualified Equity Interests) of Holdings or any of its direct or indirect parents, (iii) the prepayment of Indebtedness of Holdings or any Restricted Subsidiary to Holdings or any Restricted Subsidiary, subject to the subordination provisions applicable to such indebtedness, (iv) prepayments, redemptions, purchases, defeasances and other payments in respect of Junior Financings prior to their scheduled maturity in an aggregate amount not to exceed (x) the greater of $100,000,000 and 21.0% of Consolidated EBITDA, as determined at the time of such transaction (*less* the amount of any Restricted Payments made in reliance on Section 7.06(g)(x)) *plus* (y) the Cumulative Credit at such time (*provided*, that with respect to any prepayment, redemption, purchase, defeasance or other payment in respect of Junior Financings made out of amounts under clause (a)(ii) of the definition of "Cumulative Credit" pursuant to this clause (y), no Event of Default has occurred and is continuing or would result therefrom and the Consolidated Cash Interest Coverage Ratio calculated on a Pro Forma Basis is no less than 2.00:1.00) and (v) prepayments, redemptions, purchases, defeasances and other payments in respect of

Junior Financings, so long as immediately after giving effect to such prepayment, redemption, purchase, defeasance or other payment, (x) no Event of Default has occurred and is continuing or would result therefrom and (y) the Total Net Leverage Ratio calculated on a Pro Forma Basis is no greater than 3.00:1.00.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Events of Default.

Any of the following from and after the Closing Date shall constitute an event of default (an "**Event of Default**"):

(a) *Non-Payment*. Any Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal or premium of any Loan, or (ii) within 60 days after the same becomes due, any interest on any Loan; or

(b) *[Reserved]*; or

(c) *Other Defaults*. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) above but including the failure to make or fulfill the terms of a Change of Control Offer or an Asset Sale Offer) contained in any Loan Document on its part to be performed or observed, or any representation, warranty, certification or statement of fact made or deemed made by any Loan Party herein or in any other Loan Document shall be incorrect in any material respect (or, with respect to any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language, in any respect (after giving effect to any qualification therein)) when made or deemed made, and such failure, breach or default continues for sixty (60) days after receipt by the Borrower of written notice thereof from either the Administrative Agent or the Lenders holding at least 25% of the aggregate outstanding principal amount of the Loans; or

(d) [*Reserved*]; or

(e) *Cross-Default*. Any Loan Party or any Restricted Subsidiary (A) fails to make any payment beyond the applicable grace period, if any, whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise, in respect of any Indebtedness (other than Indebtedness hereunder) having an aggregate outstanding principal amount of not less than the Threshold Amount, and such failure continues for at least 90 days or more beyond the applicable grace period, if any, or (B) any other event occurs (other than with respect to Indebtedness consisting of Swap Contracts, termination events or equivalent events pursuant to the terms of such Swap Contracts and not as a result of any other default thereunder by any Loan Party), the effect of which default or other event is (i) to cause such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity or (ii) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; *provided* that (1) clause (e)(B)(ii) shall not apply unless such event continues without being cured or waived for a period of more than 90 days after actual knowledge thereof by Holdings or

the Borrower (which in the case of financial covenants shall be deemed to be the date on which financial statements for the applicable period are required to be delivered under this Agreement) and (2) clause (e)(B) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder; or

(f) *Insolvency Proceedings, Etc*. Any Loan Party or any Significant Subsidiary or any group of Restricted Subsidiaries which collectively (as of the last audited financial statements for Holdings) would constitute a Significant Subsidiary institutes or consents to the institution of any case or proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer is appointed without the application or consent of such Person (whether or not in connection with an involuntary or voluntary bankruptcy case or proceeding) and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any case or proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such case or proceeding; or

(g) *Attachment*. Any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of Holdings or any Significant Subsidiary, taken as a whole, and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(h) *Judgments*. There is entered against any Loan Party or any Significant Subsidiary a final judgment or order for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied coverage) and such judgment or order shall not have been satisfied, vacated, discharged or stayed or bonded pending an appeal for a period of sixty (60) consecutive days; or

(i) *Invalidity of Loan Documents*. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder (including as a result of a transaction permitted under Section 7.04 or 7.05) or as a result of acts or omissions by the Administrative Agent or any Lender or the satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in writing the validity or enforceability of any provision of any Loan Document or the validity or priority of a Lien as required by the Collateral Documents on a material portion of the Collateral; or any Loan Party denies in writing that it has any or further liability or obligation under any Loan Document (other than as a result of repayment in full of the Obligations and termination of the Aggregate Commitments), or purports in writing to revoke or rescind any Loan Document; or

(j) *[Reserved]*; or

(k) *Collateral Documents*. (i) Any Collateral Document after delivery thereof shall for any reason (other than pursuant to the terms hereof or thereof including as a result of a transaction not prohibited under this Agreement) ceases to create a valid and perfected Lien, with the priority required by the Collateral Documents, on and security interest in any material portion of the Collateral, subject to Liens permitted under Section 7.01, (x) except to the extent resulting from the failure of the Administrative Agent to maintain possession of certificates actually delivered to it representing securities

pledged under the Collateral Documents or to file Uniform Commercial Code or PPSA continuation statements and (y) except as to Collateral consisting of Real Property to the extent that such losses are covered by a lender's title insurance policy and such insurer has not denied coverage, and such condition shall continue unremedied for ten (10) Business Days after the earlier of (x) the Borrower's actual notice thereof or (y) notice thereof being given to the Borrower by the Administrative Agent or any Lender or (ii) any Lien created or purported to be created by the Collateral Documents shall cease to have the lien priority established or purported to be established by the applicable Intercreditor Agreement.

Section 8.02 Remedies Upon Event of Default.

If any Event of Default occurs and is continuing, the Administrative Agent may, with the written consent of the Required Lenders (*provided* that such consent shall not be required in the case of an Event of Default pursuant to Section 8.01(f)) and, at the request of the Required Lenders, shall, take any or all of the following actions:

(i) declare the commitment of each Lender to make Loans to be terminated, whereupon such commitments and obligations shall be terminated;

(ii) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower (to the extent permitted by applicable Law);

(iii) [reserved]; and

(iv) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under any Debtor Relief Laws, the obligation of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

Section 8.03 Application of Funds.

Except as may be otherwise provided in any applicable Incremental Amendment with respect to Obligations under the applicable Incremental Loans or in any applicable Refinancing Amendment with respect to Obligations under the applicable Refinancing Loans (in each case, which shall not be more favorable to the holders of such Loans than the allocation described below), after the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable), subject to the Revolving/Term Loan Intercreditor Agreement, any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order (to the fullest extent permitted by mandatory provisions of applicable Law):

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest, but including Attorney Costs payable under Section 10.04 and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment in full of any Unfunded Advances;

Third, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs payable under Section 10.04 and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause *Third* payable to them;

Fourth, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, and any fees, premiums and scheduled periodic payments due under Secured Hedge Agreements, ratably among the Secured Parties in proportion to the respective amounts described in this clause *Fourth* payable to them;

Fifth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, and any breakage, termination or other payments under Secured Hedge Agreements, ratably among the Secured Parties in proportion to the respective amounts described in this clause *Fifth* held by them;

Sixth, to the payment of all other Obligations of the Loan Parties that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Law.

Notwithstanding the foregoing, no amount received from any Guarantor shall be applied to any Excluded Swap Obligation of such Guarantor.

ARTICLE IX.
ADMINISTRATIVE AGENT AND OTHER AGENTS

Section 9.01 Appointment and Authority.

(a) Each of the Lenders hereby irrevocably appoints BMO to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent, through its agents or employees, to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article IX (other than Sections 9.06 (solely with respect to the removal and consent rights of the Borrower set forth therein) and Section 9.10 (solely with respect to the requirement for execution, filing and other actions with respect to the Collateral Documents and other collateral documentation set forth therein) and 9.11) are solely for the benefit of the Administrative Agent and the Lenders, and no Loan Party shall have rights as a third party beneficiary of any of such provisions.

(b) The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (including in its capacities as a potential Hedge Bank) hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for

purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article X (including the second paragraph of Section 10.05), as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents as if set forth in full herein with respect thereto. Without limiting the generality of the foregoing, the Lenders hereby expressly authorize the Administrative Agent to (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto (including the Intercreditor Agreements), as contemplated by and in accordance with the provisions of this Agreement and the Collateral Documents and acknowledge and agree that any such action by any Agent shall bind the Lenders and (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Lenders in their capacity as such, at the direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

Section 9.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Holdings or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 9.03 Exculpatory Provisions.

Neither the Administrative Agent nor any of its officers, partners, directors, employees or agents shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent and its officers, partners, directors, employees or agents:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing and without limiting the generality of the foregoing, the use of the term "agent" herein and in other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under any agency doctrine of any applicable Law and instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt refraining from any action that, in its opinion or the opinion of its counsel, may be a violation of automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity;

(d) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by the final and non-appealable judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender;

(e) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(f) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor the list or identities of, or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Institution.

(g) The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent that it selects as provided in Section 9.05 absent bad faith, gross negligence or willful misconduct by the Administrative Agent (as determined in a final non-appealable judgment by a court of competent jurisdictions) in the selection of such sub-agents.

Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to any anti-terrorism Law, including any programs involving any of the following items relating to or in connection with the Loan Parties or their respective Subsidiaries, any of their respective Affiliates or agents, the Loan Documents or the transactions hereunder: (a) any identity verification procedures, (b) any record keeping, (c) any comparisons with government lists, (d) any customer notices or (e) any other procedures required under any anti-terrorism Law.

Each party to this Agreement acknowledges and agrees that the Administrative Agent may from time to time use one or more outside service providers for the tracking of all UCC or PPSA financing statements (and/or other collateral related filings and registrations from time to time) required to be filed

or recorded pursuant to the Loan Documents and the notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that each of such service providers will be deemed to be acting at the request and on behalf of Borrower and the other Loan Parties. The Administrative Agent shall not be liable for any action taken or not taken by any such service provider. Neither the Administrative Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Lenders for any action taken or omitted by the Administrative Agent under or in connection with any of the Loan Documents.

Section 9.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 9.05 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent;. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article IX shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 9.06 Resignation of Administrative Agent.

The Administrative Agent may resign as the Administrative Agent upon ten (10) days' notice to the Lenders and the Borrower; *provided* that if no successor agent is appointed in accordance with the terms set forth below within such10-day period, the Administrative Agent's resignation shall not be effective until the earlier to occur of (x) the date of the appointment of the successor agent or (y) the date that is thirty (30) days after the last day of such 10-day period. If the Administrative Agent is subject to an Agent-Related Distress Event, the Required Lenders or the Borrower may remove the Administrative Agent upon ten (10) days' notice. Upon the resignation or removal of the Administrative Agent under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which such appointment shall be subject to the consent of the Borrower (which consent of the Borrower shall not be unreasonably withheld or delayed if such successor is a commercial bank with a combined capital and surplus of at least $5,000,000,000 that is a "U.S. person" and a "financial institution" within the meaning of Treasury Regulation Section 1.1441-1, and otherwise may be withheld at the Borrower's sole discretion) at all times other than during the existence of an Event of Default under

Section 8.01(a) or (f). If no successor agent is appointed by the Required Lenders prior to the effective date of the resignation or removal of the Administrative Agent, the retiring or removed Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor agent from among the Lenders; *provided* that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section 9.06. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent. Upon resignation or removal, the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 9.06). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation or the removed Administrative Agent's removal hereunder and under the other Loan Documents, the provisions of this Article and Sections 10.04 and 10.05 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

Section 9.07 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender further represents and warrants that it has reviewed each document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof (including any such terms and conditions set forth, or otherwise maintained, on the Platform with respect thereto). Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 9.08 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the Administrative Agent, Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

Section 9.09 Administrative Agent May File Proofs of Claim.

In case of the pendency of any case or proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated), by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any proof of claim or claim for the reasonable compensation, fees, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09, 10.04 and 10.05) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, fees, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09, 10.04 and 10.05.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any Reorganization Plan, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender or in any such proceeding.

Section 9.10 Collateral and Guaranty Matters.

Each of the Lenders (including in its capacities as a potential Hedge Bank) irrevocably authorize the Administrative Agent,

(a) to enter into and sign for and on behalf of the Lenders as Secured Parties the Collateral Documents for the benefit of the Lenders and the other Secured Parties;

(b) to automatically release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations as to which no claim has been asserted and (B) obligations and liabilities under Secured Hedge Agreements not due and payable), (ii) at the time the property subject to such Lien is Disposed or to be Disposed as part of or in connection with any Disposition permitted (other than a lease and other than to a Person that is a Loan Party) hereunder or under any other Loan Document, (iii) subject to Section 10.01, if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders, (iv) if the property subject to such Lien is owned by a Guarantor, upon release of such Guarantor from its obligations under its Guaranty pursuant to clause (c) below, (v) if such property becomes Excluded Property (as defined in the applicable Security Agreement) or (vi) with respect to any Revolving Priority Collateral, pursuant to the last paragraph of the definition of “Collateral and Guarantee Requirement.”

(c) to release or subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(u) to the extent required by the holder of, or pursuant to the terms of any agreement governing, the obligations secured by such Liens;

(d) to release any Subsidiary Guarantor from its obligations under the Guaranty, if in the case of any such Subsidiary, such Person ceases to be a Subsidiary or (subject to Section 11.09) becomes an Excluded Subsidiary as a result of a transaction or designation permitted hereunder; *provided* that no such release shall occur if such Guarantor continues to be a guarantor or obligor in respect of any Junior Financing, any Refinancing Equivalent Debt or any Incremental Equivalent Debt or any Permitted Refinancing in respect thereof; and

(e) to, in its discretion, release any Lien on Collateral valued in the aggregate not in excess of $5.0 million during each fiscal year without consent of any Lender.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will (and each Lender irrevocably authorizes the Administrative Agent to), at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to evidence the release of such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

Section 9.11 Secured Hedge Agreements.

Except as otherwise expressly set forth herein or in any Guaranty or any Collateral Document, no Hedge Bank that obtains the benefits of Section 8.03, any Guaranty or any Collateral by virtue of the provisions hereof or of any Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Hedge Obligations unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from such Hedge Bank.

The Hedge Banks hereby authorize the Administrative Agent to enter into any First Lien Pari Passu Intercreditor Agreement, any Second Lien Intercreditor Agreement, any Subordination Agreement or any other intercreditor agreement or arrangement permitted under this Agreement and the Hedge Banks acknowledge that any such intercreditor agreement is binding upon the Hedge Banks.

Section 9.12 Withholding Tax Indemnity.

To the extent required by any applicable Laws, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. Without limiting or expanding the provisions of Section 3.01, each Lender shall indemnify and hold harmless the

Administrative Agent against, and shall make payable in respect thereof within 10 days after demand therefor, any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by any Governmental Authority as a result of the failure of the Administrative Agent to properly withhold Tax from amounts paid to or for the account of such Lender for any reason (including because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding Tax ineffective). A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 9.12. The agreements in this Section 9.12 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all other Obligations.

Section 9.13 Patriot Act. Each Lender or assignee or participant of a Lender that is not organized under the Laws of the United States or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the Patriot Act and the applicable regulations because it is both (a) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (b) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Administrative Agent the certification, or, if applicable, recertification, certifying that such Lender is not a “shell” and certifying to other matters as required by Section 313 of the Patriot Act and the applicable regulations: (i) within ten (10) days after the Closing Date, and (ii) at such other times as are required under the Patriot Act.

Section 9.14 Survival.

This Article IX shall survive the termination of this Agreement, the repayment, satisfaction or discharge of all Obligations and the resignation or replacement of the Administrative Agent.

Section 9.15 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent or the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless subclause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in subclause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent or the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that:

(i) none of the Administrative Agent or the Arrangers or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto),

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E),

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations),

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to the Administrative Agent or the Arrangers or any of their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Commitments or this Agreement.

(c) The Administrative Agent and the Arrangers hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans or the Commitments for an amount less than the amount being paid for an interest in the Loans or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

Section 9.16 Hypothecary Representative.

It is understood and agreed by the parties hereto, that as part of its duties and functions, the Administrative Agent shall serve as the hypothecary representative for all present and future Secured Parties, as contemplated by Article 2692 of the Civil Code of Québec.

ARTICLE X.
MISCELLANEOUS

Section 10.01 Amendments, Etc.

Except as otherwise set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (other than with respect to any amendment or waiver contemplated in Sections 10.01(a) through (i) below, which shall only require the consent of the Lenders expressly set forth therein and not the Required Lenders) (or by the Administrative Agent with the consent of the Required Lenders) and the applicable Loan Party, as the case may be, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided* that, no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.02 or of any Default, mandatory prepayment or mandatory reduction of any Commitments shall not constitute an extension or increase of any Commitment of any Lender);

(b) postpone any date scheduled for, or reduce the amount of, any payment of principal or interest under Section 2.07 or 2.08 (other than pursuant to Section 2.08(b)), without the written consent of each Lender directly and adversely affected thereby, it being understood that the waiver of (or amendment to the terms of) any mandatory prepayment of the Loans shall not constitute a postponement of any date scheduled for the payment of principal or interest and it further being understood that any change to the definition of "Consolidated Cash Interest Coverage Ratio," "Total Net Leverage Ratio" or "Secured Net Leverage Ratio" or, in each case, in the component definitions thereof shall not constitute a reduction in any amount of interest;

(c) reduce or forgive the principal of, or the rate of interest specified herein on, any Loan, or (subject to the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document (or extend the timing of payments of such fees or other amounts) without the written consent of each Lender directly and adversely affected thereby, it being understood that any change to the definition of "Consolidated Cash Interest Coverage Ratio," "Total Net Leverage Ratio" or "Secured Net Leverage Ratio" or, in each case, in the component definitions thereof shall not constitute a reduction in any rate of interest; *provided* that, for the avoidance of doubt, only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(d) change any provision of (x) this Section 10.01 or the definition of "Required Lenders," "Required Class Lenders," or any other provision specifying the number of Lenders or portion of the Loans or Commitments required to take any action under the Loan Documents or (y) Section 8.03, in each case, without the written consent of each Lender directly and adversely affected thereby (it being understood that each Lender shall be directly and adversely affected by a change to the "Required Lenders" definition);

(e) other than in connection with a transaction permitted under Section 7.04 or Section 7.05, release all or substantially all of the Collateral securing the participating tranche in any transaction or series of related transactions, without the written consent of each applicable Lender participating in such tranche;

(f) other than in connection with a transaction permitted under Section 7.04 or Section 7.05, release all or substantially all of the Guarantors (or all or substantially all of the aggregate value of the Guarantees) guaranteeing the participating tranche, without the written consent of each applicable Lender participating in such tranche;

(g) [reserved];

(h) amend, waive or otherwise modify any term or provision (including the availability and conditions to funding under Section 2.14 with respect to Incremental Loans and the rate of interest applicable thereto) which directly affects Lenders of one or more Incremental Loans and does not directly affect Lenders under any other Class, in each case, without the written consent of the Required Class Lenders under such applicable Incremental Loans (and in the case of multiple Classes which are affected, such Required Class Lenders shall consent together as one Class); *provided*, *however*, that the waivers described in this clause (h) shall not require the consent of any Lenders other than (x) the Required Class Lenders under such applicable Incremental Loans and (y) in the case of any waiver that otherwise would be subject to clause (a), (b), (c), (d), (e) or (f) above, each Lender, each directly affected Lender or each directly and adversely affected Lender (as specified in clause (a), (b), (c), (d), (e) or (f) above) under the applicable Class or Classes of Incremental Loans (including Loans extended under such Commitments); or

(i) [reserved];

and *provided*, *further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of, or any fees or other amounts payable to, the Administrative Agent under this Agreement or any other Loan Document; and (ii) Section 10.07(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any such Defaulting Lender may not be increased or extended without the consent of such Lender, (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms materially and adversely affects any Defaulting Lender to a greater extent than other affected Lenders shall require the consent of such Defaulting Lender and (z) the consent of any Defaulting Lender shall be required in respect of any amendments referred to in Section 10.01(b).

Notwithstanding the foregoing, no Lender consent is required to effect any amendment or supplement to any First Lien Pari Passu Intercreditor Agreement, the Revolving/Term Loan Intercreditor Agreement, any Second Lien Intercreditor Agreement, any Subordination Agreement or any other intercreditor agreement or arrangement permitted under this Agreement (i) that is for the purpose of adding the holders of Permitted Pari Passu Secured Refinancing Debt, Permitted Junior Secured Refinancing Debt, subordinated Permitted Unsecured Refinancing Debt, or Incremental Equivalent Debt (or, in each case, a Senior Representative with respect thereto), as parties thereto, as expressly contemplated by the terms of such First Lien Pari Passu Intercreditor Agreement, such Revolving/Term Loan Intercreditor Agreement, such Second Lien Intercreditor Agreement, such Subordination Agreement or such other intercreditor agreement or arrangement permitted under this Agreement, as applicable (it being understood that any such amendment or supplement may make such other changes to the applicable intercreditor agreement as, in the good faith determination of the Administrative Agent, are required to effectuate the foregoing and *provided* that such other changes are not adverse, in any material respect, to the interests of the Lenders) or (ii) that is expressly contemplated by any First Lien Pari Passu Intercreditor Agreement, the Revolving/Term Loan Intercreditor Agreement, any Second Lien Intercreditor Agreement, any Subordination Agreement or any other intercreditor agreement or arrangement permitted under this Agreement; *provided*, *further*, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder or under any other Loan Document without the prior written consent of the Administrative Agent.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, the Borrower and the Lenders providing the Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Term Loans of any Class ("**Replaced Term Loans**") with replacement term loans ("**Replacement Term Loans**") hereunder; *provided* that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Replaced Term Loans, plus accrued interest, fees, premiums (if any) and penalties thereon and reasonable fees and expenses associated with such Replacement Term Loans, (b) the All-In Yield with respect to such Replacement Term Loans (or similar interest rate spread applicable to such Replacement Term Loans) shall not be higher than the All-In Yield for such Replaced Term Loans (or similar interest rate spread applicable to such Replaced Term Loans) immediately prior to such refinancing unless the maturity of the Replacement Term Loans is at least one year later than the maturity of the Replaced Term Loans, (c) the Weighted Average Life to Maturity of such Replacement

Term Loans shall not be shorter than the Weighted Average Life to Maturity of such Replaced Term Loans at the time of such refinancing (except by virtue of amortization or prepayment of the Replaced Term Loans prior to the time of such incurrence) and (d) all other terms and conditions applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Replaced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the Latest Maturity Date of the Term Loans in effect immediately prior to such refinancing. Each amendment to this Agreement providing for Replacement Term Loans may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent and the Borrower to effect the provisions of this paragraph, and for the avoidance of doubt, this paragraph shall supersede any other provisions in this Section 10.01 to the contrary.

Notwithstanding anything to the contrary contained in this Section 10.01, guarantees, collateral security documents and related documents executed by Holdings and/or any of its Subsidiaries in connection with this Agreement and the other Loan Documents may be in a form reasonably determined by the Administrative Agent and may be, together with this Agreement, amended and waived with the consent of the Administrative Agent at the request of the Borrower without the need to obtain the consent of any other Lender if such amendment or waiver is delivered in order (i) to comply with local Law or advice of local counsel, (ii) to cure ambiguities or defects or (iii) to cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents.

If the Administrative Agent and the Borrower shall have jointly identified an obvious error (including, but not limited to, an incorrect cross-reference) or any error or omission of a technical or immaterial nature, in each case, in any provision of this Agreement or any other Loan Document (including, for the avoidance of doubt, any exhibit, schedule or other attachment to any Loan Document), then the Administrative Agent (acting in its sole discretion) and the Borrower or any other relevant Loan Party shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document. Notification of such amendment shall be made by the Administrative Agent to the Lenders promptly upon such amendment becoming effective.

Section 10.02 Notices and Other Communications; Facsimile Copies.

(a) Notices; Effectiveness; Electronic Communications.

(i) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (C) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(A) if to the Borrower or the Administrative Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(B) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower and the Administrative Agent.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (C) below shall be effective as provided in such subsection (C).

(C) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites, including the Platform) pursuant to procedures approved by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(b) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. Each Lender hereunder agrees that any document or notice posted on the Platform by the Administrative Agent shall be deemed to have been delivered to the Lenders. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to the Loan Parties, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of the Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Agent Party; *provided*, *however*, that in no event shall any Agent Party have any liability to the Loan Parties, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages); *provided* that nothing in this sentence shall limit any Loan Party's indemnification obligations set forth herein.

(c) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including Canadian and United States Federal and provincial and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of Canadian and United States Federal and provincial and state securities laws.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic notice given pursuant to Section 2.02(a)) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower in the absence of gross negligence, willful misconduct or bad faith of such Person, as determined by a final non-appealable judgment of a court of competent jurisdiction. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 10.03 No Waiver; Cumulative Remedies.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall impair such right, remedy, power or privilege or operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; *provided*, *however*, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other

Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.09 (subject to the terms of Section 2.13), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and *provided*, *further*, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section 10.04 Attorney Costs and Expenses.

The Borrower agrees (a) if the Closing Date occurs, to pay or reimburse the Administrative Agent and the other Agents for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, syndication, execution and delivery of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby (including the administration of this Agreement), including all Attorney Costs, which shall be limited to Cahill Gordon & Reindel LLP (in New York), Davies Ward Phillips & Vineberg LLP (in Québec and Ontario) and one local counsel as reasonably necessary in any relevant jurisdiction (and solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Indemnitees similarly situated) and (b) after the Closing Date, to pay or reimburse the Administrative Agent and the Lenders for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any legal proceeding, including any case or proceeding under any Debtor Relief Law, and including all respective Attorney Costs, which shall be limited to Attorney Costs of one counsel to the Administrative Agent and the Lenders taken as a whole and one local counsel as reasonably necessary in each relevant jurisdiction and solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Indemnitees similarly situated). The agreements in this Section 10.04 shall survive the termination of the Aggregate Commitments and repayment of all other Obligations, the termination of this Agreement or the resignation or removal of the Administrative Agent. All amounts due under this Section 10.04 shall be paid within thirty (30) days after written demand therefor (in each case, together with backup documentation supporting such reimbursement request); *provided* that, with respect to the Closing Date, all amounts due under this Section 10.04 shall be paid on the Closing Date solely to the extent invoiced to the Borrower within three (3) Business Days prior to the Closing Date. If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it hereunder or under any Loan Document, such amount may be paid on behalf of such Loan Party by the Administrative Agent in its discretion. For the avoidance of doubt, this Section 10.04 shall not apply to Taxes, except any Taxes that represent costs and expenses arising from any non-Tax claim.

Section 10.05 Indemnification by the Borrower.

The Borrower shall indemnify and hold harmless each Agent, Agent-Related Person, Lender, Arranger and Bookrunner, and their Affiliates, and their respective officers, directors, employees, partners, agents, advisors and other representatives of the foregoing (collectively the "**Indemnitees**") from and against any and all liabilities, losses, damages, claims, or out-of-pocket expenses (including Attorney Costs but limited in the case of legal fees and expenses to the reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees taken as a whole and, if

reasonably necessary, one local counsel for all Indemnitees taken as a whole in each relevant jurisdiction, and solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Indemnitees similarly situated) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby (including, without limitation, the reliance in good faith by any Indemnitee on any notice purportedly given by or on behalf of the Borrower), (b) the Transactions, (c) any Commitment or Loan or the use or proposed use of the proceeds therefrom or (d) any actual or alleged Environmental Liability of the Loan Parties or any Subsidiary, or (e) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) (a "**Proceeding**") and regardless of whether any Indemnitee is a party thereto or whether or not such Proceeding is brought by the Borrower or any other Person and, in each case, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee (all of the foregoing, collectively, the "**Indemnified Liabilities**"); *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, losses, damages, claims or out-of-pocket expenses resulted from (x) the gross negligence, bad faith or willful misconduct of such Indemnitee or of any of its Related Indemnified Persons, as determined by a final non-appealable judgment of a court of competent jurisdiction, (y) a material breach of any obligations under any Loan Document by such Indemnitee or of any of its Related Indemnified Persons, as determined by a final non-appealable judgment of a court of competent jurisdiction or (z) any dispute solely among Indemnitees other than any claims against an Indemnitee in its capacity or in fulfilling its role as an administrative agent or arranger or any similar role under any Facility and other than any claims arising out of any act or omission of the Borrower or any of its Affiliates (as determined in a final and non-appealable judgment of a court of competent jurisdiction). No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement (except for direct (as opposed to lost profits, indirect, special, punitive or consequential) damages resulting from the gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final and non-appealable judgment, of any such Indemnitee), nor shall any Indemnitee, Related Indemnified Person, Loan Party or any Subsidiary have any liability for any special, punitive, indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date) (other than, in the case of any Loan Party, in respect of any such damages incurred or paid by an Indemnitee to a third party, or which are included in a third-party claim, and for any out-of-pocket expenses related thereto). In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.05 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, any Subsidiary of any Loan Party, its directors, stockholders or creditors or an Indemnitee or any other Person, whether or not any Indemnitee is otherwise a party thereto and whether or not any of the transactions contemplated hereunder or under any of the other Loan Documents are consummated. All amounts due under this Section 10.05 shall be paid within thirty (30) days after written demand therefor (together with backup documentation supporting such reimbursement request); *provided*, *however*, that such Indemnitee shall promptly refund such amount to the extent that there is a final judicial or arbitral determination that such Indemnitee was not entitled to indemnification rights with respect to such payment pursuant to the express terms of this Section 10.05. The agreements in this Section 10.05 shall survive the resignation or replacement of the Administrative Agent, the replacement of any Lender, the termination of this Agreement or the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations. For the avoidance of doubt, this Section 10.05 shall not apply to Taxes, except any Taxes that represent liabilities, obligations, losses, damages, penalties, claims, demands, actions, prepayments, suits, costs, expenses and disbursements arising from any non-Tax claims.

To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under this Section 10.05 or Section 10.04 to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this paragraph are subject to the provisions of Section 2.12(e).

Section 10.06 Payments Set Aside.

To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be or avoided as fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any case or proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Overnight Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Section 10.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (except as permitted by Section 7.04) and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee (in the case of any Assignee that is Holdings or any of its Subsidiaries, pursuant to Section 2.05(a)(v) or Section 10.07(k), (ii) by way of participation in accordance with the provisions of Section 10.07(e), (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.07(g) or (i) or (iv) to an SPC in accordance with the provisions of Section 10.07(h) (and any other attempted assignment or transfer by any party hereto shall be null and void); *provided*, *however*, that notwithstanding the foregoing, no Lender may assign or transfer by participation any of its rights or obligations hereunder to (i) any Person that is a Defaulting Lender or (ii) a natural Person or a Disqualified Institution. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 10.07(e) and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the limitations set forth in paragraph (a) above and the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees ("**Assignees**") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed, except in connection with a proposed assignment to any Disqualified Institution) of:

(A) the Borrower, *provided* that no consent of the Borrower shall be required for (i) an assignment of all or a portion of the Term Loans to a Lender, an Affiliate of a Lender or an Approved Fund, (ii) [reserved], (iii) other than with respect to any proposed assignment to any Person that is a Disqualified Institution, if an Event of Default under Section 8.01(a) or, solely with respect to the Borrower, Section 8.01(f) has occurred and is continuing, an assignment to any Assignee or (iv) an assignment of all or a portion of the Loans pursuant to Section 10.07(k); *provided* that, other than with respect to any proposed assignment to any Person that is a Disqualified Institution, the Borrower shall be deemed to have consented to any such assignment unless it shall have objected thereto by written notice to the Administrative Agent within fifteen (15) Business Days after having received notice thereof; and

(B) the Administrative Agent; *provided* that no consent of the Administrative Agent shall be required for an assignment of all or a portion of the Loans pursuant to Section 10.07(k).

Notwithstanding the foregoing or anything to the contrary set forth herein, to the extent any Lender is required to assign any portion of its Commitments, Loans and other rights, duties and obligations hereunder in order to comply with applicable Laws, such assignment may be made by such Lender without the consent of the Borrower, the Administrative Agent or any other party hereto so long as such Lender complies with the requirements of Section 10.07(b)(ii).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than an amount of $1,000,000, and shall be in increments of an amount of $1,000,000, in excess thereof unless each of the Borrower and the Administrative Agent otherwise consent; *provided* that such assignments shall be aggregated in respect of each Lender and its Affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 (unless waived or reduced by the Administrative Agent in its sole discretion); and

(C) other than in the case of assignments pursuant to Section 10.07(k), the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

This paragraph (b) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis among such Facilities.

In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable Pro Rata Share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full Pro Rata Share of all Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(iii) Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.07(d), from and after the effective date specified in each Assignment and Assumption, (1) other than in connection with an assignment pursuant to Section 10.07(k), the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and (2) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 10.04 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, and the surrender by the assigning Lender of its Note, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this clause (b) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.07(e); *provided* that any assignment or transfer to a Disqualified Institution shall be subject to the terms of clause (iv) below of this Section 10.07(b).

(iv) If any assignment or participation under this Section 10.07 is made to (1) any Affiliate of any Disqualified Institution (other than any bona fide debt fund that is not itself a Disqualified Institution) or (2) any Disqualified Institution without the Borrower's prior written consent (any such Person, a "**Disqualified Person**"), then the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Person and the Administrative Agent, (A) terminate any Commitment of such Disqualified Person and repay the outstanding amount of Loans, together with accrued and unpaid interest thereon, accrued and unpaid fees and all other amounts owing to such Disqualified Person, (B) in the case of any outstanding Loans, purchase such Loans by paying the lesser of (x) par and (y) the amount that such Disqualified Person paid to acquire such Loans, plus in the case of each of clauses (x) and (y), accrued and unpaid interest thereon, accrued and unpaid fees and all other amounts due and payable to it hereunder and/or (C) require such Disqualified Person to assign, without recourse (in accordance with and subject to the restrictions contained in this Section 10.07), all of its interests, rights and obligations under this Agreement to one or more Eligible Assignees at the lesser of (x) par and (y) the amount that such Disqualified Person paid to acquire such Loans, plus in the case of each of clauses (x) and (y), accrued and unpaid interest thereon, accrued and unpaid fees and all other amounts due and payable to it hereunder; *provided* that (I) in the case of clauses (A) and (B), the Borrower shall be liable to the relevant Disqualified Person under Section 3.05 if any Eurocurrency Rate Loan owing to such Disqualified Person is repaid or purchased other than on the last day of the Interest Period relating thereto and (II) in the case

of clause (C), the relevant assignment shall otherwise comply with this Section 10.07 (except that no registration and processing fee required under this Section 10.07 shall be required with any assignment pursuant to this paragraph). Nothing in this Section 10.07(b) shall be deemed to prejudice any right or remedy that Holdings or the Borrower may otherwise have at law or equity. Each Lender acknowledges and agrees that Holdings and its Subsidiaries will suffer irreparable harm if such Lender breaches any obligation under this Section 10.07 insofar as such obligation relates to any assignment or participation to any Disqualified Person. Additionally, each Lender agrees that Holdings and/or the Borrower may seek to obtain specific performance or other equitable or injunctive relief to enforce this paragraph against any Disqualified Person and the immediately following paragraph of this Section 10.07 against any Disqualified Person, in each case with respect to such breach without posting a bond or presenting evidence of irreparable harm.

(v) Notwithstanding anything to the contrary contained in this Agreement, each Disqualified Person (A) will not (x) have the right to receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any Lender, (y) attend or participate in conference calls or meetings participated in or attended by the Lenders and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of determining whether the Required Lenders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, shall not have any right to consent (or not consent), otherwise act or direct or require the Administrative Agent or any Lender to take (or refrain from taking) any such action, and all Loans held by any Disqualified Person shall be deemed to be not outstanding for all purposes of calculating whether the Required Lenders or all Lenders have taken any actions, except that no amendment, modification or waiver of any Loan Document shall, without the consent of the applicable Disqualified Person, deprive any Disqualified Person of its pro rata share of any payment to which all Lenders of the applicable Class of Loans are entitled and (y) for purposes of voting on any plan of reorganization, plan of liquidation or similar dispositive restructuring plan pursuant to any Debtor Relief Laws (a "**Reorganization Plan**") each Disqualified Person party hereto hereby agrees (1) not to vote on such Reorganization Plan, (2) if such Disqualified Person does vote on such Reorganization Plan notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such Reorganization Plan in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws) and (3) not to contest any request by any party for a determination by the court adjudicating over the applicable case or proceeding under the applicable Debtor Relief Law (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it, and each notice of cancellation of any Loans delivered by the Borrower pursuant to Section 10.07(k) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans owing to each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for

inspection by the Borrower, any Agent and any Lender (solely with respect to itself), at any reasonable time and from time to time upon reasonable prior notice. This Section 10.07(c) and Section 2.11 shall be construed so that all Loans are at all times maintained in "registered form" within the meaning of Section 163(f), 871(h)(2) and 881(c)(2) of the Code and any related Treasury Regulations (or any other relevant or successor provisions of the Code or of such Treasury Regulations).

(d) Any Lender may at any time sell participations to any Person (other than a natural person, a Disqualified Institution or a Defaulting Lender) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or the other Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (a) through (f) of the first proviso to Section 10.01 that requires the affirmative vote of such Lender. Subject to Section 10.07(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender (subject, for the avoidance of doubt, to the limitations and requirements of those Sections (including Section 3.01(d)) applying to each Participant as if it were a Lender, and it being understood that the documentation required under Section 3.01(d) shall be delivered to the participating Lender) and had acquired its interest by assignment pursuant to Section 10.07(c). To the extent permitted by applicable Law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to a greater payment results from the adoption or a change of any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after such Participant became a Participant.

(f) Any Lender may, without the consent of the Borrower or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Notwithstanding anything to the contrary contained herein, any Lender (a "**Granting Lender**") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an "**SPC**") the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof and (iii) such SPC and the applicable Loan or any applicable part thereof, shall be appropriately reflected in the Participant Register. Each party hereto hereby agrees that (i) an SPC shall be entitled to the benefit of Sections 3.01, 3.04 and 3.05 (subject to the requirements and the limitations of such Sections and it being understood that the documentation required under Section 3.01(d) shall be delivered to the Granting Lender), but neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Borrower under this Agreement except, in the case of Section 3.01, to the extent that the grant to the SPC was made with the prior written consent of the Borrower (not to be unreasonably withheld or delayed; for the avoidance of doubt, the Borrower shall have a reasonable basis for withholding consent if an exercise by an SPC immediately after the grant would result in materially increased indemnification obligation to the Borrower at such time) or such entitlement to a greater payment results from the adoption or a change of any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the grant to the SPC occurred, (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the Lender hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the Borrower and the Administrative Agent and with the payment of a processing fee of $3,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

(h) Notwithstanding anything to the contrary contained herein, without the consent of the Borrower or the Administrative Agent, (1) any Lender may in accordance with applicable Law create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it and (2) any Lender that is a Fund may create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; *provided* that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 10.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(i) [reserved].

(j) [reserved].

(k) Any Lender may, so long as no Default or Event of Default has occurred and is continuing, at any time, assign all or a portion of its rights and obligations with respect to Term Loans under this Agreement to Holdings or the Borrower through (x) Dutch auctions or other offers to purchase open to all Lenders on a pro rata basis consistent with the procedures set forth in Section 2.05(a)(v) or (y) notwithstanding Sections 2.12 and 2.13 or any other provision in this Agreement, open market purchase on a non-pro rata basis; *provided*, *further*, that:

(i) [reserved];

(ii) if Holdings is the assignee, upon such assignment, transfer or contribution, Holdings shall automatically be deemed to have contributed the principal amount of such Term Loans, plus all accrued and unpaid interest thereon, to the Borrower;

(iii) (a) the principal amount of such Term Loans, along with all accrued and unpaid interest thereon, so contributed, assigned or transferred to the Borrower shall be deemed automatically cancelled and extinguished on the date of such contribution, assignment or transfer, (b) the aggregate outstanding principal amount of Term Loans of the remaining Lenders shall reflect such cancellation and extinguishing of the Term Loans then held by the Borrower and (c) the Borrower shall promptly provide notice to the Administrative Agent of such contribution, assignment or transfer of such Term Loans, and the Administrative Agent, upon receipt of such notice, shall reflect the cancellation of the applicable Term Loans in the Register; and

(iv) purchases of Term Loans shall not be funded with the proceeds of Revolving Loans.

(l) The aggregate outstanding principal amount of the Term Loans of the applicable Class shall be deemed reduced by the full par value of the aggregate principal amount of the Term Loans purchased by the Borrower (and subsequently cancelled hereunder) pursuant to Section 10.07(k) and the principal repayment installments with respect to the Term Loans of such Class pursuant to Section 2.07 shall be reduced pro rata by the par value of the aggregate principal amount of Term Loans so purchased or contributed (and subsequently cancelled), with such reduction being applied solely to the Term Loans of the Lenders which sold such Term Loans.

Section 10.08 Confidentiality.

Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates and its and its Affiliates' managers, administrators, directors, officers, employees, trustees, partners, investors, investment advisors and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any Governmental Authority or self-regulatory authority having or asserting jurisdiction over such Person (including any Governmental Authority regulating any Lender or its Affiliates), *provided* that the Administrative Agent or such Lender, as applicable, agrees that it will notify the Borrower prior to any such disclosure by such Person to the extent practicable (other than at the request of a regulatory authority or any self-regulatory authority having or asserting jurisdiction over such Person) unless such notification is prohibited by law, rule or regulation; (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, *provided* that the Administrative Agent or such Lender, as applicable, agrees that it will notify the Borrower as soon as practicable in the event of any such disclosure by such Person (other than at the request of a regulatory authority or any self-regulatory authority having or asserting jurisdiction over such Person) unless such notification is prohibited by law, rule or regulation; (d) to any other party to this Agreement; (e) subject to an agreement containing provisions at least as restrictive as those of this Section 10.08 (or as may otherwise be reasonably acceptable to the Borrower), to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be an Additional Lender, any pledgee referred to in Section 10.07(g), or any actual or prospective direct or indirect counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations; (f) with the

written consent of the Borrower; (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 10.08 or becomes available to the Administrative Agent, any Arranger, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than a Loan Party or a Sponsor or their respective related parties (so long as such source is not known to the Administrative Agent, such Arranger, such Lender or any of their respective Affiliates to be bound by confidentiality obligations to any Loan Party); (h) to any rating agency when required by it on a customary basis and after consultation with the Borrower (it being understood that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Information relating to Loan Parties and their Subsidiaries received by it from such Lender); (i) in connection with the exercise of any remedies hereunder, under any other Loan Document or the enforcement of its rights hereunder or thereunder; or (j) to the extent such Information is independently developed by such Person or its Affiliates so long as not based on Information obtained in a manner that would otherwise violate this Section 10.08.

For purposes of this Section, "**Information**" means all information received from any Loan Party or any Subsidiary thereof relating to any Loan Party or any Subsidiary thereof or their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party or any Subsidiary thereof other than as a result of a breach of this Section 10.08; *provided* that all information received after the Closing Date from Holdings, the Borrower or any of its Subsidiaries shall be deemed confidential unless such information is clearly identified at the time of delivery as not being confidential.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning Holdings or any of its Subsidiaries, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Canadian and United States Federal and provincial and state securities Laws.

Section 10.09 Setoff.

In addition to any rights and remedies of the Lenders provided by Law, upon the occurrence and during the continuance of any Event of Default, each Lender and its Affiliates (and the Administrative Agent, in respect of any unpaid fees, costs and expenses payable hereunder) is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party and each of its Subsidiaries) to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held by, and other Indebtedness at any time owing by, such Lender and its Affiliates or the Administrative Agent to or for the credit or the account of the respective Loan Parties and their Subsidiaries against any and all Obligations (other than, with respect to any Guarantor, Excluded Swap Obligations of such Guarantor) owing to such Lender and its Affiliates or the Administrative Agent hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not such Agent or such Lender or Affiliate shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness; *provided* that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.17 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right

of setoff. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Administrative Agent and each Lender under this Section 10.09 are in addition to other rights and remedies (including other rights of setoff) that the Administrative Agent and such Lender may have at Law.

Section 10.10 [Reserved].

Section 10.11 Counterparts; Electronic Execution of Assignments and Certain Other Documents.

This Agreement and each other Loan Document may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Agreement and each other Loan Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Loan Document. The Agents may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

The words “execution,” “signed,” “signature” and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.12 Integration; Termination.

This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; *provided* that the inclusion of supplemental rights or remedies in favor of the Agents or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 10.13 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied (other than Secured Hedge Obligations or contingent indemnification obligations, in any such case, not then due and payable).

Section 10.14 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.14, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 10.15 GOVERNING LAW.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING ARISING UNDER ANY THIS AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO, OR THE TRANSACTIONS DESCRIBED HEREIN, WHETHER NOW EXISTING OR HEREAFTER ARISING, SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY (BOROUGH OF MANHATTAN) OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY, EACH AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND AGREES THAT IT WILL NOT COMMENCE OR SUPPORT ANY SUCH ACTION OR PROCEEDING IN ANOTHER JURISDICTION. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED HEREIN OR IN ANY OTHER LOAN DOCUMENT WILL PREVENT ANY LENDER OR THE ADMINISTRATIVE AGENT FROM BRINGING ANY ACTION TO ENFORCE ANY AWARD OR JUDGMENT OR EXERCISE ANY RIGHT UNDER THE SECURITY DOCUMENTS OR AGAINST ANY COLLATERAL OR ANY OTHER PROPERTY OF ANY LOAN PARTY IN ANY OTHER FORUM IN WHICH JURISDICTION CAN BE ESTABLISHED. EACH LOAN PARTY, EACH AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS IN THE MANNER PROVIDED FOR NOTICES (OTHER THAN TELECOPIER) IN SECTION 10.02. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 10.16 WAIVER OF RIGHT TO TRIAL BY JURY.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.17 Binding Effect.

This Agreement shall become effective when (i) it shall have been executed by the Loan Parties and the Administrative Agent and (ii) the Administrative Agent shall have been notified by each Lender that each such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Loan Parties, each Agent and each Lender and their respective successors and assigns, in each case in accordance with Section 10.07 (if applicable) and except that no Loan Party shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders except as permitted by Section 7.04.

Section 10.18 USA Patriot Act.

Each Lender that is subject to the USA Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name, address and tax identification number of such Loan Party and other information regarding such Loan Party that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the USA Patriot Act. This notice is given in accordance with the requirements of the USA Patriot Act and is effective as to the Lenders and the Administrative Agent.

Section 10.19 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the other Arrangers are arm's-length commercial transactions between the Loan Parties and their respective Affiliates, on the one hand, and the Administrative Agent, the other Arrangers and the Lenders, on the other hand, (B) each Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate and that none of the Administrative Agent, the other Arrangers or the Lenders has provided any legal, accounting, regulatory or tax advice, and (C) each Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each other Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in

writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for each Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent, any other Arranger nor any Lender has any obligation to the Loan Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the other Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any other Arranger nor any Lender has any obligation to disclose any of such interests to the Loan Parties or any of their respective Affiliates. To the fullest extent permitted by law, each Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, the other Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.20 INTERCREDITOR AGREEMENTS.

(a) PURSUANT TO THE EXPRESS TERMS OF EACH INTERCREDITOR AGREEMENT, IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE TERMS OF THE RELEVANT INTERCREDITOR AGREEMENT AND ANY OF THE LOAN DOCUMENTS, THE PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL (EXCEPT, IN THE CASE OF A CONFLICT WITH ANY PROVISION OF SUCH INTERCREDITOR AGREEMENT REFERENCING THE RIGHTS, DUTIES, PRIVILEGES, IMMUNITIES AND INDEMNITIES OF THE ADMINISTRATIVE AGENT, THE PROVISIONS OF ARTICLE IX OF THIS AGREEMENT WILL CONTROL).

(b) EACH LENDER AUTHORIZES AND INSTRUCTS THE ADMINISTRATIVE AGENT TO ENTER INTO THE RELEVANT INTERCREDITOR AGREEMENT ON BEHALF OF SUCH LENDER, AND TO TAKE ALL ACTIONS (AND EXECUTE ALL DOCUMENTS) REQUIRED (OR DEEMED ADVISABLE) BY IT IN ACCORDANCE WITH THE TERMS OF SUCH INTERCREDITOR AGREEMENT(S). EACH LENDER AGREES TO BE BOUND BY AND WILL TAKE NO ACTIONS CONTRARY TO THE PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT.

(c) THE PROVISIONS OF THIS SECTION 10.20 ARE NOT INTENDED TO SUMMARIZE ALL RELEVANT PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT. REFERENCE MUST BE MADE TO THE RELEVANT INTERCREDITOR AGREEMENT ITSELF TO UNDERSTAND ALL TERMS AND CONDITIONS THEREOF. EACH LENDER IS RESPONSIBLE FOR MAKING ITS OWN ANALYSIS AND REVIEW OF THE RELEVANT INTERCREDITOR AGREEMENT AND THE TERMS AND PROVISIONS THEREOF, AND NO AGENT (AND NONE OF ITS AFFILIATES) MAKES ANY REPRESENTATION TO ANY LENDER AS TO THE SUFFICIENCY OR ADVISABILITY OF THE PROVISIONS CONTAINED IN THE RELEVANT INTERCREDITOR AGREEMENT.

(d) THE PROVISIONS OF THIS SECTION 10.20 SHALL APPLY WITH EQUAL FORCE, MUTATIS MUTANDIS, TO ANY FIRST LIEN PARI PASSU INTERCREDITOR AGREEMENT, ANY SECOND LIEN INTERCREDITOR AGREEMENT, THE REVOLVING/TERM LOAN INTERCREDITOR AGREEMENT, ANY SUBORDINATION AGREEMENT AND ANY OTHER INTERCREDITOR AGREEMENT OR ARRANGEMENT PERMITTED BY THIS AGREEMENT.

Section 10.21 Judgment Currency. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Borrower (or to any other Person who may be entitled thereto under applicable Law).

Section 10.22 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the writedown and conversion powers of any EEA Resolution Authority.

ARTICLE XI.
GUARANTEE

Section 11.01 The Guarantee.

Each Guarantor hereby jointly and severally with the other Guarantors guarantees, as a primary obligor and not as a surety, to each Secured Party and their respective successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, expenses, costs or charges that would accrue but for the provisions of the Debtor Relief Laws) after any bankruptcy or insolvency petition under the Debtor Relief Laws on the Loans made by the Lenders to, and the Notes, if any, held by each Lender of, the Borrower, and all other Obligations (excluding, with respect to any Guarantor, any Excluded Swap Obligations of such Guarantor) from time to time owing to the Secured Parties by any Loan Party under any Loan Document or any Secured Hedge Agreement, strictly in accordance with the terms thereof (such obligations being herein collectively called the "**Guaranteed Obligations**"). The Guarantors hereby jointly and severally agree that if the Borrower or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Section 11.02 Obligations Unconditional.

The obligations of the Guarantors under Section 11.01 shall constitute a guaranty of payment and to the fullest extent permitted by applicable Law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of any Loan Party under this Agreement, the Notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(i) at any time or from time to time, without notice to the Guarantors, to the extent permitted by Law, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted (including incurring any increase or decrease in the principal amount of the Guaranteed Obligations or the rate of interest or the fees thereon);

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or except as permitted pursuant to Section 11.09, any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien or security interest granted to, or in favor of, any Lender or Agent as security for any of the Guaranteed Obligations shall fail to be perfected; or

(v) the release of any other Guarantor pursuant to Section 11.09.

To the fullest extent permitted by Law, the Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and, all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against the Borrower under this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive, to the fullest extent permitted by Law, any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Secured Party upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between the Borrower and the Secured Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by Secured Parties, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Secured Parties or any other Person at any time of any right or remedy against the Borrower or against any other Person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the successors and assigns thereof, and shall inure to the benefit of the Lenders, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

Section 11.03 Reinstatement.

The obligations of the Guarantors under this Article XI shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or any other Loan Party in respect of the Guaranteed Obligations is rescinded, avoided, or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of, or in connection with, any case or proceeding in bankruptcy or reorganization or otherwise under any Debtor Relief Law. The Guarantors jointly and severally agree that they will indemnify each Secured Party on demand for all reasonable costs and expenses (including Attorney Costs) incurred by such Secured Party in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

Section 11.04 Subrogation; Subordination.

Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 11.01, whether by subrogation or otherwise, against the Borrower or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations. The payment of any amounts due with respect to any Indebtedness of any Loan Party now or hereafter owing to any Guarantor by reason of any payment by such Guarantor under the Guarantee in Section 11.01 is hereby postponed and subordinated to the prior indefeasible payment in full in cash of the Guaranteed Obligations. Each Guarantor agrees that it will not demand, sue for or otherwise attempt to collect any such indebtedness of any Loan Party to such Guarantor until the Guaranteed Obligations shall have been indefeasibly paid in full in cash. If, notwithstanding the foregoing sentence, any Guarantor shall, prior to the indefeasible payment in full in

cash of the Guaranteed Obligations, collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Guarantor as trustee for Secured Parties and be paid over to Administrative Agent on account of the Guaranteed Obligations. Any Indebtedness of any Loan Party to any Non-Loan Party permitted pursuant to Section 7.03(b)(ii) or 7.03(d) shall be subordinated to such Loan Party's Obligations.

Section 11.05 Remedies.

The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of the Borrower under this Agreement and the Notes, if any, may be declared to be forthwith due and payable as provided in Section 8.02 (and shall be deemed to have become automatically due and payable in the circumstances provided in Section 8.02) for purposes of Section 11.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 11.01.

Section 11.06 Instrument for the Payment of Money.

Each Guarantor hereby acknowledges that the guarantee in this Article XI constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

Section 11.07 Continuing Guarantee.

The guarantee in this Article XI is a continuing guarantee of payment, and shall apply to all Guaranteed Obligations whenever arising.

Section 11.08 General Limitation on Guarantee Obligations.

In any action, case or proceeding involving any federal, provincial or state corporate limited partnership or limited liability company law, or any applicable federal, provincial, state or foreign bankruptcy, insolvency, reorganization, Debtor Relief Law, or other Law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under Section 11.01 would otherwise be held or determined to be void, voidable, avoidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 11.01 or otherwise, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Subsidiary Guarantor, any Loan Party or any other Person, be automatically limited and reduced to the highest amount (after giving effect to the right of contribution established in Section 11.10, but before giving effect to any other guarantee) that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action, case or proceeding.

Section 11.09 Release of Guarantors.

If, in compliance with the terms and provisions of the Loan Documents, (i) all or substantially all of the Equity Interests or property of any Subsidiary Guarantor are sold or otherwise transferred to a Person or Persons none of which is a Loan Party in a transaction permitted hereunder or (ii) any Subsidiary Guarantor becomes an Excluded Subsidiary as a result of a transaction or designation

permitted hereunder (any such Subsidiary Guarantor, and any Subsidiary Guarantor referred to in clause (i), a "**Transferred Guarantor**"), such Transferred Guarantor shall, upon the consummation of such sale or transfer or other transaction, be automatically released from its obligations under this Agreement (including under Section 10.05 hereof) and its obligations to pledge and grant any Collateral owned by it pursuant to any Collateral Document and, in the case of a sale of all or substantially all of the Equity Interests of the Transferred Guarantor, the pledge of such Equity Interests to the Administrative Agent pursuant to the Collateral Documents shall be automatically released, and, so long as the Borrower shall have provided the Agents such certifications or documents as any Agent shall reasonably request, the Administrative Agent shall take such actions as are necessary to effect each release described in this Section 11.09 in accordance with the relevant provisions of the Collateral Documents; *provided*, *however*, that the release of any Subsidiary Guarantor from its obligations under this Agreement if such Subsidiary Guarantor becomes an Excluded Subsidiary of the type described in clause (a) of the definition thereof shall only be permitted if at the time such Subsidiary Guarantor becomes an Excluded Subsidiary of such type (1) no Default or Event of Default shall have occurred and be continuing, (2) after giving pro forma effect to such release and the consummation of the transaction that causes such Person to be an Excluded Subsidiary of such type, the Borrower is deemed to have made a new Investment in such Person (as if such Person were then newly acquired) and such Investment is permitted at such time and (3) a Responsible Officer of the Borrower certifies to the Administrative Agent compliance with preceding clauses (1) and (2); *provided*, *further,* that no such release shall occur if such Subsidiary Guarantor continues to be a guarantor in respect of any Incremental Equivalent Debt, any Refinancing Equivalent Debt, any Specified Junior Financing Obligation or any Permitted Refinancing in respect of any of the foregoing.

Subject to the immediately preceding paragraph of this Section 11.09, the Guarantees made herein shall remain in full force and effect so long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Secured Hedge Obligations) hereunder which is accrued and payable shall remain unpaid or unsatisfied.

Section 11.10 Right of Contribution.

Each Guarantor hereby agrees that to the extent that a Subsidiary Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Subsidiary Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Subsidiary Guarantor's right of contribution shall be subject to the terms and conditions of Section 11.04. The provisions of this Section 11.10 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Administrative Agent and the Lenders, and each Subsidiary Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Subsidiary Guarantor hereunder.

Section 11.11 Keepwell.

Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally, and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Guaranty in respect of any Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 11.11 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 11.11, or otherwise under this Guaranty, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 11.11 shall remain in full force and effect until the

payment in full and discharge of the Guaranteed Obligations. Each Qualified ECP Guarantor intends that this Section 11.11 constitute, and this Section 11.11 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Guarantor for all purposes of section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 11.12 Independent Obligations.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other party or the Borrower, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not action is brought against any other guarantor, any other party or the Borrower and whether or not any other guarantor, any other party or the Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to the Guarantors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BOMBARDIER RECREATIONAL PRODUCTS INC.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Chief Financial Officer

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP INC.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Chief Financial Officer

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP R&D SERVICES INC.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP US INC.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP US MANAGEMENT SERVICES, INC.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Chief Financial Officer

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP QUERETARO S.A. DE C.V.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP MEXICO S.A. DE C.V.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BRP MEXICAN DISTRIBUTION S.A. DE C.V.

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

BANK OF MONTREAL, as Administrative Agent and as a Lender

By: *(s) Richard Belzil*
Name: Richard Belzil
Title: Director

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Company's Registration Statement No. 333-227275 on Form F-10 and to the use of our report dated March 21, 2019, relating to the consolidated financial statements of BRP Inc. and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph related to the Company's change in method of accounting for revenue due to the adoption of IFRS 15 Revenue from Contracts with Customers), appearing in this Annual Report on Form 40-F of BRP Inc. for the year ended January 31, 2019.

/s/ Deloitte LLP[1]

Montréal, Canada

March 21, 2019

[1] CPA auditor, CA, public accountancy permit No. A124391

Exhibit 31.1

CERTIFICATIONS

I, José Boisjoli, certify that:

1. I have reviewed this annual report on Form 40-F of BRP Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 22, 2019

(s) José Boisjoli
Name: José Boisjoli
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Sébastien Martel, certify that:

1. I have reviewed this annual report on Form 40-F of BRP Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 22, 2019

(s) Sébastien Martel
Name: Sébastien Martel
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of BRP Inc. (the "Company") on Form 40-F for the fiscal year ended January 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, José Boisjoli, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2019

(s) José Boisjoli
Name: José Boisjoli
Title: President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of BRP Inc. (the "Company") on Form 40-F for the fiscal year ended January 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sébastien Martel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2019

(s) Sébastien Martel
Name: Sébastien Martel
Title: Chief Financial Officer