



# REMINGTON OUTDOOR COMPANY, INC.

(Exact name of company as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**870 Remington Drive**

**P.O. Box 1776**

**Madison, North Carolina 27025-1776**

(Address of principal executive offices) (Zip Code)

**(336) 548-8700**

(Company's telephone number, including area code)

**CURRENT REPORT**

**Date of Earliest Event Reported**

**March 23, 2018**

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References in this Current Report to (1) the term “Company” refers to Remington Outdoor Company, Inc. and its subsidiaries on a consolidated basis, (2) the term “ROC” refers to Remington Outdoor Company, Inc., (3) the term “FGI Holding” refers to FGI Holding Company, LLC, and (4) the term “FGI Opco” refers to FGI Operating Company, LLC.

## **Item 1.1 Entry into a Material Definitive Agreement**

### *Amendment to Restructuring Support Agreement*

Effective as of March 16, 2018, ROC and FGI Opco entered into an amendment (the “RSA Amendment”) to the Restructuring Support Agreement (as amended, supplemented or otherwise modified, the “Restructuring Support Agreement”), dated as of February 11, 2018, by and among ROC, FGI Opco, certain holders (“First Lien Term Loan Lenders”), or investment advisors or investment managers to certain First Lien Term Loan Lenders, of certain claims arising under that certain Term Loan Agreement, dated as of April 19, 2012, by and among FGI Opco, FGI Holding, the guarantors and lenders from time to time party thereto, Ankura Trust Company, LLC, as successor agent effective March 2, 2018, and the other parties thereto (as amended, modified, or supplemented from time to time), and certain holders of the Company’s 7.875% Senior Secured Notes due 2020 (“Consenting Third Lien Creditors” and, together with the First Lien Term Loan Lenders, the “Creditors”) or investment advisors or investment managers to certain Consenting Third Lien Creditors. Pursuant to the RSA Amendment, the parties further extended certain milestones contained in the Restructuring Support Agreement, including the extension to March 21, 2018 of the milestone for filing by ROC, FGI Opco and certain of their direct and indirect subsidiaries of voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

The foregoing description is only a summary of the RSA Amendment, does not include all of the terms thereof and is qualified in its entirety by reference to the RSA Amendment attached as Exhibit 1 to this Current Report.

### *Subsequent Amendment to Restructuring Support Agreement*

Effective as of March 20, 2018, ROC and FGI Opco entered into an amendment (the “Subsequent RSA Amendment”) to the Restructuring Support Agreement. Pursuant to the Subsequent RSA Amendment, the parties further extended certain milestones contained the Restructuring Support Agreement, including the extension to March 25, 2018 of the milestone for filing by ROC, FGI Opco and certain of their direct and indirect subsidiaries of voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

The foregoing description is only a summary of the Subsequent RSA Amendment, does not include all of the terms thereof and is qualified in its entirety by reference to the Subsequent RSA Amendment attached as Exhibit 2 to this Current Report.

## **Item 7.01 Disclosure of Non-Public Information**

On March 22, 2018 the Company commenced solicitation of votes for the joint prepackaged Chapter 11 plan of ROC and its affiliated debtors and debtors of possession as contemplated by the Restructuring Support Agreement. In connection with the Restructuring Support Agreement the Company entered into non-disclosure agreements with certain Creditors, or their investment advisors or investment managers, related to discussions regarding the potential restructuring of the Company’s debt. To facilitate these discussions, and pursuant to the terms of such non-disclosure agreements, certain Creditors were provided with certain non-public information, which the Company agreed to disclose (the “Disclosed Information”). Accordingly, the Company hereby furnishes the Disclosed Information:

A. Projected Cash Flow as of March 2, 2018, in Millions

	<b>3/4/18</b>	<b>3/11/18</b>	<b>3/18/18</b>	<b>3/25/18</b>	<b>4/1/18</b>	<b>4/8/18</b>	<b>4/15/18</b>	<b>4/22/18</b>	<b>4/29/18</b>	<b>5/6/18</b>	<b>5/13/18</b>
<b><u>Operating Cash Flow Before Restructuring Adjustment and Financing Adjustment</u></b>	(12.0)	(12.9)	(11.7)	(7.4)	(9.0)	(7.1)	(10.1)	(1.6)	(3.0)	(15.8)	2.2
	<b>5/20/18</b>	<b>5/27/18</b>	<b>6/3/18</b>								
	1.4	4.5	3.2								

B. 2018 Budget Forecast as of February 2018, in Millions<sup>1</sup>

	<b><u>Mar '18</u></b>	<b><u>Apr '18</u></b>	<b><u>May '18</u></b>	<b><u>Jun '18</u></b>	<b><u>Jul '18</u></b>	<b><u>Aug '18</u></b>	<b><u>Sep '18</u></b>	<b><u>Oct '18</u></b>	<b><u>Nov '18</u></b>	<b><u>Dec '18</u></b>
<b><u>Unlevered Free Cash Flow</u></b>	(51.1)	(16.6)	5.2	(24.8)	(8.6)	(10.9)	(20.9)	126.1	25.9	3.4

C. 2019-2022 Budget Forecast as of February 2018, in Millions<sup>2</sup>

	<b><u>Q1'19</u></b>	<b><u>Q2'19</u></b>	<b><u>Q3'19</u></b>	<b><u>Q4'19</u></b>	<b><u>FY'20</u></b>	<b><u>FY'21</u></b>	<b><u>FY'22</u></b>
<b><u>Unlevered Free Cash Flow</u></b>	(96.8)	(45.9)	(28.6)	187.3	58.9	71.3	82.0

1 Forecasts have been updated since provision to creditors.

2 Forecasts have been updated since provision to creditors.

D. December Year-to-Date 2017 Results (Unaudited Preliminary, in Millions) and 2018-2022 Projected Cash Flows as of February 2018, in Millions<sup>3</sup>

	<u>FY'17</u>	<u>FY'18E</u>	<u>FY'19E</u>	<u>FY'20E</u>	<u>FY'21E</u>	<u>FY'22E</u>
<u>Net Sales</u>	\$ 601.9	\$ 653.0	\$ 732.2	\$ 795.8	\$ 825.6	\$ 855.0
<u>Gross Profit</u>	123.6	121.5	170.9	211.0	225.4	240.0
<u>Adjusted EBITDA</u>	32.3	3.7	49.4	85.6	97.6	109.7
<u>Change in Working Capital</u>	3.4	(15.2)	(8.3)	2.5	3.2	1.7
<u>Unlevered Free Cash Flow</u>	(1.9)	(49.9)	15.9	58.9	71.3	82.0
<u>New ABL Facility Revolver Availability</u>		67.3 <sup>4</sup>	60.1	60.7	60.8	61.4
<u>Ending Cash</u>		35.2 <sup>5</sup>	26.1	61.1	107.9	165.3

E. Potential DIP Financing and Exit Financing Sources & Uses, Illustrative as of March 2, 2018, in Millions

<u>DIP Financing</u>			
<u>SOURCES</u>		<u>USES</u>	
<u>Estimated Cash at Filing</u>	\$ 13.7	<u>Bridge Term Loan</u>	\$ 45.0
<u>Bridge Term Loan</u>	45.0	<u>Operating Cash Need Through Emergence</u>	73.1
<u>DIP Facility (New Money Term Loan)</u>	100.0	<u>Restructuring Costs &amp; Fees</u>	22.2
		<u>Estimated Cash at Emergence</u>	18.4

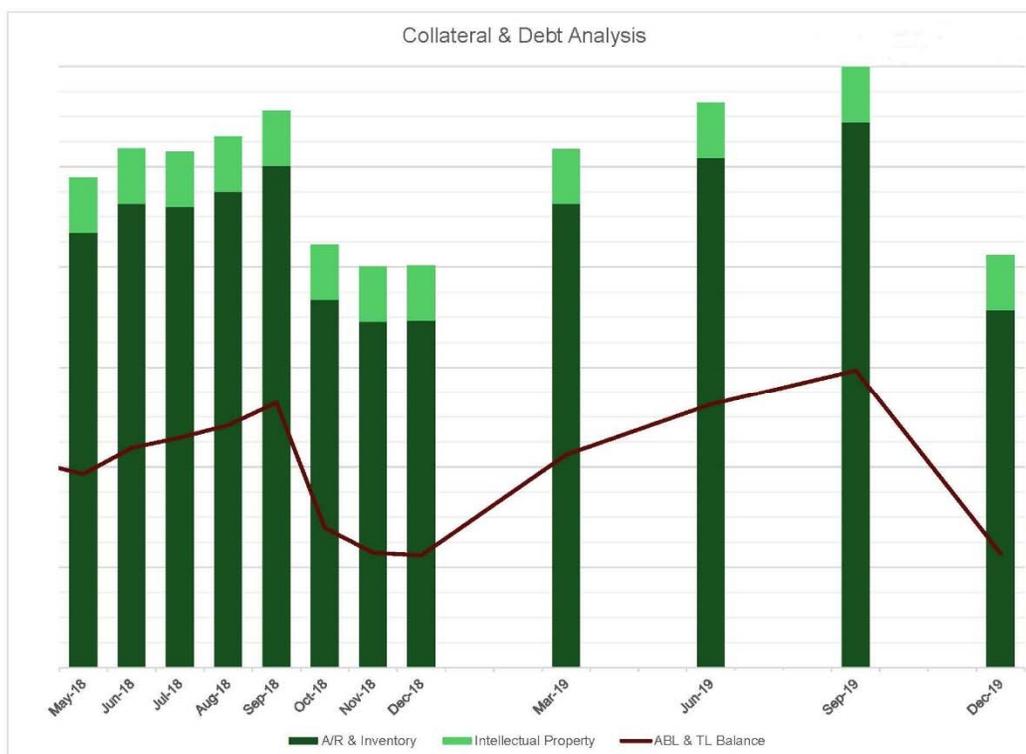
<sup>3</sup> Forecasts have been updated since provision to creditors.

<sup>4</sup> Forecast relates to 7 months ended 12/31/2018.

<sup>5</sup> Forecast relates to 7 months ended 12/31/2018.

<b>Sources and Uses at Emergence</b>			
<b>SOURCES</b>		<b>USES</b>	
<u>Estimated Cash at Emergence</u>	\$ 18.4	<u>Refinancing ABL</u>	\$104.4
<u>Exit Facility</u>	170.4	<u>Emergence Costs</u>	16.5
		<u>L/Cs</u>	10.2
		<u>E.A Blocker</u>	5.0
		<u>Excess Liquidity</u>	52.7
<b>Sources and Uses Through Q3'19</b>			
<u>Estimated Cash Post-Emergence</u>	\$ 1.9	<u>ABL Outstanding</u>	\$ 104.4
<u>Exit Facility (Borrowing Base at Liquidity Trough)</u>	225.0	<u>L/Cs</u>	10.2
		<u>E.A. Blocker</u>	5.0
		<u>Cash Burn Through Q3'19E</u>	94.2
		<u>Excess Liquidity at Q3'19E</u>	13.0

F. Collateral Debt Analysis, as of March 9, 2018



The information described above represented the Company’s best estimates as of the respective dates indicated above and has not been updated to reflect the Company’s current forecast or outlook.

Such Disclosed Information and other information that will be posted on the Company’s website was or will be prepared based on expectations, beliefs, opinions, and assumptions of the Company’s management at the time such Disclosed Information or other information was or will be prepared. Disclosed Information and other information that will be posted on the Company’s website that is not historical information: is forward-looking, speculative and subjective in nature and was based upon expectations, beliefs, opinions, and assumptions, which are inherently uncertain and include factors that are beyond the control of the Company and may not prove to be accurate; does not necessarily reflect current expectations, beliefs, opinions, or assumptions that the management of the Company may have about the prospects for its businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur or that was not anticipated at the time such Disclosed Information or other information was prepared; may not reflect current results or future performance, which may be significantly more favorable or less favorable than projected by such Disclosed Information or other information; and is not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the forecasts will be achieved. Except as required by applicable law, the Company undertakes no obligation to correct or update any of its forward-looking or other statements included in the Disclosed Information or that may be posted on the Company’s website, whether as a result of new information, future events, or otherwise.

The Company has entered into commitment letters with various lenders with respect to (i) a \$145 million debtor-in-possession credit facility, \$45 million of which will convert into 17.5% of the equity of the reorganized company and the remaining balance which will convert into a four year \$100 million term exit facility, and (ii) a \$193 million revolving senior secured superiority debtor-in-possession facility, which will convert into a three year \$193 million asset based exit facility. In addition to such commitment letter, the Company has negotiated a term sheet with certain lenders with respect a three year \$55 million first in, last out exit facility.

The Creditors have negotiated a term sheet with respect to the governance of ROC post-emergence from bankruptcy proceedings. The Company was not a party to the negotiations. Such term sheet is attached as Exhibit 3 to this Current Report.

#### **Item 9.01 Exhibits**

<u>Number</u>	<u>Description of Document</u>
1.	RSA Amendment
2.	Subsequent RSA Amendment
3.	Governance Term Sheet

**FOURTH AMENDMENT TO  
RESTRUCTURING SUPPORT AGREEMENT**

This Fourth Amendment to Restructuring Support Agreement (this “*Amendment*”), effective as of March 16, 2018, to that certain Restructuring Support Agreement, dated as of February 11, 2018 (as amended, supplemented or otherwise modified, and together with all exhibits thereto, the “*Restructuring Support Agreement*”), by and among (i) Remington Outdoor Company, Inc. (“*ROC*”), (ii) FGI Operating Company, LLC (together with ROC and their direct and indirect subsidiaries, the “*Company*”), and (iii) the creditors party thereto, each of which is a holder of, or an investment advisor or an investment manager to a holder or holders of Term Loan Claims (as defined in the Restructuring Support Agreement) (the “*Consenting Term Loan Creditors*”) or Third Lien Notes Claims (as defined in the Restructuring Support Agreement) (together with the Company and the Consenting Term Loan Creditors, the “*Parties*” and each a “*Party*”) is entered into by each Party. All capitalized terms not defined herein shall have the meanings ascribed to them in the Restructuring Support Agreement.

WHEREAS, the Parties desire to amend the Restructuring Support Agreement to modify certain Milestones; and

WHEREAS, pursuant to Section 13 of the Restructuring Support Agreement, the Parties may amend the Restructuring Support Agreement in a writing signed by the Company and the Requisite Consenting Creditors.

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

**AGREEMENT**

1. **Amendment to the Restructuring Support Agreement.**
  - (a) Section (6)(a)(i) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 20, 2018, unless prior thereto the Company has commenced solicitation of the Plan;”
  - (b) Section (6)(a)(ii) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 21, 2018, unless prior thereto the Chapter 11 Cases have been commenced;” and
  - (c) Section (6)(a)(iii) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 22, 2018, unless prior thereto the Company has filed the Plan, the Disclosure Statement, and the Disclosure Statement Motion, each in form and substance reasonably satisfactory to the Requisite Consenting Creditors”.

2. **Ratification.** Except as specifically provided for in this Amendment, no changes, amendments, or other modifications have been made on or prior to the date hereof or are being made to the terms of the Restructuring Support Agreement or the rights and obligations of the Parties thereunder, all of which such terms are hereby ratified and confirmed and remain in full force and effect.

3. **Headings.** The headings of the sections, paragraphs and subsections of this Amendment are inserted for convenience only and shall not affect the interpretation hereof.

4. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument and the counterparts may be delivered by email in a portable document format (.pdf).

*[Signatures follow.]*

**FIFTH AMENDMENT TO  
RESTRUCTURING SUPPORT AGREEMENT**

This Fifth Amendment to Restructuring Support Agreement (this “*Amendment*”), effective as of March 20, 2018, to that certain Restructuring Support Agreement, dated as of February 11, 2018 (as amended, supplemented or otherwise modified, and together with all exhibits thereto, the “*Restructuring Support Agreement*”), by and among (i) Remington Outdoor Company, Inc. (“*ROC*”), (ii) FGI Operating Company, LLC (together with ROC and their direct and indirect subsidiaries, the “*Company*”), and (iii) the creditors party thereto, each of which is a holder of, or an investment advisor or an investment manager to a holder or holders of Term Loan Claims (as defined in the Restructuring Support Agreement) (the “*Consenting Term Loan Creditors*”) or Third Lien Notes Claims (as defined in the Restructuring Support Agreement) (together with the Company and the Consenting Term Loan Creditors, the “*Parties*” and each a “*Party*”) is entered into by each Party. All capitalized terms not defined herein shall have the meanings ascribed to them in the Restructuring Support Agreement.

WHEREAS, the Parties desire to amend the Restructuring Support Agreement to modify certain Milestones; and

WHEREAS, pursuant to Section 13 of the Restructuring Support Agreement, the Parties may amend the Restructuring Support Agreement in a writing signed by the Company and the Requisite Consenting Creditors.

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

**AGREEMENT**

1. **Amendment to the Restructuring Support Agreement.**
  - (a) Section (6)(a)(i) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 22, 2018, unless prior thereto the Company has commenced solicitation of the Plan;”
  - (b) Section (6)(a)(ii) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 25, 2018, unless prior thereto the Chapter 11 Cases have been commenced;” and
  - (c) Section (6)(a)(iii) of the Restructuring Support Agreement is hereby deleted and replaced in its entirety with the following:

“11:59 p.m. (prevailing Eastern Time) on March 26, 2018, unless prior thereto the Company has filed the Plan, the Disclosure Statement, and the Disclosure Statement Motion, each in form and substance reasonably satisfactory to the Requisite Consenting Creditors”.

2. **Ratification.** Except as specifically provided for in this Amendment, no changes, amendments, or other modifications have been made on or prior to the date hereof or are being made to the terms of the Restructuring Support Agreement or the rights and obligations of the Parties thereunder, all of which such terms are hereby ratified and confirmed and remain in full force and effect.

3. **Headings.** The headings of the sections, paragraphs and subsections of this Amendment are inserted for convenience only and shall not affect the interpretation hereof.

4. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument and the counterparts may be delivered by email in a portable document format (.pdf).

*[Signatures follow.]*

**REMINGTON OUTDOOR COMPANY, INC.  
CORPORATE GOVERNANCE TERM SHEET**

This Term Sheet describes the proposed material corporate governance terms of the restructuring of Remington Outdoor Company, Inc. and its subsidiaries. This Term Sheet does not include a description of all terms, conditions and other provisions that are to be contained in the definitive documentation. All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement.

**GENERAL**

<b>Surviving Parent Entity</b>	Remington Outdoor Company, Inc. (the “Company”)
<b>Entity Type</b>	Corporation
<b>State of Incorporation</b>	Delaware
<b>Public v. Private</b>	Private
<b>Organizational Structure</b>	Subject to due diligence, certain subsidiaries may be formed, dissolved or merged out of existence, as applicable, to streamline the Company’s organizational structure.

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

<b>General</b>	The Company’s Certificate of Incorporation will be amended and restated, as necessary, to include standard provisions for a privately-held, multi-stockholder corporation. Certain specifics are listed below.
<b>Capital Stock</b>	Authorized classes of stock: common stock, par value \$0.01 per share; and preferred stock (blank check), par value \$0.01 per share.  Authorized shares of stock: [TBD]
<b>Supermajority Vote Provisions</b>	Consent of the holders of at least 66-2/3% of total voting power of the issued and outstanding common stock entitled to vote is required to approve: <ul style="list-style-type: none"> <li>▪ Amendments of Certificate of Incorporation and Bylaws, provided that any amendments affecting a board member’s indemnification rights and the director and board observer appointment rights will require the written consent of the applicable stockholder appointing such director or observer, as applicable;</li> <li>▪ Change of control transactions (limited to mergers, consolidations, and sales of all or substantially all assets); and</li> <li>▪ Liquidation, winding up or dissolution of the Company.</li> </ul>
<b>Preemptive Rights</b>	Each stockholder that, collectively with its affiliates, owns 5% or more of the Company’s issued and outstanding common stock will be entitled to customary pro rata preemptive rights (with no right to reallocation for unsubscribed shares) with respect to the first \$75 million of equity issuances post-emergence; <i>provided</i> , that, the Company may be permitted to issue additional shares to third parties without first offering preemptive rights to the applicable stockholders to the extent such

	rights are offered promptly following such issuance.  Upon a qualified IPO, preemptive rights will terminate.
<b>Stockholder Action by Written Consent</b>	Not allowed. Stockholder actions must be taken at a duly noticed and called stockholder meeting.
<b>Mandatory Distribution</b>	Subject to compliance with applicable law and after the satisfaction of all of the Company's liabilities (including any outstanding indebtedness), upon (i) the liquidation, dissolution or winding up of the Company, either voluntary or involuntary, (ii) any change of control of FGI Holding Company, LLC ("HoldCo") or FGI Operating Company, LLC ("OpCo") or (ii) any sale, transfer or license of all or substantially all of the assets of the Company, HoldCo or OpCo to any person, the Company will promptly distribute the net proceeds that it receives from such liquidation, dissolution, winding up, change of control, sale, transfer or license, as applicable, to the stockholders of the Company.
<b>Indemnification and Limitation on Director Liability</b>	Indemnification and limitation on liability of directors provided to the fullest extent permitted by Delaware law.
<b>Amendments to Certificate of Incorporation</b>	Only by an affirmative vote of at least 66-2/3% of the total voting power of the issued and outstanding stock entitled to vote.
<b>Waiver of Corporate Opportunities</b>	Yes.
<b>DGCL §203 Election</b>	The Company will opt out of DGCL §203.
<b>Exclusive Forum</b>	The Certificate of Incorporation will include an exclusive forum clause for the Court of Chancery of the State of Delaware.
<b>AMENDED AND RESTATED BYLAWS</b>	
<b>General</b>	The Company's Bylaws will be amended and restated, as necessary, to include standard provisions for a privately-held, multi-stockholder corporation. Certain specifics are listed below.
<b>Board of Directors</b>	The Board of Directors (the "Board") will consist of two or more members, with the size of the board to be determined by resolution of the Board of Directors.  Non-classified board.  Removal of directors ("with cause" or "without cause") by at least 66-2/3% of the total voting power of the issued and outstanding stock entitled to vote; <i>provided, however</i> , that directors appointed pursuant to the director appointment rights may be removed (a) by the appointing stockholder at any time and for any reason and (b) only "with cause" in all other instances and appointing stockholder retains right to appoint replacement.  The majority of the directors must be independent.
<b>Stockholder Nominations for Board of Directors</b>	Stockholders must provide director nominees for consideration by the Company's Nominating and Governance Committee with advanced notice, including specified information for the Company's consideration.

	No proxy access.
<b>Committees of the Board of Directors</b>	<p><i>Audit Committee.</i> Three members, made up of all independent directors, with two initial members appointed by the Consenting Term Loan Creditors and one initial member appointed by the Consenting Third Lien Creditors.</p> <p><i>Compensation Committee.</i> Three members, made up of a majority of independent directors, with two initial members appointed by the Consenting Term Loan Creditors and one initial member appointed by the Consenting Third Lien Creditors.</p> <p><i>Nominating and Governance Committee.</i> Three members, made up of a majority of independent directors, with two initial members appointed by the Consenting Term Loan Creditors and one initial member appointed by the Consenting Third Lien Creditors.</p>
<b>Voting</b>	<p>Directors to be elected by plurality of votes cast.</p> <p>Except for actions requiring a Supermajority Vote as set forth above, all other matters subject to stockholder vote to be determined by a majority of the total voting power of the issued and outstanding common stock entitled to vote.</p> <p>Cumulative voting not permitted.</p>
<b>Stockholder Special Meetings</b>	Stockholder meetings may be called only by the Board of Directors, the Chairman of the Board or holders of more than 50% of the total voting power of the issued and outstanding stock entitled to vote.
<b>Information Rights/Financial Reporting Requirements</b>	<p>Audited financials, business description and MD&amp;A within 90 days of fiscal year end, unaudited financials and MD&amp;A within 45 days of each fiscal quarter end and abbreviated current reports (triggers generally consistent with Form 8-K but limited to material events and excluding Items 3.02 and 5.07) as needed, in each case posted to a public<sup>1</sup> website.</p> <p>Commercially reasonable efforts to hold a quarterly public conference call regarding earnings.</p>
<b>STOCKHOLDERS AGREEMENT</b>	
<b>Board Composition</b>	<p>Initial Board: Upon emergence, the board will initially consist of seven (7) directors, as follows:</p> <ul style="list-style-type: none"> <li>▪ The Company’s CEO (who will not be the Chairman);</li> <li>▪ Four (4) directors appointed by the Consenting Term Loan Creditors (one of whom will be the Chairman), three of whom must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act; and</li> <li>▪ Two (2) directors appointed by the Consenting Third Lien Creditors, each of whom must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act.</li> </ul>

<sup>1</sup> To be determined whether the website and conference call will be public or provided in password-protected/confidential setting.

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Ongoing Board: As elected by the stockholders; *provided, however*, that:

- the Company's then-CEO at any time will serve as a director;
- one of the Consenting Term Loan Creditors and its affiliates ("CTLC #1") will have the right to appoint (a) three (3) directors, two of whom must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as CTLC #1 owns less than 50% of the issued and outstanding common stock that CTLC #1 held as of emergence, (b) two (2) directors, each of whom must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as CTLC #1 owns less than 25% of the issued and outstanding common stock that CTLC #1 held as of emergence, and (c) one (1) director, who must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as CTLC #1 owns less than 10% of the issued and outstanding common stock that CTLC #1 held as of emergence;
- another of the Consenting Term Loan Creditors, as a Consenting Term Loan Creditor ("CTLC #2"), will have the right to appoint one (1) director, who must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as CTLC #2 owns less than 50% of the issued and outstanding common stock that CTLC #2 held as of emergence; and
- the Consenting Third Lien Creditors will have the right, by vote of a majority of the issued and outstanding common stock held by the Consenting Third Lien Creditors, to appoint (a) two (2) directors, each of whom must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as the Consenting Third Lien Creditors own less than 50% of the issued and outstanding common stock that the Consenting Third Lien Creditors held as of emergence and (b) one (1) director, who must meet the independence requirements of the NYSE and Rule 10A-3 under the 1934 Act, until such time as the Consenting Third Lien Creditors own less than 25% of the issued and outstanding common stock that the Consenting Third Lien Creditors held as of emergence.

Upon a qualified IPO, director appointment rights will convert to director nomination rights.

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**Board Observers**

Each of (i) CTLC #1, (ii) CTLC #2, and (iii) the Consenting Third Lien Creditors (as a group) will have the right to appoint one (1) board observer each. Such observer will be entitled to observe meetings of the board and its committees and will receive invitations, and materials relating, to such meetings simultaneously with members of the board or such committees (as applicable); *provided, however*, that the Board may, in its sole discretion, (i) take all reasonable actions to maintain the integrity of attorney-client privileged communications, including, if necessary, limiting or prohibiting any observer's attendance at all or any portion of meetings of the Board and its committees where attorney-client privileged communications will be discussed or (ii) restrict any observer's access to attorney-client privileged communications. Observers may not attend or receive any materials relating to any (i) "executive session" of the Board or its committees or (ii) any meeting where either the Board or its committees has determined, in its sole discretion, that such observer has a conflict of interest.

The right to appoint a board observer will terminate upon the applicable stockholder

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	no longer having the right to appoint one or more directors to the Board.
<b>Expenses</b>	The Company will pay the reasonable out-of-pocket expenses (including travel and lodging) incurred by each director and each board observer in connection with attending (i) in-person meetings of the Board and the committees thereof and (ii) any other in-person meetings or performing any other activities at the request of the Board.
<b>No Pledges</b>	Unless approved by the Board of Directors, including at least one director appointed by the Consenting Third Lien Creditors (during such period that the Consenting Third Lien Creditors have the right to appoint one or more directors), the Company, HoldCo, OpCo and any other intermediate entity between OpCo and the Company will not transfer to a third party, pledge or otherwise encumber the capital stock of Holdco, OpCo or any other such intermediate entity between OpCo and the Company.
<b>Transfer Restrictions</b>	None other than as required by applicable securities law; <i>provided</i> , that, other than with respect to rights granted pursuant to the Registration Rights Agreement, transfers will be prohibited to the extent it will cause the Company to become subject to the registration and reporting requirements under the securities laws.  The Company will appoint a transfer agent.
<b>Drag-Along Rights</b>	None.
<b>Tag-Along Rights</b>	For the first 12 months after emergence, each Consenting Third Lien Creditor and each Consenting Term Loan Creditor that, collectively with its respective affiliates, at the relevant time, owns 5% or more of the Company's issued and outstanding common stock will be entitled to customary tag-along rights with respect to any proposed transfer or series of related transfers of 20% or more of the Company's issued and outstanding common stock.

#### ***OTHER CORPORATE GOVERNANCE MATTERS***

<b>Indemnification Matters</b>	Each director and executive officer will be provided a customary indemnification agreement between the Company and such director or executive officer, as applicable, in form reasonably acceptable to such director.  The Company will maintain adequate D&O insurance, as determined in the sole discretion of the Board.
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<b>Registration Rights Agreement</b>	<p>Registration rights will be granted only to any stockholder that, collectively with its affiliates, owns 10% or more of the outstanding common stock and any stockholder who, other than solely as a result of holding common stock, is an affiliate of the Company. Registration rights may only be exercised after the date that is three years after emergence.</p> <p>Up to three demand registrations, subject to minimum thresholds.</p> <p>Up to three S-3 shelf registrations, subject to minimum thresholds.</p> <p>Unlimited piggyback rights granted, subject to customary underwriter cutbacks.</p> <p>Requesting stockholder selects underwriter, with reasonable consent of the Company.</p>
<b>Poison Pill</b>	None.
<b>Related Party Transaction Policy</b>	Yes, including that affiliate transactions must be approved by a majority of the disinterested directors.
<b>Ownership Aggregation</b>	The holdings of common stock among affiliates, including two or more accounts managed by the same or affiliated asset managers, will be aggregated for purposes of determining whether a requisite ownership threshold is achieved; <i>provided, however</i> , that CTLC #2's holdings as a Consenting Term Loan Creditor and as a Consenting Third Lien Creditor will not be aggregated.

### ***OTHER MATTERS***

<b>Management Incentive Plan<sup>2</sup></b>	As part of the Plan, the Company will adopt a new incentive plan covering [TBD]% of the Company's issued and outstanding common stock on fully-diluted basis (after conversion of all convertible securities and exercise of warrant and options). No awards will be granted under the incentive plan on or prior to the Effective Date. The Board will have discretion to grant awards under the incentive plan after the Effective Date.
<b>Employment and Employee Benefits Arrangements<sup>3</sup></b>	<p>The Company will assume the existing employment agreement with [TBD] and will assume the existing confidentiality and non-competition agreements (or enter into market-based alternatives) with the other employees.</p> <p>[The Company will assume the existing bonus and other incentive (other than existing equity awards), retention, severance, retirement, deferred compensation, health and welfare, and other compensation and benefit plans, programs, policies, agreements and arrangements.]</p>

[Remainder of page intentionally left blank.]

<sup>2</sup> Subject to review of the proposed incentive plan by creditor groups.

<sup>3</sup> Subject to review of the existing agreements by creditor groups.