Confidential Submission No. 3 submitted on May 13, 2016
pursuant to the Jumpstart Our Business Startups Act of 2012.
This draft registration statement has not been publicly filed with the Securities and Exchange Commission
and all information herein remains strictly confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT

Under
The Securities Act of 1933

PetIQ, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**5122**	**35-2554312**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification No.)**

500 E. Shore Drive, Suite 120
Eagle, Idaho 83616
208-939-8900

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

McCord Christensen
Chief Executive Officer
PetIQ, Inc.
500 E. Shore Drive, Suite 120
Eagle, Idaho 83616
208-939-8900

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

Please send copies of all communications to:

James J. Junewicz, Esq.	**Christopher D. Lueking, Esq.**
Winston & Strawn LLP	**Latham & Watkins LLP**
35 West Wacker Drive	**330 North Wabash Avenue, Suite 2800**
Chicago, Illinois 60601	**Chicago, Illinois 60611**
(312) 558-5600	**(312) 876-7700**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1][2]	Amount of Registration Fee
Class A common stock, $0.001 par value per share	$	$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes shares of Class A common stock subject to the underwriters' option to purchase additional shares of Class A common stock.

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

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

Subject to completion, dated May 13, 2016

PROSPECTUS

Shares

PetIQ, Inc.

CLASS A COMMON STOCK

This is an initial public offering of shares of Class A common stock of PetIQ, Inc. We are offering shares of our Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. We anticipate that the initial public offering price will be between $ and $ per share. We have applied to list our Class A common stock on the NASDAQ Global Market under the symbol "PETQ."

Investing in our Class A common stock involves substantial risk. See "Risk Factors" beginning on page 18 of this prospectus.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to us, before expenses	$	$

(1) We have agreed to reimburse the underwriters for certain expenses. See "Underwriting."

Delivery of the shares of Class A common stock is expected to be made on or about , 2016.

We have granted the underwriters a 30-day option to purchase up to an additional shares of Class A common stock at the initial public offering price less underwriting discounts and commissions.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and will be eligible for reduced public company reporting requirements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Baird William Blair

, 2016

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. Neither we nor the underwriters have authorized anyone to provide you with different information. We and the underwriters are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our Class A common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States. See “Underwriting.”

BASIS OF PRESENTATION

In connection with the closing of this offering, we will effect certain organizational transactions. Unless otherwise stated or the context otherwise requires, all information in this prospectus reflects the consummation of the organizational transactions, which we refer to collectively as the "Transactions," and this offering. See "The Transactions" for a description of the Transactions and a diagram depicting our organizational structure after giving effect to the Transactions and this offering.

As used in this prospectus, unless the context otherwise requires, references to:

- "we," "us," "our," the "Company," "PetIQ" and similar references refer: (i) following the consummation of the Transactions and this offering, to PetIQ, Inc., a Delaware corporation, and, unless otherwise stated, all of its subsidiaries, including PetIQ Holdings, LLC, a Delaware limited liability company, which we refer to as "HoldCo," and PetIQ, LLC, an Idaho limited liability company, which we refer to as "OpCo," and, unless otherwise stated, all of its subsidiaries and (ii) on or prior to the completion of the Transactions and this offering, to HoldCo and, unless otherwise stated, all of its subsidiaries.
- "Certain Sponsors" refer to, collectively, Eos Capital Partners IV, L.P., Eos Partners, L.P. and Highland Consumer Partners Management Company LLC, which prior to the Transactions are the owners of the Sponsor Corps and will contribute the Sponsor Corps to us in exchange for Class A common stock and certain preference notes (the "Preference Notes") in connection with the consummation of this offering.
- "Sponsor Corps" refer to, collectively, ECP IV TS Investor Co., Eos TS Investor Co. and HCP—TS Blocker Corp, each an owner of HoldCo prior to the Transactions that will become our wholly owned subsidiary after giving effect to the Transactions.
- "Continuing LLC Owners" refer to those owners of HoldCo prior to the Transactions who will exchange certain LLC Interests for the Preference Notes, continue to own LLC Interests after the Transactions and who may, following the consummation of this offering, exchange their LLC Interests for shares of our Class A common stock as described in "Certain Relationships and Related Party Transactions—HoldCo Agreement."
- "LLC Interests" refer to the single class of newly issued common membership interests of HoldCo.

PetIQ is a holding company and will be the sole managing member of HoldCo. HoldCo is a holding company and the sole member of OpCo and has no operations and no assets other than the equity interests of OpCo. Upon the completion of this offering and the application of proceeds therefrom, PetIQ's principal asset will be LLC Interests of HoldCo held directly and indirectly. OpCo is the predecessor of the issuer, PetIQ, for financial reporting purposes. PetIQ will be the audited financial reporting entity following this offering. Accordingly, this prospectus contains the following historical financial statements:

- *PetIQ.* Other than the inception balance sheet, dated as of February 29, 2016, the historical financial information of PetIQ has not been included in this prospectus as it is a newly incorporated entity, has no business transactions or activities to date and had no assets or liabilities during the periods presented in this prospectus.
- *OpCo.* As we will have no other interest in any operations other than those of OpCo and its subsidiaries, the historical consolidated financial information included in this prospectus is that of OpCo and its subsidiaries.

The unaudited pro forma financial information of PetIQ presented in this prospectus has been derived by the application of pro forma adjustments to the historical consolidated financial statements of OpCo and its subsidiaries included elsewhere in this prospectus. These pro forma adjustments give effect to the Transactions

as described in "The Transactions," including the completion of this offering, as if all such transactions had occurred on January 1, 2015, in the case of the unaudited pro forma consolidated statement of operations data, and as of December 31, 2015, in the case of the unaudited pro forma consolidated balance sheet. See "Unaudited Pro Forma Consolidated Financial Information" for a complete description of the adjustments and assumptions underlying the pro forma financial information included in this prospectus.

TRADEMARKS

This prospectus includes our trademarks, trade names and service marks, such as "*PetAction Plus*," "*VetIQ*," "*PetIQ*," "*Heart Shield Plus*," "*Minties*," "*Advecta II*," "*TruProfen*," "*PetLock Plus*," "*Delightibles*" and "*Betsy Farms*," which are protected under applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, ™ or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources (including industry publications, surveys and forecasts) and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets which we believe to be reasonable. Although we believe the data from these third-party sources is reliable, we have not independently verified any third-party information. The Company's statement that it is the industry leader in bringing a broad portfolio of Rx and veterinarian-recommended OTC pet medications to national retail stores is based upon the Company's first-hand experience in the pet medication market as a vendor of pet medications to national retail stores. As a result of its relationship with such national retail stores, the Company knows that no other vendors supply the same breadth of both Rx and OTC medications and wellness products as the Company to such national retailers. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our Class A common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included elsewhere in this prospectus. You should also consider, among other things, the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case appearing elsewhere in this prospectus.

Our Company

PetIQ is a rapidly growing pet medication and wellness company and the industry leader in bringing a broad portfolio of prescription ("Rx") and veterinarian-recommended over-the-counter ("OTC") pet medications to national retail stores. Formed in 2010, PetIQ is one of the first companies to deliver premium quality pet Rx medications, OTC medications and wellness products at a significantly greater value to both pet owners and retail partners. PetIQ's mission is to deliver pet owners a pipeline of innovative products that combine leading technology with affordability, choice and convenience.

We have successfully introduced our products across consumer retail channels including mass, food and drug, club, pet specialty, pharmacies and, recently, e-commerce. We provide retail stores leading third-party brands previously available only from veterinarians ("distributed products"), thus enabling pet owners to buy these products at typically 20% to 30% savings compared to the prices charged by veterinarians. We also provide our retail partners a portfolio of our own proprietary value-branded products, with the same active ingredients, that offer consumers savings of up to 50%. We believe our proprietary value-branded products offer consumers outstanding value and these products complement the products we distribute to our retail partners. Our distributed products allow us to magnify consumer savings and value when they are merchandised next to our proprietary value-branded offerings. We began e-commerce sales in December 2015 through Amazon and expect our e-commerce sales to grow significantly in the future.

Our broad product portfolio spans the most popular health categories for dogs and cats:

- *Rx Medications*: includes heartworm preventatives such as *Heartgard Plus®*, arthritis treatments such as *Rimadyl®* and heart disease treatments such as *Vetmedin®*; and our proprietary value-branded products such as heartworm preventative *Heart Shield Plus* and arthritis treatment *TruProfen*.
- *OTC Medications and Supplies*: includes flea and tick control products such as *Frontline Plus®* and *K9 Advantix® II*; and our proprietary value-branded flea and tick control products such as *PetAction Plus*, *PetLock Plus* and *Advecta II*.
- *Wellness Products*: includes multiple lines of our proprietary value-branded vitamins, treats, nutritional supplements, hygiene products and supplies under the *Delightibles*, *Betsy Farms*, *Vera* and *VetIQ* brand names.

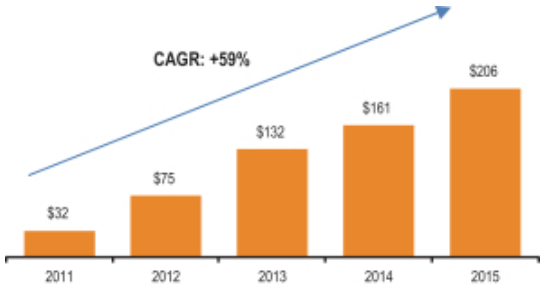
Our network of retailers includes Wal-Mart, Sam's Club, Costco, Petco, PetSmart, Kroger, Target, BJ's Wholesale Club and Amazon, among others, and more than 30,000 retail pharmacy locations, including chains such as Rite Aid. We market products under multiple brands to address channel-specific requirements, including product differentiation amongst our retail partners. We believe our product offerings provide retailers with a comprehensive category solution and offer consumers newfound choice and convenience when purchasing pet medications and wellness products.

Industry trends suggest that pet owners, seeking savings and convenience when purchasing pet medications, are increasingly migrating from veterinarians' offices to the retail channels we serve. Although the majority of the estimated $7.0 billion U.S. pet owners spend annually on pet medications for dogs and cats is spent in the veterinary channel, the estimated percent of total pet medications sold by veterinarians decreased from 63% to 59% from 2011 to 2015. We believe that the market share historically enjoyed by veterinarians will continue to decline—and ours will increase—as a result of the price savings and convenience that our product offerings provide. We are well positioned to capitalize on this trend as we currently serve the vast majority of leading retailers' locations.

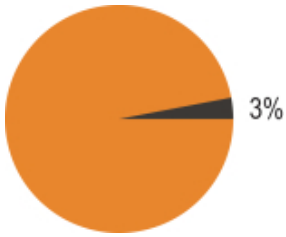
We are well positioned to rapidly develop, manufacture and introduce innovative new products to retailers and consumers. Our current pipeline of products results from a combination of in-house specialists and third-party consultants with insights and skills in market analysis, product development, packaging, marketing and industry regulations. These internal and external resources enable us to expand our portfolio of proprietary value-branded products and develop next-generation versions of our existing pet products. We have found that our retail expertise and strong market position makes us an attractive partner for scientists and entrepreneurs developing new products in the pet health and wellness field. A combination of our internal expertise and industry leading relationships have produced several of our top selling products and brands, including *VetIQ*, *PetLock Plus*, *PetAction Plus* and *TruProfen*.

Our success is reflected in the strong growth we have delivered to date. Our net sales increased from $32 million in 2011 to $206 million in 2015, representing a compound annual growth rate ("CAGR") of 59%. PetIQ currently has an estimated 3% market share of the U.S. retail pet medications market, indicating significant opportunity for strong future growth with small incremental market share gains.

PetIQ Net Sales ($ millions)



PetIQ Estimated Share of 2015 U.S. Retail Market for Pet Medications for Dogs and Cats(1)



(1) Includes sales in retail channels and the veterinarian channel.

Our Industry

Attractive Industry Growth Rates. In 2014, approximately 63 million U.S. households (51% of total U.S. households) owned a dog or a cat, according to Packaged Facts. According to the American Pet Products Association (the "APPA"), Americans spent $58.0 billion on pet products and services in 2014, more than double their 2001 spending of $28.5 billion. U.S. retail sales of pet medications for dogs and cats have grown from $5.8 billion in 2011 to an estimated $7.0 billion in 2015 and are estimated to reach $8.9 billion by 2019, representing a CAGR of 6% between 2015 and 2019, according to Packaged Facts. Additionally, our innovative pet treats compete in the U.S. dog and cat treat market, which has grown every year since 2010, was $4.5 billion in 2015

and is estimated to reach $6.0 billion of retail sales by 2020, representing a CAGR of 6.4%, according to Euromonitor International.

Key Industry Trends. We believe the following trends are driving sustainable growth in the pet industry:

- *Pet Humanization:* According to Packaged Facts, in the United States, an estimated 87% of dog owners and 82% of cat owners view their pets as family members. As pets are increasingly viewed as companions, friends and family members, pet owners are being transformed into "pet parents" with a strong affinity for spending disposable income to meet all of their pets' needs during all economic cycles.
- *Increasing Consumer Focus on Pet Health and Wellness:* Consumers are exhibiting greater interest in improved health for their pets and, as a result, are increasing their purchases of pet products and supplies focused on their pet's health and wellness.
- *Increasing Pet Age and Incidents of Pet Disease:* Pets are living longer and, as a result, have increasing medication needs. The American Veterinary Medical Association ("AVMA") reports the percentage of households owning dogs aged six and older rose from 42% in 1987 to 48% in 2011, with comparable figures rising from 29% to 50% for cats. Chronic pet disease is increasingly prevalent in dogs and cats. In 2014, it was reported that more than 50% of dogs and cats are overweight and approximately 75% of older dogs and predisposed breeds have heart disease.
- *Rising Pet Ownership:* From 2008 to 2014, the percentage of U.S. households with dogs or cats (or both) increased from 49.7% to 51.1%, according to Packaged Facts. Based on the 2010 Census, more U.S. households today have pets than have children, which we believe to be a result of demographic shifts and changing attitudes toward pets that are highly beneficial for us.
- *Migration to Retail:* We believe the market for pet medication and wellness products in the retail channel is likely to outpace growth in the broader pet industry. In 2015, approximately 59% of pet medications were sold through the veterinary channel, indicating a large opportunity for retail growth. This migration away from the veterinary channel has already begun as the estimated veterinarian share of the U.S. pet medication industry declined from 63% in 2011 to 59% in 2015 while the estimated retail channel share increased from 12% to 21% over the same period.

  We believe that migration will continue in the future because of the significant cost savings that retail channels can deliver. For example, according to a recent PetIQ survey, a prominent branded flea and tick product, which is sold without a prescription, has an average selling price of $58.85 per box when purchased from a veterinarian's office, but only $38.95 per box at retail. Moreover, our own proprietary value-branded flea and tick product, which has the same active ingredients as the branded product sold by veterinarians, is $19.66 per box, far less expensive than the price charged by veterinarians. We believe sales of pet medications will continue to grow in the retail channel as more consumers become aware of the available cost savings.

Fairness to Pet Owners Act of 2015. We believe that, if enacted, the Fairness to Pet Owners Act of 2015 ("FTPOA"), now pending before Congress, has the potential to accelerate the migration of pet medications to the retail channel. Many pet medications cannot be purchased without a prescription signed by a veterinarian, but in most states veterinarians, unlike physicians treating humans, are not required to give pet owners a prescription that they can fill in retail channels. In May 2015, the United States Federal Trade Commission ("FTC") published a report titled "Competition in the Pet Medications Industry," which concluded that giving consumers prescriptions on demand would likely increase competition. The FTPOA would guarantee that pet owners would receive a copy of their pets' prescriptions without having to ask, pay a prescription release fee or sign a liability waiver. Because a

pet prescription is required to purchase many of our pet medications, we believe that the FTPOA, if enacted, would significantly boost retail sales of pet medications and our net sales and profits. For example, 67% of prescription heartworm medications purchased by dog owners are purchased from veterinarians, according to Packaged Facts. We believe automatic receipt of portable prescriptions will enable pet owners to fill prescription medications in the retail channel at discounts comparable to those of pet OTC medications at retail. Illustrative is the enactment in 2003 of the Fairness to Contact Lens Consumers Act, which requires eye care professionals to give consumers contact lens prescriptions that can be filled through many of the same retail channels. As a result of this statute, upon which the FTPOA was modeled, contact lens users are no longer required to buy contact lenses from the eye care professionals who write their prescriptions and now purchase a significant amount of contact lenses online and at retail outlets for prices far less than the prices formerly charged by the eye care professionals when they were the sole source of supply. Since 2003, the contact lens industry has more than doubled in size primarily as a result of more customers entering the market due to lower prices and previous customers replacing their lenses more often. The FTPOA, if enacted, similarly has the potential to spark significant growth in the market for pet medications as more pet owners will be able to afford veterinarian-recommended products.

Our Competitive Strengths

The following strengths form the foundation for our future growth:

Leader in, and Category Creator of, the Rx and OTC Pet Medications Market in the Retail Channel. PetIQ is the leading provider of a broad portfolio of veterinarian-recommended pet Rx medications and OTC flea and tick medications sold in national retail stores. Previously, most veterinarian-recommended flea and tick products were not sold in national retail stores. The category grew significantly after PetIQ brought leading veterinary brands to the national retail sector. We believe that through our development, manufacturing and distribution capabilities, we have enabled retailers to enter and grow the market for high quality pet medications. Packaged Facts predicts that pet medications will be one of the highest growth areas of pet products at retail during the next decade, as retailers of human medications increasingly add animal medications to their product offerings. We believe that our “first mover” momentum, including our established relationships with leading retailers, provides us a significant competitive advantage that will facilitate future growth.

Broad Product Portfolio of Highly Recognized Brands. Our broad product portfolio consists of nine primary brands: *VetIQ*, *PetIQ*, *PetAction Plus*, *Advecta II*, *TruProfen*, *Minties*, *Betsy Farms*, *Vera* and *Delightibles*. We believe our brands are comparable in quality and safety to leading third-party brands, as they contain the same active ingredients as leading third-party brands. Our brands are highly recognizable through targeted marketing campaigns and in-store merchandising. We also provide our retailers with numerous well-known third-party pet medication brands, such as *Frontline Plus®*, *Heartgard Plus®* and *K9 Advantix® II*. By offering a broad product portfolio, we offer retailers a “one-stop shop” solution for pet Rx and OTC medications and wellness products.

Premium Quality, Low Price Value Proposition. Our premium quality, low price value proposition offers consumers increased affordability, choice and convenience. Consumers now have access to a wider array of premium quality pet products and can realize typical savings of 20% to 30% on distributed products and up to 50% on our proprietary value-branded products compared to the prices charged by veterinarians. We believe that as consumer awareness and acceptance of our proprietary value-branded products and their economic benefits increases, more retailers and pet owners will convert to PetIQ’s product portfolio. In addition, retailers benefit by increasing their share of the estimated $8 billion addressable market of pet medications and wellness products for dogs and cats that was previously largely served through the veterinary channel.

Rapid and Innovative Product Development Capabilities. PetIQ has a sophisticated product team with expertise in market analysis, product development, packaging, marketing and industry regulations. These cross-functional skills provide us with ongoing competitive advantages and have resulted in the development of our most successful products and brands, including *VetIQ*, *PetLock Plus*, *PetAction Plus* and *TruProfen*. Given PetIQ's track record of successfully launching new products, we have become an attractive commercial partner for leading development companies and outside research and development ("R&D") scientists and entrepreneurs from around the world. *PetAction Plus* is an example of a flea and tick product that leveraged our internal expertise and third-party relationships, resulting in enhanced margins for us and retailers and lower prices for our consumers.

Strong Relationships with Leading Retailers. We have the necessary scale to support a broad set of large blue-chip retailers and are increasingly regarded as a leading provider to the nation's top pet product retailers, including Wal-Mart, Sam's Club, Costco, Target, Petco and PetSmart. Before partnering with PetIQ, these and other retailers had limited access to veterinarian-recommended pet medication, health and wellness offerings resulting in veterinarians being the primary channel for the category. In addition to providing high-margin category-leading products that retailers and consumers trust, we also deliver industry-leading retail fulfillment and merchandising services, high fill rates, on-time deliveries and same-day or next-day service. In 2014, Sam's Club recognized PetIQ as its "Supplier of the Year" in the consumable products category, an award that is given to only one supplier per category per year. Similarly, Petco recognized us as "Supplier of the Year" in 2015.

Sophisticated and Scalable Operations. PetIQ has developed the supply-chain management expertise, established the systems infrastructure and invested in the capacity to scale operations with relatively low capital expenditures. We have invested in our Springville, Utah manufacturing facility to obtain quality and safety certifications, including Global Food Safety Initiative ("GFSI") and an "excellent" Safe Quality Food ("SQF") certification. These certificates of distinction place our manufacturing quality at the highest level in the industry and give us a competitive advantage against those manufacturers that have not made this significant investment. We operate approximately 400,000 square feet of manufacturing and distribution facilities in three locations on the East coast and in the West. We opened two manufacturing facilities in 2014 to prepare for significant growth, and these facilities currently operate at less than 50% of their full production capacities. These facilities will require minimal additional investment to achieve full capacity and support significant future growth. In 2013, we successfully implemented X3, a Sage ERP system that serves as a foundation for operating our business. We have completed wholesale licensing requirements in all 50 states, which enables us to reach retailers located anywhere in the U.S., and gives us a significant source of competitive advantage.

Passionate Management Team with a Proven Track Record. Our passionate management team has a proven track record of managing fast-growing consumer companies and significant retail industry experience. Our executives have relevant prior experiences at industry-leading firms such as Albertson's, Wal-Mart, Bayer Animal Health and Piramal Pharmaceuticals. Our Chairman and Chief Executive Officer, McCord Christensen, and our President, Scott Adcock, are the co-founders of PetIQ and have overseen our growth from $32 million of net sales in 2011 to $206 million in 2015. Following the closing of the offering, our management team collectively will own % of the Class A common stock of the Company. We believe the experience and commitment of our management team positions us to continue to deliver profitable and sustainable future growth opportunities.

Our Strategy

There are significant opportunities to grow our brand awareness, increase our net sales and deliver shareholder value by executing on the following initiatives:

Grow Consumer Awareness of Our Products in the Retail Channel. We are an established category creator in the pet health and medication market with strong penetration of the retail channel and high awareness among retailers. With our broad retail network that includes the top U.S. retailers, we are increasingly focused on building consumer awareness and converting more pet owners to use our products. As pet owners discover that our proprietary value-branded products offer the same effective ingredients as leading brands at lower prices, we believe pet owners will shift their purchasing habits to PetIQ products. Our share of the overall pet Rx and OTC medications and wellness products market will continue to grow.

Increase Shelf Space with Existing Retailers. PetIQ conducts business with the majority of leading retailers with our core product offerings. We believe our net sales will continue to grow as we expand the number of products we have available for sale at each retailer. We also plan to creatively expand SKU placement within existing accounts through our in-house merchandising capabilities. Additionally, with the potential enactment of the FTPOA, we believe we are positioned to expand our presence and shelf space in the retail pharmacy channel with leading retailers such as Rite Aid. These retail pharmacies in addition to a large number of independent pharmacies, could become a significant source of growth for our product categories.

Deliver Innovation in Pet Health and Wellness at Great Value. We have a proven track record of introducing innovative products to the pet health and wellness category. For example, we introduced 39 new proprietary value-branded products since 2014, including *PetAction Plus, Delightibles Wild Country Meats and Treats, Piglies, Betsy Farms Infusions and Creamy Crunchy Treats, VERA Premium Jerky, PETIQ Premium Jerky, Great Choice Center Filled Cat Treats* and *Golden Rewards Premium Jerky*. We expect to drive net sales growth primarily by continuing to develop and commercialize new products. We plan to introduce new and improved products across all of our categories over the next few years and will selectively enter relevant adjacent product categories to continue providing our retail customers access to the prescription and OTC medications and other health and wellness products they want most. For example, we recently launched *PetAction Plus*, which is sold by customers that collectively account for over 80% of our net sales in 2015. We intend to continue to rapidly develop and market products that incorporate innovative ingredients, advanced formulations, improved taste and enhanced functionality that differentiate us in the pet health and wellness market. These efforts include the formulation of value-branded versions of off-patent branded products as well as the refinement of existing products to make packaging and formulations more appealing and convenient for consumers and their pets. In addition, we may seek acquisitions of companies that help us expand our product offering and achieve our growth plan.

Enhance Margins. We expect that our margins will increase as our product mix continues to evolve and include a greater portion of our proprietary value-branded products. Additionally, as net sales increase, we will realize the benefits of leveraging our existing assets and facilities and share efficiency gains with our sourcing and manufacturing partners further driving margin improvement. We believe that, except for the expenses normally associated with being a public company, we will not have material increases in our selling and general administrative expenses to pursue growth plans as we have already made substantial investments in our corporate infrastructure. Finally, our business model requires relatively low levels of capital expenditures and working capital to support growth.

Corporate Information

PetIQ, Inc., a Delaware corporation, was incorporated in February 2016 for the purpose of this offering and has had no business activities or transactions to date. PetIQ is a holding company and the sole managing member of True Science Delaware Holdings, LLC, a Delaware limited liability company, which was formed in May 2012 and renamed PetIQ Holdings, LLC, which we refer to as HoldCo, in February 2016 to better reflect our pet-centric business. HoldCo is the sole member of PetIQ, LLC, an Idaho limited liability company and our predecessor for financial reporting purposes, and has no operations and no assets other than the equity interests of OpCo. Our principal executive office is located at 500 E. Shore Dr., Suite 120, Eagle, ID 83616, and our telephone number is 1-208-939-8900. Our corporate website address is www.petiq.com. We do not incorporate the information on or accessible through any of our websites into this prospectus, and you should not consider any information on, or that can be accessed through, our websites as part of this prospectus.

Our Equity Sponsors

Eos Partners, L.P. ("Eos") is an alternative investment firm that actively invests in the private equity, credit and public equity markets. Eos targets lower middle market companies in a number of sectors including consumer, healthcare, financial services, energy and business and media services. Immediately following the consummation of this offering, Eos will own approximately % of our Class A common stock, or % if the underwriters' option to purchase additional shares of our Class A common stock is exercised in full.

Labore Et Honore LLC ("Labore") is a family office investment firm focused on early stage and growth equity businesses. Labore's targeted sectors include consumer, technology and media and business services. Immediately following the consummation of this offering, Labore will own approximately % of our Class B common stock, or % if the underwriters' option to purchase additional shares of our Class A common stock is exercised in full and % of the total voting power, or % of the underwriters' option to purchase additional shares of Class A common stock is exercised in full.

Highland Consumer Partners ("Highland") is a venture capital fund focused on high-growth consumer targets. Highland targets consumer companies within specialty retail, e-commerce, consumer products and consumer services. Immediately following the consummation of this offering, Highland will own approximately % of our Class A common stock, or % if the underwriters' option to purchase additional shares of our Class A common stock is exercised in full and approximately % of our Class B common stock, or % if the underwriters' option to purchase additional shares of our Class A common stock is exercised in full and % of the total voting power, or % of the underwriters' option to purchase additional shares of Class A common stock is exercised in full.

Implications of Being an Emerging Growth Company

As a company with less than $1 billion in net sales during our last fiscal year, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise applicable generally to public companies. These provisions include:

- an option to present only two years of audited financial statements and only two years of related management's discussion and analysis in the registration statement of which this prospectus is a part;
- an exemption from compliance with the requirement for auditor attestation of the effectiveness of our internal control over financial reporting for so long as we qualify as an emerging growth company;

- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board ("PCAOB") may adopt regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- an exemption from the adoption of new or revised financial accounting standards until they would apply to private companies;
- reduced disclosure about our executive compensation arrangements; and
- exemptions from the requirements to obtain a non-binding advisory vote on executive compensation or a stockholder approval of any golden parachute arrangements.

We will remain an emerging growth company until the earliest to occur of: the last day of the year in which we have $1 billion or more in annual net sales; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates as of the last day of our most recently completed second quarter; the issuance, in any three-year period, by us of more than $1 billion in non-convertible debt securities; or the last day of the year ending after the fifth anniversary of this offering. We may choose to take advantage of some, but not all, of the available benefits under the JOBS Act. We are choosing to irrevocably "opt out" of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards, but we intend to take advantage of the other exemptions discussed above. Accordingly, the information contained herein may be different from the information you receive from other public companies in which you hold stock. See "Risk Factors—Risks Related to This Offering and Ownership of Our Class A Common Stock" which describes that we are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

Risks Related to Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "Risk Factors" immediately following this prospectus summary, that primarily represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. We expect a number of factors may cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include, among other things:

- we are dependent on a relatively limited number of customers for a significant portion of our net sales;
- we may not be able to successfully implement our growth strategy on a timely basis or at all;
- we have incurred net losses in the past and may be unable to achieve or sustain profitability in the future;
- if we continue to grow rapidly, we may not be able to manage our growth effectively;
- we operate in a highly competitive industry and may lose market share or experience margin erosion if we are unable to compete effectively;
- we face significant competition from veterinarians and may not be able to compete profitably with them;
- resistance from veterinarians to authorize prescriptions, or attempts/efforts on their part to discourage pet owners to purchase from retailers and pharmacies could cause our net sales to decrease and could materially adversely affect our financial condition and results of operations;
- the FTPOA may never become law, and even if it does become law, it may not change consumer behavior;
- any damage to our reputation or our brand or sub-brands may materially adversely affect our business, financial condition and results of operations;
- our growth and business are dependent on trends that may change, and our historical growth may not be indicative of our future growth; and
- there may be decreased spending on pets in a challenging economic climate.

THE OFFERING

Issuer in this offering	PetIQ, Inc.
Class A common stock offered by us	shares (or shares, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Underwriters' option to purchase additional shares of Class A common stock	shares.
Class A common stock to be outstanding after this offering	shares (or shares, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Class B common stock to be outstanding after this offering	shares, all of which will be owned by the Continuing LLC Owners.
Voting rights	Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law. Each share of Class A common stock and Class B common stock will entitle its holder to one vote per share on all such matters. See "Description of Capital Stock."
Voting power held by investors in this offering after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Voting power held by all holders of Class A common stock after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Voting power held by all holders of Class B common stock after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Voting power held by the Continuing LLC Owners and Certain Sponsors after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Ratio of shares of Class A common stock to LLC Interests	Our amended and restated certificate of incorporation and the Sixth Amended and Restated Limited Liability Company Agreement of HoldCo (the "HoldCo Agreement"), each of which will become effective prior to this offering, will require that (i) we at all times maintain a ratio of one LLC Interest owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities) and (ii) HoldCo at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Interests owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing LLC Owners and the number of LLC Interests owned by the Continuing LLC Owners. This construct is intended to result in the Continuing LLC Owners having a voting interest in PetIQ that is substantially the same as the Continuing LLC Owners' percentage economic interest in HoldCo. The Continuing LLC Owners will own all of our outstanding Class B common stock.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions, will be approximately $ million, assuming the shares are offered at $ per share (the midpoint of the price range listed on the cover page of this prospectus). We intend to use the net proceeds of this offering to (i) pay off the Preference Notes in the aggregate amount of $ million and (ii) purchase newly issued LLC Interests from HoldCo at a purchase price per interest equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions. The Preference Notes will become due and payable upon the consummation of this offering and accrue interest at a rate of two percent per annum. We intend to cause HoldCo to use such proceeds: (i) to pay fees and expenses of approximately $ million in connection with the Transactions and this offering and (ii) approximately $ million for general corporate purposes. See "Use of Proceeds" and "The Transactions" for additional information.
Exchange rights of holders of LLC Interests	The Continuing LLC Owners will have the right, from time to time following this offering and subject to the terms of the HoldCo Agreement, to exchange all or a portion of their LLC Interests, along with a corresponding number of shares of our Class B common stock, for newly issued shares of Class A common stock on a one-for-one basis, subject to customary adjustments, including for stock splits, stock dividends and reclassifications. Our board of directors, which will

	include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead cause HoldCo to make a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Interest exchanged (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the HoldCo Agreement. See "Certain Relationships and Related Party Transactions—HoldCo Agreement."
Registration Rights Agreement	Pursuant to the Registration Rights Agreement, we will, subject to the terms and conditions thereof, agree to register the resale of the shares of our Class A common stock that are issuable to the Continuing LLC Owners upon exchange of their LLC Interests and the shares of our Class A common stock that are issued to Certain Sponsors in connection with the Transactions. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."
Dividend policy	Except for the distributions described under "The Transactions," we currently intend to retain all available funds and any future earnings for use in the operation of our business, and therefore we do not currently expect to pay any cash dividends on our Class A common stock. Any future determination to pay dividends to holders of Class A common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, capital requirements and other factors that our board of directors deems relevant. We are a holding company, and substantially all of our operations are carried out by OpCo and its subsidiaries. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of ours or of our subsidiaries. See "Dividend Policy."
Risk factors	Investing in shares of our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 19 of this prospectus for a discussion of factors you should carefully consider before investing in shares of our Class A common stock.
Proposed NASDAQ Global Market symbol	We have applied to list our Class A common stock on the NASDAQ Global Market under the symbol "PETQ."

Unless otherwise indicated, the number of shares of our Class A common stock to be outstanding after this offering is based on shares of our Class A common stock outstanding as of December 31, 2015 and excludes:

- shares of our Class A common stock reserved for future issuance under our Omnibus Incentive Plan, which will become effective upon completion of this offering and contains provisions that automatically increase its share reserve each year; and
- shares of Class A common stock reserved as of the closing date of this offering for future issuance upon exchange of LLC Interests by the Continuing LLC Owners.

Unless otherwise indicated, all information in this prospectus reflects or assumes the following:

- the consummation of the Transactions;
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our bylaws, which will occur immediately prior to the closing of this offering; and
- no exercise by the underwriters of their option to purchase up to additional shares of Class A common stock in this offering.

THE TRANSACTIONS

The Transactions will be effectuated by a recapitalization agreement by and among PetIQ, HoldCo, the Continuing LLC Owners, the Sponsor Corps and Certain Sponsors (the "Recapitalization Agreement"). See "—Organizational Structure Following This Offering" below for a chart depicting our organizational structure following the consummation of the Transactions and this offering.

Prior to this offering and prior to the contributions described below, the Continuing LLC Owners and the Sponsor Corps directly held all of the issued and outstanding interests in HoldCo, and Certain Sponsors held all of the issued and outstanding interests in the Sponsor Corps. Accordingly, Certain Sponsors had an indirect interest in HoldCo equal to the aggregate interest of the Sponsor Corps in HoldCo. The Sponsor Corps were formed in 2012, and they have no assets, liabilities or operations, other than as holding companies owning direct interests in HoldCo.

Contributions

Pursuant to a contribution agreement to be entered into prior to this offering, Certain Sponsors will contribute all of their interests in the Sponsor Corps to PetIQ in exchange for shares of Class A common stock and certain preference notes payable by PetIQ. The preference notes will become immediately due and payable upon the consummation of this offering and will accrue interest at a rate of two percent per annum. Immediately following the contribution of the Sponsor Corps, each Sponsor Corp will become a wholly owned subsidiary of PetIQ. We refer to these contributions as the "Contributions." The Contributions will be effected prior to the time our Class A common stock is registered under the Securities Act and prior to the completion of this offering.

Reclassification

Prior to the completion of this offering, the limited liability company agreement of HoldCo (the "HoldCo Agreement") will be amended and restated to, among other things, modify the capital structure of HoldCo to create a single new class of units, the LLC Interests, which will be allocated to the Sponsor Corps and the Continuing LLC Owners. We refer to this capital structure modification as the "Reclassification."

The Continuing LLC Owners will exchange certain LLC Interests for certain preference notes payable by PetIQ and will receive certain LLC Interests. As a result, following the Contributions and the Reclassification, LLC Interests will be held by the Continuing LLC Owners and by PetIQ, which will hold its interests indirectly through the Sponsor Corps. The Reclassification will be effected prior to the time our Class A common stock is registered under the Securities Act and prior to the completion of this offering.

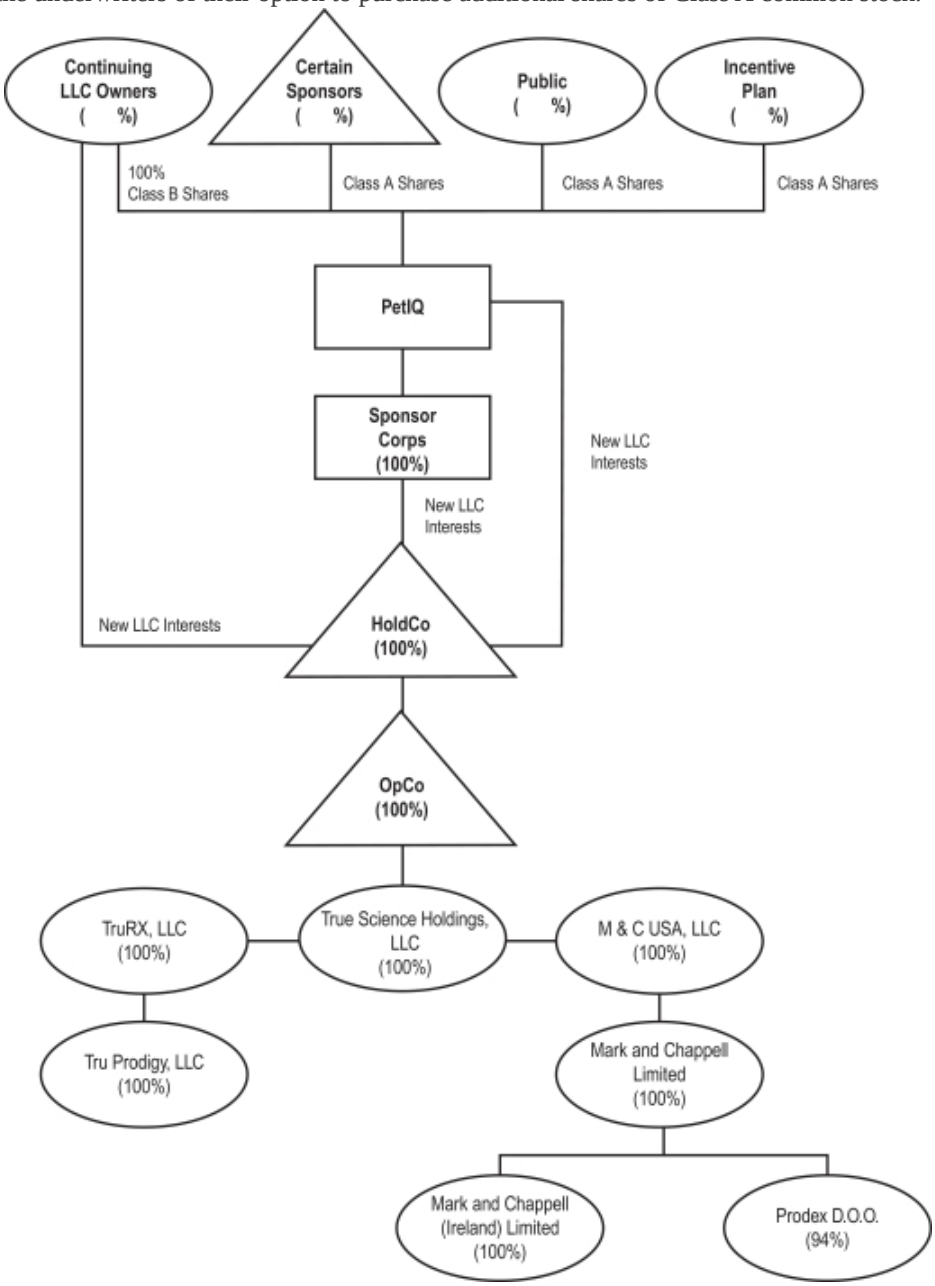
Following the Contributions and the Reclassification, PetIQ will issue to the Continuing LLC Owners one share of Class B common stock for each LLC Interest they hold. The shares of Class B common stock have no economic rights but entitle the holder to one vote per share on matters presented to stockholders of PetIQ. All of the shares of Class A common stock that will be outstanding following the Contributions and the Reclassification, but prior to completion of this offering, will be held by Certain Sponsors.

Pursuant to the HoldCo Agreement, PetIQ will be designated as the sole managing member of HoldCo. Accordingly, PetIQ will have the right to determine when distributions will be made by HoldCo to its members and the amount of any such distributions (subject to the requirements with respect to the tax distributions described below).

Following the reclassification, because PetIQ will manage and operate the business and control the strategic decisions and day-to-day operations of Holdco and will also have a substantial financial interest in Holdco, we will consolidate the financial results of Holdco pursuant to the variable-interest entity ("VIE") accounting model, and a portion of our net income (loss) will be allocated to the non-controlling interest to reflect the entitlement of Continuing LLC Owners to a portion of Holdco's net income (loss). See "Unaudited Pro Forma Condensed Consolidated Financial Information".

Organizational Structure Following This Offering

The diagram below depicts our organizational structure immediately following this offering, after giving effect to the Transactions, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present the summary historical consolidated financial and other data for OpCo and its subsidiaries. OpCo is the predecessor of the issuer, PetIQ, for financial reporting purposes.

The summary consolidated statement of operations data for each of the years in the two-year period ended December 31, 2015 and the summary consolidated balance sheet data as of December 31, 2015 and 2014 are derived from the audited consolidated financial statements of OpCo included elsewhere in this prospectus. The summary consolidated statement of operations data for the fiscal quarters ended March 31, 2016 and 2015 and the summary consolidated balance sheet data as of March 31, 2016 are derived from the unaudited consolidated financial statements of OpCo included elsewhere in this prospectus.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full year. The information set forth below should be read together with the “Selected Consolidated Financial and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

The summary historical consolidated financial and other data of PetIQ have not been presented as PetIQ is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

	Historical OpCo			
	Three months ended March 31,		Year ended December 31,	
	2016	2015	2015	2014
(dollars in thousands, except per share data)				
Consolidated statement of operations data:				
Net sales	$52,298	$55,570	$205,687	$161,491
Cost of sales	42,526	43,209	166,529	138,754
Gross profit	9,772	12,361	39,158	22,737
Operating expenses				
General and administrative expenses	8,063	6,701	35,588	32,858
Operating income (loss)	1,709	5,660	3,570	(10,121)
Other expense				
Other income (expense), net	2	—	—	(12)
Loss on debt extinguishment	(993)	(1,449)	(1,449)	—
Foreign currency (loss) gain, net	(121)	261	75	122
Interest expense	(901)	(762)	(3,545)	(980)
Total other expense	(2,013)	(1,950)	(4,919)	(870)
Net (loss) income	$ (304)	$ 3,710	$ (1,349)	$ (10,991)
Pro forma weighted average shares of Class A common stock outstanding (unaudited):(1)				
Basic				
Diluted				
Pro forma net (loss) income per Class A common share (unaudited):(1)				
Basic				
Diluted	$	$	$	$

(1) Gives effect to the Transactions and this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.

	Historical OpCo		
	As of March 31,	As of December 31,	
	2016	2015	2014
(dollars in thousands)			
Consolidated balance sheet data:			
Cash and cash equivalents	$ 1,704	$ 3,250	$ 1,370
Total assets	90,260	92,335	70,586
Total debt	29,150	32,935	14,486
Total liabilities	44,632	46,060	22,447
Total members'/stockholders' equity	45,628	46,275	48,139

Other Data[a]	Historical OpCo			
	Three Months Ended March 31,		Year Ended December 31,	
	2016	2015	2015	2014
(dollars in thousands)				
EBITDA	$1,345	$5,065	$ 4,773	$(7,713)
Adjusted EBITDA	3,806	7,025	11,381	(5,386)
Capital Expenditures	753	372	1,550	7,664

(a) EBITDA and Adjusted EBITDA are non-GAAP financial measures. The following table reconciles net loss, the most comparable GAAP measure, to EBITDA and Adjusted EBITDA for the periods presented:

	Three Months Ended March 31,		Year Ended December 31,	
	2016	2015	2015	2014
(dollars in thousands)				
Net (loss) income	$ (304)	$3,710	$ (1,349)	$(10,991)
Non-GAAP adjustments:				
Depreciation	476	454	1,842	1,456
Amortization	272	139	735	842
Interest	901	762	3,545	980
EBITDA	1,345	5,065	4,773	(7,713)
Loss on debt extinguishment[1]	993	1,449	1,449	—
Litigation expenses[2]	1,349	310	2,622	1,867
Costs associated with becoming a public company	—	86	626	—
Supplier receivable write-off[3]	—	—	1,449	—
Management fees[4]	119	115	462	460
Adjusted EBITDA	$3,806	$7,025	$11,381	$ (5,386)

(1) Loss on debt extinguishment reflects costs relating to the refinancing of our prior credit facility, including a write-off of unamortized loan fees, legal fees and termination fees.

(2) These litigation expenses relate to our existing cases, which are expected to continue at approximately the 2015 level in 2016 and decline in 2017. See “Business—Legal Proceedings.”

(3) During 2015 the Company terminated its relationship with a supplier in accordance with a supply agreement, resulting in the Company writing off the full amount of cash advanced to the supplier as a supplier prepayment on the procurement of inventory as of December 31, 2015. Subsequent to December 31, 2015, the Company initiated litigation to attempt to collect the cash advanced to the supplier.

(4) Represents annual fees paid pursuant to our management agreements with Eos, Highland and Labore. The management agreements will terminate in connection with this offering; however, we will pay fees to members of our board of directors following the offering. See “Certain Relationships and Related Party Transactions.”

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider each of the following risk factors, as well as the other information in this prospectus, including our consolidated financial statements and the related notes, before deciding whether to invest in shares of our Class A common stock. If any of the following risks actually occurs, our business, results of operations and financial condition may be materially adversely affected. In that event, the trading price of our Class A common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We are dependent on a relatively limited number of customers for a significant portion of our net sales.

Our two largest retail customers, Wal-Mart and Sam's Club, accounted for 41% and 26% of our net sales in 2014, 39% and 21% of our net sales in 2015 and 30% and 29% of our net sales in the first quarter of 2016, respectively. No other retail customer has accounted for 10% or more of our net sales for these periods. In addition, Anda, Inc. ("Anda"), which distributes our products to pharmacies, accounted for % of our net sales in 2014, 14% of our net sales in 2015 and 12% of our net sales in the first quarter of 2016. If we were to lose any of our key customers, if any of our key customers reduce the amount of their orders or if any of our key customers consolidate, reduce their store footprint and/or gain greater market power, our business, financial condition and results of operations may be materially adversely affected. We may be similarly adversely impacted if any of our key customers experience any financial or operational difficulties or generate less traffic.

In addition, we generally do not enter into long-term contracts with our retail customers. As a result, we rely on consumers' continuing demand for our products and our position in the market for all purchase orders. If our retail customers change their pricing, margin expectations or business terms (including through the imposition of warehouse and other fees), change their business strategies as a result of industry consolidation or otherwise, reduce the number of brands or product lines they carry, decrease their advertising or promotional efforts for, or the amount of shelf space they allocate to, our products or allocate greater shelf space to other products, our net sales could decrease and our business, financial condition and results of operations may be materially adversely affected. For example, in the fourth quarter of 2015, Wal-Mart advised us that it would not purchase from us in 2016 certain product lines that accounted for approximately $17 million of our net sales in 2015. However, since then, Wal-Mart has agreed to purchase from us certain new product lines that it has not purchased from us in the past.

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Our future success depends, in large part, on our ability to implement our growth strategy, including introducing products and expanding into new markets, attracting new consumers to our brand and sub-brands, improving placement of our products in the stores of our retail customers and expanding our distribution. In particular, we recently began to expand our sales plan to include online sales. We also plan to expand our product offerings and have given consideration to applying the business model we developed for the sale of pet treats to the sale of a complete array of food products for dogs and cats. Our ability to implement this growth strategy depends, among other things, on our ability to:

- develop new proprietary value-branded products and product line extensions that appeal to consumers;
- continue to effectively compete in our industry;
- increase our brand and sub-brand recognition by effectively implementing our marketing strategy and advertising initiatives;

- maintain and, to the extent necessary, improve our high standards for product quality, safety and integrity;
- expand and maintain brand and sub-brand loyalty;
- secure shelf space in the stores of our retail customers; and
- enter into distribution and other strategic arrangements with traditional retailers and other potential distributors of our products.

We may not be able to successfully implement our growth strategy and may need to change our strategy in order to maintain our growth. If we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful, our business, financial condition and results of operations may be materially adversely affected.

We have incurred net losses in the past and may be unable to achieve or sustain profitability in the future.

We incurred net losses in most fiscal years since inception. We incurred net losses of $1.3 million and $11.0 million for the years ended December 31, 2015 and 2014, respectively and a net loss of $0.3 million for the three months ended March 31, 2016. As a result of ongoing losses, as of March 31, 2016, we had an accumulated deficit of $27,144. We expect to continue to incur significant product commercialization and regulatory, sales and marketing and other expenses. In addition, our general and administrative expenses will increase following this offering due to the additional costs associated with being a public company. The net losses we incur may fluctuate significantly from quarter to quarter. We will need to generate additional net sales or increased gross margin to achieve and sustain profitability, and even if we achieve profitability, we cannot be sure that we will remain profitable for any substantial period of time. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

If we continue to grow rapidly, we may not be able to manage our growth effectively.

Our historical rapid growth has placed and, if continued, may continue to place significant demands on our management and our operational and financial resources. Our organizational structure may become more complex as we add additional staff, and we would likely require more resources to grow and continue to improve our operational, management and financial controls. If we are not able to manage our growth effectively, our business, financial condition and results of operations may be materially adversely affected.

We operate in a highly competitive industry and may lose market share or experience margin erosion if we are unable to compete effectively.

The pet health and wellness industry is highly competitive. We compete on the basis of product and ingredient quality, product availability, quality, palatability, brand awareness, loyalty and trust, product variety and innovation, product packaging and design, shelf space, reputation, price and convenience and promotional efforts. We compete directly and indirectly with both manufacturers and distributors of pet health and wellness products, including online distributors and veterinarians. We face direct competition from companies that distribute various pet medications and pet health and wellness products to traditional retailers, such as Perrigo, Unicharm Company and Central Garden and Pet Company, all of which are larger than we are and have greater financial resources. We also face competition in our other pet health and wellness products category from companies such as Nestlé S.A. (“Nestlé”), Mars, Inc. (“Mars”) and The J.M. Smucker Company (“Smucker”), all of which are larger than we are and have greater financial resources.

Although we do not compete with various human drug distributors today, we have no way to guarantee that they will not enter into the market in the future. These distributors, such as McKesson Corporation, AmerisourceBergen Corporation and Cardinal Health, Inc., are larger than we are and have greater financial resources than we do.

These competitors may be able to identify and adapt to changes in consumer preferences more quickly than us due to their resources and scale. They may also be more successful in marketing and selling their products, better able to increase prices to reflect cost pressures and better able to increase their promotional activity, which may impact us and the entire pet health and wellness industry. If these or other competitive pressures cause our products to lose market share or experience margin erosion, our business, financial condition and results of operations may be materially adversely affected.

We face significant competition from veterinarians and may not be able to compete profitably with them.

We compete indirectly with veterinarians for the sale of pet medications and other health and wellness products. Veterinarians hold a competitive advantage over us because many pet owners may find it more convenient or preferable to purchase these products directly from their veterinarians at the time of an office visit. In order to effectively compete with veterinarians in the future, we may be required to incur additional costs for marketing, promotions and other incentives, which may result in lower operating margins and adversely affect the results of operations.

Resistance from veterinarians to authorize prescriptions, or attempts/efforts on their part to discourage pet owners to purchase from retailers and pharmacies could cause our net sales to decrease and could materially adversely affect our financial condition and results of operations.

Since we began our operations some veterinarians have resisted providing, or simply refuse to provide, pet owners with a copy of their pet's prescription or authorizing the prescription to an outside pharmacy, thereby effectively preventing outside pharmacies from filling such prescriptions under state law. We have also been informed by customers and consumers that veterinarians on certain occasions have tried to discourage pet owners from purchasing from the retail channel. If the number of veterinarians who refuse to authorize prescriptions should increase, or if veterinarians are successful in discouraging pet owners from purchasing from outside retailers and pharmacies, our net sales could decrease and our financial condition and results of operations may be materially adversely affected.

The Fairness to Pet Owners Act of 2015 may never be enacted into law, and even if it does become law, it may not change consumer behavior.

Traditionally, veterinarians have not offered portable pet prescriptions to pet owners, with the result that pet owners have generally purchased Rx medications directly from veterinarians' offices. During the current congressional term, however, members of both the House of Representatives and the Senate proposed federal legislation entitled the FTPOA, which would, among other things, require veterinarians in every U.S. state to give a pet owner a copy of his or her pet's prescription, regardless of whether the owner makes a request. The pet owner would then be free to fill the prescription at a retail store, including at retailers that now sell our products. The proposed legislation could greatly accelerate the shift from consumers purchasing pet Rx medications from veterinarians to purchasing such medications through traditional retail channels. Such acceleration could, in turn, increase our product sales, thereby improving our net sales, financial condition and results of operations. However, the proposed legislation is subject to legislative and political processes and accordingly may never become law. Additionally, even if the proposed legislation were to become law, there can be no guarantee that all veterinarians would follow the law and that it would accelerate or impact current trends of pet owners purchasing pet Rx medications in retail channels.

Any damage to our reputation or our brand or sub-brands may materially adversely affect our business, financial condition and results of operations.

Maintaining, developing and expanding our reputation with consumers, our retail customers and our suppliers is critical to our success. Our brand and sub-brands may suffer if our marketing plans or product initiatives are not successful. The importance of our brand and sub-brands may decrease if competitors offer more products with formulations similar to the products that we manufacture. Further, our brand and sub-brands may be negatively impacted due to real or perceived quality issues or if consumers perceive us as being untruthful in our marketing and advertising, even if such perceptions are not accurate. Product contamination, the failure to maintain high standards for product quality, safety and integrity, including raw materials and ingredients obtained from suppliers, or allegations of product quality issues, mislabeling or contamination, even if untrue or caused by our contract manufacturing partners or raw material suppliers, may reduce demand for our products or cause production and delivery disruptions. We maintain guidelines and procedures to ensure the quality, safety and integrity of our products. However, we may be unable to detect or prevent product and/or ingredient quality issues, mislabeling or contamination, particularly in instances of fraud or attempts to cover up or obscure deviations from our guidelines and procedures. If any of our products become unfit for consumption, cause injury or are mislabeled, we may have to engage in a product recall and/or be subject to liability. Damage to our reputation or our brand or sub-brands or loss of consumer confidence in our products for any of these or other reasons could result in decreased demand for our products and our business, financial condition and results of operations may be materially adversely affected.

Our growth and business are dependent on trends that may change, and our historical growth may not be indicative of our future growth.

The growth of our business depends primarily on the continued shift from consumers purchasing pet health and wellness products from veterinarians to purchasing such products through traditional retail channels, growth of the pet health and wellness products market and popularity of pet ownership, as well as on general economic conditions. These trends may not continue or may change. In the event of a decline in consumers purchasing pet health and wellness products through traditional retail channels, a change in pet health and wellness trends or a decrease in the overall number of pets, or during challenging economic times, we may be unable to persuade our retail customers and consumers to purchase our products, and our business, financial condition and results of operations may be materially adversely affected and our growth rate may slow or stop.

There may be decreased spending on pets in a challenging economic climate.

The United States has from time to time experienced challenging economic conditions, and the global financial markets have recently undergone and may continue to experience significant volatility and disruption. Our business, financial condition and results of operations may be materially adversely affected by a challenging economic climate, including adverse changes in interest rates, volatile commodity markets and inflation, contraction in the availability of credit in the market and reductions in consumer spending. The keeping of pets and the purchase of pet-related products may constitute discretionary spending for some consumers and any material decline in the amount of consumer discretionary spending may reduce overall levels of pet ownership or spending on pets. As a result, a slow-down in the general economy may cause a decline in demand for our products. In addition, we cannot predict how worsening economic conditions would affect our retail customers and suppliers. If economic conditions result in decreased spending on pets and have a negative impact on our retail customers and suppliers, our business, financial condition and results of operations may be materially adversely affected.

Our business depends, in part, on the sufficiency and effectiveness of our marketing and trade promotion programs and incentives.

Due to the highly competitive nature of our industry, we must effectively and efficiently promote and market our products through television, internet and print advertisements as well as through trade promotions and incentives to sustain and improve our competitive position in our market. Marketing investments may be costly. In addition, we may, from time to time, change our marketing strategies and spending, including the timing or nature of our trade promotions and incentives. We may also change our marketing strategies and spending in response to actions by our customers, competitors and other companies that manufacture and/or distribute pet health and wellness products. The sufficiency and effectiveness of our marketing and trade promotions and incentives are important to our ability to retain and improve our market share and margins. If our marketing and trade promotions and incentives are not successful or if we fail to implement sufficient and effective marketing and trade promotions and incentives or adequately respond to changes in industry marketing strategies, our business, financial condition and results of operations may be adversely affected.

If our products are alleged to cause injury or illness or fail to comply with governmental regulations, we may need to recall our products and may experience product liability claims.

Our products may be subject to product recalls, including voluntary recalls or withdrawals, if they are alleged to pose a risk of injury or illness, or if they are alleged to have been mislabeled, misbranded or adulterated or to otherwise be in violation of governmental regulations. We may also voluntarily recall or withdraw products in order to protect our brand or reputation if we determine that they do not meet our standards, whether for quality, palatability, appearance or otherwise. If there is any future product recall or withdrawal, it could result in substantial and unexpected expenditures, destruction of product inventory, damage to our reputation and lost sales due to the unavailability of the product for a period of time, and our business, financial condition and results of operations may be materially adversely affected. In addition, a product recall or withdrawal may require significant management attention and could result in enforcement action by regulatory authorities.

We also may be subject to product liability claims if the consumption or use of our products is alleged to cause injury or illness. Although we carry product liability insurance, our insurance may not be adequate to cover all liabilities that we may incur in connection with product liability claims. For example, punitive damages are generally not covered by insurance. If we are subject to substantial product liability claims in the future, we may not be able to continue to maintain our existing insurance, obtain comparable insurance at a reasonable cost, if at all, or secure additional coverage. This could result in future product liability claims being uninsured. If there is a product liability judgment against us or a settlement agreement related to a product liability claim, our business, financial condition and results of operations may be materially adversely affected. In addition, even if product liability claims against us are not successful or are not fully pursued, these claims could be costly and time-consuming and may require management to spend time defending claims rather than operating our business.

To the extent our retail customers purchase products in excess of consumer consumption in any period, our net sales in a subsequent period may be adversely affected as our retail customers seek to reduce their inventory levels.

From time to time, our retail customers may purchase more products than they expect to sell to consumers during a particular time period. Our retail customers may grow their inventory in anticipation of, or during, our promotional events, which typically provide for reduced prices during a specified time or other incentives. Our retail customers may also increase inventory in anticipation of a price increase for our products, or otherwise over-order our products as a result of overestimating demand for our products. If a retail customer increases its inventory during a particular reporting period as a result of a promotional event, anticipated price increase or otherwise, then our net

sales during the subsequent reporting period may be adversely impacted as our retail customers seek to reduce their inventory to customary levels. This effect may be particularly pronounced when the promotional event, price increase or other event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event, price increase or similar event, as compared to the prior year. To the extent our retail customers seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, our net sales and results of operations may be materially adversely affected in that or subsequent periods.

We may not be able to manage our manufacturing and supply chain effectively, which may adversely affect our results of operations.

We must accurately forecast demand for all of our products in order to ensure that we have enough products available to meet the needs of our retail customers. Our forecasts are based on multiple assumptions that may cause our estimates to be inaccurate and affect our ability to obtain adequate manufacturing capacity (whether our own manufacturing capacity or contract manufacturing capacity) in order to meet the demand for our proprietary value-branded products, which could prevent us from meeting increased retail customer or consumer demand and harm our brand, our sub-brands and our business. If we do not accurately align our manufacturing capabilities with demand, our business, financial condition and results of operations may be materially adversely affected.

If for any reason we were to change any one of our contract manufacturers, we could face difficulties that might adversely affect our ability to maintain an adequate supply of our proprietary value-branded products, and we would incur costs and expend resources in the course of making the change. Moreover, we might not be able to obtain terms as favorable as those received from our current contract manufacturers, which in turn would increase our costs.

In addition, we must continuously monitor our inventory and product mix against forecasted demand. If we underestimate demand, we risk having inadequate supplies. We also face the risk of having too much inventory on hand that may reach its expiration date and become unsalable, and we may be forced to rely on markdowns or promotional sales to dispose of excess or slow-moving inventory. If we are unable to manage our supply chain effectively, our operating costs could increase and our profit margins could decrease.

We rely on our contract manufacturing partners to produce a significant portion of our products and disruptions in our contract manufacturers' systems or events outside our control could increase our cost of sales, adversely affect our net sales and injure our reputation and customer relationships, thereby harming our business.

We have agreements with several contract manufacturers, who produce a significant portion of our proprietary value-branded products. The loss of any of these contract manufacturers or the failure for any reason of any of these contract manufacturers to fulfill their obligations under their agreements with us, including a failure to meet our quality controls and standards, may result in disruptions to our supply of products. We may be unable to locate an additional or alternate contract manufacturing arrangement in a timely manner or on commercially reasonable terms, if at all. Identifying a suitable manufacturer is an involved process that requires us to become satisfied with the prospective manufacturer's level of expertise, quality control, responsiveness and service, financial stability and labor practices.

Moreover, in the event of a disruption in our contract manufacturers' systems, we may be unable to locate alternative manufacturers of comparable quality at an acceptable price, or at all. The manufacture of our products may not be easily transferable to other sites in the event that any of our contract manufacturers experience breakdown, failure or substandard performance of equipment, disruption of supply or shortages of raw materials and other supplies, labor problems, power outages, adverse weather conditions and natural disasters or the need to comply with

environmental and other directives of governmental agencies. From time to time, a contract manufacturer may experience financial difficulties, bankruptcy or other business disruptions, which could disrupt our supply of products or require that we incur additional expense by providing financial accommodations to the contract manufacturer or taking other steps to seek to minimize or avoid supply disruption, such as establishing a new contract manufacturing arrangement with another provider. Any delay, interruption or increased cost in the proprietary value-branded products that might occur for any reason could affect our ability to meet customer demand for our products, adversely affect our net sales, increase our cost of sales and hurt our results of operations. In addition, manufacturing disruption could injure our reputation and customer relationships, thereby harming our business.

We currently purchase our distributed Rx and OTC medications from veterinarians and other third-party distributors and we are not an authorized distributor of these medications. We do not have any guaranteed supply of medications at any pre-established prices.

The majority of our net sales are attributable to sales of distributed, third-party Rx and OTC medications. Historically, substantially all the major pharmaceutical manufacturers have declined to sell Rx and OTC pet medications directly to us. In order to assure a supply of these medications, we purchase medications from various secondary sources, the majority of which are veterinarians. We anticipate that we will continue to rely upon secondary sources for our distributed medications.

We cannot guarantee that if we continue to purchase Rx and OTC medications from secondary sources that we will be able to purchase an adequate supply to meet our customers' demands, or that we will be able to purchase these medications at competitive prices. As these medications represent a significant portion of our net sales, our failure to fill customer orders for these medications could adversely impact our net sales. If we are forced to pay higher prices for these medications to ensure an adequate supply, we cannot guarantee that we will be able to pass along to our customers any increases in the prices we pay for these medications. Additionally, in the event that the manufacturers of these Rx and OTC medications take action to prohibit our secondary sources from selling such medications to us entirely, or dictate the pricing at which our secondary suppliers sell such medications to us or that our retail customers sell such medications to end consumers, our financial condition and results of operations could be materially and adversely affected.

If any of our independent transportation providers experience delays or disruptions, our business could be adversely affected.

We currently rely on independent transportation service providers both to ship products to our manufacturing and distribution warehouses from our third-party suppliers and contract manufacturers and to ship products from our manufacturing and distribution warehouses to our retail customers. Our utilization of these delivery services, or those of any other shipping companies that we may elect to use, is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact the shipping company's ability to provide delivery services sufficient to meet our shipping needs. If any of the foregoing occurs, our business, financial condition and results of operations may be materially adversely affected.

We may seek to grow our business through acquisitions of or investments in new or complementary businesses, facilities, technologies or products, or through strategic alliances, and the failure to manage acquisitions, investments or strategic alliances, or the failure to integrate them with our existing business, could have a material adverse effect on us.

From time to time we may consider opportunities to acquire or make investments in new or complementary businesses, facilities, technologies or products, or enter into strategic alliances, that may enhance our capabilities, expand our manufacturing network, complement our current products or expand the breadth of our markets.

Potential and completed acquisitions and investments and other strategic alliances involve numerous risks, including:

- problems integrating the purchased business, facilities, technologies or products;
- issues maintaining uniform standards, procedures, controls and policies;
- unanticipated costs associated with acquisitions, investments or strategic alliances;
- diversion of management's attention from our existing business;
- adverse effects on existing business relationships with suppliers, contract manufacturers, and retail customers;
- risks associated with entering new markets in which we have limited or no experience;
- potential loss of key employees of acquired businesses; and
- increased legal and accounting compliance costs.

We do not know if we will be able to identify acquisitions or strategic relationships we deem suitable, whether we will be able to successfully complete any such transactions on favorable terms or at all or whether we will be able to successfully integrate any acquired business, facilities, technologies or products into our business or retain any key personnel, suppliers or customers. Our ability to successfully grow through strategic transactions depends upon our ability to identify, negotiate, complete and integrate suitable target businesses, facilities, technologies and products and to obtain any necessary financing. These efforts could be expensive and time-consuming and may disrupt our ongoing business and prevent management from focusing on our operations. If we are unable to integrate any acquired businesses, facilities, technologies and products effectively, our business, results of operations and financial condition could be materially adversely affected.

The growth of our business depends in part on our ability to introduce new products and improve existing products, and our research and development and partnership efforts may fail to generate new product developments.

A key element of our growth strategy depends on both our existing product portfolio and our ability to develop and market new products and improvements to our existing products, including those that we may develop through partnerships. The success of our innovation and product development efforts is affected by the technical capability of our product development staff and third-party consultants in developing and testing new products, including complying with governmental regulations, our attractiveness as a partner for outside research and development scientists and entrepreneurs and the success of our management and sales team in introducing and marketing new products.

We may be unable to determine with accuracy when or whether any of our products now under development will be approved or launched, and we may be unable to develop or otherwise acquire product candidates or products. Additionally, we cannot predict whether any such products, once launched, will be commercially successful. Furthermore, the timing and cost of our R&D initiatives may increase as a result of additional government regulation or otherwise, making it more time-consuming and/or costly to research, test and develop new products. If we are unable to successfully develop or otherwise acquire new products, our financial condition and results of operations may be materially adversely affected.

Failure to protect our intellectual property could harm our competitive position or require us to incur significant expenses to enforce our rights.

Our success depends in part on our ability to protect our intellectual property rights. Our trademarks such as "*PetAction Plus*," "*VetIQ*," "*PetIQ*," "*PetLock Plus*," "*Delightibles*" and "*Betsy Farms*" are valuable assets that support our brand, sub-brands and consumers' perception of our products. We rely on trademark, copyright, trade

secret, patent and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our trademarks, trade names, proprietary information, technologies and/or processes. Our non-disclosure agreements and confidentiality agreements may not effectively prevent disclosure of our proprietary information, technologies and processes and may not provide an adequate remedy in the event of unauthorized disclosure of such information, which could harm our competitive position. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for some of our intellectual property rights and trade secrets in foreign countries. We may need to engage in litigation or similar activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others. Any such litigation could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. If we fail to protect our intellectual property, our business, financial condition and results of operations may be materially adversely affected.

We may be subject to intellectual property infringement claims or other allegations, which could result in substantial damages and diversion of management's efforts and attention.

We have obligations to respect third-party intellectual property. The steps we take to prevent misappropriation, infringement or other violation of the intellectual property of others may not be successful. From time to time, third parties have asserted intellectual property infringement claims against us and our retail customers and may continue to do so in the future. See "Business—Legal Proceedings." Although we believe that our products and manufacturing processes do not infringe in any material respect upon proprietary rights of other parties and/or that meritorious defenses would exist with respect to any assertions of infringement of other parties, we may from time to time be found to infringe on the proprietary rights. For example, patent applications in the United States and some foreign countries are generally not publicly disclosed until the patent application is published, and we may not be aware of currently filed patent applications that relate to our products or processes. If patents later issue on these applications, we may be found liable for subsequent infringement. Such claims that our products or processes infringe these rights, regardless of their merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. In part due to the complex technical issues and inherent uncertainties in intellectual property litigation, we cannot predict whether we will prevail in such proceedings. If such proceedings result in an adverse outcome, we could, among other things, be required to:

- pay substantial damages (potentially treble damages in the United States);
- cease the manufacture, use or sale of the infringing products;
- discontinue the use of the infringing processes;
- expend significant resources to develop non-infringing processes; and
- enter into licensing arrangements with the third party claiming infringement, which may not be available on commercially reasonable terms, or may not be available at all.

If any of the foregoing occurs, our ability to compete could be affected and our business, financial condition and results of operations may be materially adversely affected.

Adverse litigation judgments or settlements resulting from legal proceedings relating to our business operations could materially adversely affect our business, financial condition and results of operations.

From time to time, we are subject to allegations, and may be party to legal claims and regulatory proceedings, relating to our business operations. Such allegations, claims and proceedings may be brought by third parties, including our customers, employees, governmental or regulatory bodies or competitors. Defending against such claims and proceedings, regardless of their merits or outcomes, is costly and time consuming and may divert management's attention and personnel resources from our normal business operations, and the outcome of many

of these claims and proceedings cannot be predicted. If any of these claims or proceedings were to be determined adversely to us, a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, our reputation could be affected and our business, financial condition and results of operations could be materially adversely affected.

A failure of one or more key information technology systems, networks, or processes may materially adversely affect our ability to conduct our business.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our sales and marketing, accounting and financial and legal and compliance functions, engineering and product development tasks, research and development data, communications, supply chain, order entry and fulfillment and other business processes. We also rely on third parties and virtualized infrastructure to operate and support our information technology systems. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies and the loss of sales and customers, causing our business and results of operations to suffer.

In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures, security breaches, cyber-attacks and computer viruses. The failure of our information technology systems to perform as a result of any of these factors or our failure to effectively restore our systems or implement new systems could disrupt our entire operation and could result in decreased sales, increased overhead costs, excess inventory and product shortages and a loss of important information. Further, to the extent that we have customer information in our databases, any unauthorized disclosure of, or access to, such information could result in claims under data protection laws and regulations and could damage our reputation and result in lost sales. If any of these risks materialize, our reputation and our ability to conduct our business may be materially adversely affected.

We are subject to extensive and ongoing governmental regulation and we may incur material costs in order to comply with existing or future laws and regulations, and our failure to comply may result in enforcement, recalls and other adverse actions or significant penalties.

We are subject to a broad range of federal, state, local and foreign laws and regulations intended to protect public health and safety, natural resources and the environment. See “Business—Government Regulation.” Our operations are subject to extensive and ongoing regulation by the FDA, the U.S. Environmental Protection Agency (the “EPA”), the U.S. Department of Agriculture (the “USDA”), the Florida Department of Health and by various other federal, state, local and foreign authorities regarding the manufacturing, processing, packaging, storage, distribution, advertising, labeling and import and export of our products, including drug and food safety standards. Our operations also are subject to regulation regarding the availability and use of pesticides, emissions and discharges to the environment, and the treatment, handling, storage and disposal of materials and wastes. Many of these laws and regulations are becoming increasingly stringent and compliance with them is becoming increasingly expensive. Costs of compliance, and the impacts on us of any non-compliance, with any such laws and regulations could materially adversely affect our business, financial condition and results of operations.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;

- fines, warning letters or holds on target animal studies;
- refusal by applicable regulatory authorities to approve pending applications or supplements to approved applications, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

Regulatory policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of any current or future product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business.

Our business is also affected by export, primarily with respect to Canada, and import controls and similar laws and regulations, both in the United States and elsewhere. Issues such as national security or health and safety, which may slow or otherwise restrict imports or exports, may adversely affect our business, financial condition and results of operations. Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal fines or penalties against us, revocation or modification of applicable permits, environmental investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against or restrictions on operations that are not in compliance, among other things. Liability may be imposed under some laws and regulations regardless of fault or knowledge and regardless of the legality of the original action. These laws and regulations, or their interpretation, may change in the future and we may incur (directly, or indirectly through our contract manufacturers) material costs to comply with current or future laws and regulations or in any required product recalls.

An increase in the costs associated with maintaining our international operations could adversely affect our results of operations.

Certain factors may cause our international costs of doing business to exceed our comparable costs in North America. For example, in some countries, expanding our product offerings may require a close commercial relationship with one or more local banks, a shared ownership interest with a local entity or registration as a bank under local law. Such requirements may reduce our revenue, increase our costs or limit the scope of our activities in particular countries.

Further, because our international revenue is denominated in foreign currencies, we could become subject to increased difficulties in repatriating money without adverse tax consequences and increased risks relating to foreign currency exchange rate fluctuations. For example, the U.S. dollar has appreciated significantly against the Euro in recent periods. Further, we could be subject to the application of U.S. tax rules to acquired international operations and local taxation of our fees or of transactions on our websites.

We conduct portions of certain functions in regions outside of North America. Any factors that reduce the anticipated benefits, including cost efficiencies and productivity improvements, associated with providing these functions outside of North America, including increased regulatory costs associated with our international operations, could adversely affect our business.

Our success depends on our ability to attract and retain key employees and the succession of senior management.

Our continued growth and success requires us to hire, retain and develop our leadership team. If we are unable to attract and retain talented, highly qualified senior management and other key executives, as well as provide for the succession of senior management, our growth and results of operations may be adversely impacted.

If our cash from operations is not sufficient to meet our current or future operating needs, expenditures and debt service obligations, our business, financial condition and results of operations may be materially adversely affected.

Our ability to generate cash to meet our operating needs, expenditures and debt service obligations will depend on our future performance and financial condition, which will be affected by financial, business, economic legislative, regulatory and other factors, including potential changes in costs, pricing, the success of product innovation and marketing, competitive pressure and consumer preferences. If our cash flow and capital resources are insufficient to fund our debt service obligations and other cash needs, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. Our credit facility restricts our ability to take these actions and we may not be able to affect any such alternative measures on commercially reasonable terms or at all. If we cannot make scheduled payments on our debt, the lenders under our senior secured credit facilities can terminate their commitments to loan money, can declare all outstanding principal and interest to be due and payable and foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. In addition, any downgrade of our debt ratings by any of the major rating agencies, which could result from our financial performance, acquisitions or other factors, would also negatively impact our access to additional debt financing (including leasing) or refinancing on favorable terms, or at all. Even if we are successful in taking any such alternative actions, such actions may not allow us to meet our scheduled debt service obligations and, as a result, our business, financial condition and results of operations may be materially adversely affected.

Risks Related to Our Company and Our Organizational Structure

Our principal asset after the completion of this offering will be our interest in HoldCo, and, accordingly, we will depend on distributions from HoldCo to pay our taxes and expenses. HoldCo's ability to make such distributions may be subject to various limitations and restrictions.

Upon the consummation of this offering, we will be a holding company and will have no material assets other than our ownership of LLC Interests of HoldCo. As such, we will have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of HoldCo and its subsidiaries and distributions we receive from HoldCo. There can be no assurance that our subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants in our debt instruments, will permit such distributions.

HoldCo will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to holders of LLC Interests, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of HoldCo. Under the terms of the HoldCo Agreement, HoldCo will be obligated to make tax distributions to holders of LLC Interests, including us. These tax distributions will be funded from available cash of HoldCo and its subsidiaries. These tax distributions will be computed, for us, based on our actual tax liability as a result of the net taxable income allocated to us as a result of owning interests in Holdco and, for all other holders of LLC Interests,

based on the net taxable income of Holdco allocated to such holder of LLC Interests multiplied by an assumed, combined tax rate equal to the maximum rate applicable to an individual resident in New York, New York (taking into account the deductibility of state and local taxes and other applicable adjustments). In addition to tax expenses, we will also incur expenses related to our operations. We intend, as its managing member, to cause HoldCo to make cash distributions to the owners of LLC Interests in an amount sufficient to (i) fund all or part of their tax obligations in respect of taxable income allocated to them and (ii) cover our operating expenses. However, HoldCo's ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which HoldCo is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering HoldCo insolvent. Our credit agreement does not currently restrict our ability to make tax distributions, nor do we expect that it (or any successor thereto) should do so after the consummation of the Transactions. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. See "Certain Relationships and Related Party Transactions—HoldCo Agreement—Distributions." In addition, if HoldCo does not have sufficient funds to make distributions, our ability to declare and pay cash dividends will also be restricted or impaired. See "—Risks Related to This Offering and Ownership of Our Class A Common Stock" and "Dividend Policy."

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), as a result of our ownership of HoldCo, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act.

As the sole managing member of HoldCo, we will control and operate HoldCo. On that basis, we believe that our interest in HoldCo is not an "investment security" as that term is used in the 1940 Act. However, if we were to cease participation in the management of HoldCo, our interest in HoldCo could be deemed an "investment security" for purposes of the 1940 Act.

We and HoldCo intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective immediately prior to the consummation of this offering will contain provisions that may make the merger or acquisition of the Company more difficult without the approval of our board of directors. Among other things:

- a staggered board of directors;

- removal of directors, only for cause, by a supermajority of the voting power of stockholders entitled to vote;
- a provision denying stockholders the ability to call special meetings;
- a provision denying stockholders the ability to act by written consent;
- provisions waiving the corporate opportunity doctrine with respect to Certain Sponsors and their affiliates;
- advance notice requirements for stockholder proposals and nominations;
- amendment of our amended and restated charter by a supermajority of the voting power of stockholders entitled to vote; and
- the authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management, and may discourage, delay or prevent a transaction involving a change of control of our company that is in the best interest of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. In addition, because we are incorporated in Delaware, we have opted out of Section 203 of the General Corporation Law of the State of Delaware (the "DGCL").

Our board of directors is authorized to issue and designate shares of our preferred stock in additional series without stockholder approval.

Our amended and restated certificate of incorporation authorizes our board of directors, without the approval of our stockholders, to issue shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our amended and restated certificate of incorporation, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with our Class A common stock, which may reduce its value.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition.

We are subject to taxes by the U.S. federal, state and local tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation; or
- changes in tax laws, regulations or interpretations thereof.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal, state and local taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

Risks Related to This Offering and Ownership of Our Class A Common Stock

Our equity sponsors and founders, individually or in the aggregate, will have significant influence over us and their respective interests may conflict with yours in the future.

After giving effect to the Transactions, our equity sponsors, Eos, Labore and Highland, will beneficially own approximately %, % and %, respectively, of our outstanding Class A common stock, approximately %, % and %, respectively, of our outstanding Class B common stock and approximately %, % and %, respectively, of the total voting power. In addition, after giving effect to the Transactions, our founders collectively will own % of our outstanding Class A common stock, % of our outstanding Class B common stock and % of the total voting power. As a result, our equity sponsors and founders have, individually or in the aggregate, the ability to significantly influence all matters submitted to our stockholders for approval, including:

- changes to the composition of our board of directors, which has the authority to direct our business and appoint and remove our officers;
- proposed mergers, consolidations or other business combinations; and
- amendments to our certificate of incorporation and bylaws, which govern the rights attached to our shares of common stock.

In addition, three of our directors (Mark First, David Krauser and James Clarke) are affiliated with our equity sponsors.

This concentration of ownership of shares of our Class A common stock could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of shares of our Class A common stock that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our Class A common stock. The interests of our equity sponsors may not always coincide with the interests of the other holders of our Class A common stock. This concentration of ownership may also adversely affect our stock price.

In the ordinary course of their business activities, any one of our equity sponsors and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. Our amended and restated certificate of incorporation will provide that none of our equity sponsors, any of their affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Each of our equity sponsors also may pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, any one of our equity sponsors may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a newly public company, and our management will be required to devote substantial time to new compliance matters, which could lower our profits or make it more difficult to run our business.

As a newly public company, we will incur significant legal, accounting and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors. We also have incurred and will incur costs associated with the

Sarbanes-Oxley Act and related rules implemented by the SEC and NASDAQ. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions and other regulatory action and, potentially, civil litigation.

There may not be an active trading market for shares of our Class A common stock, which may cause shares of our Class A common stock to trade at a discount from the initial offering price and make it difficult to sell the shares of common stock you purchase.

Prior to this offering, there has not been a public trading market for shares of our Class A common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained that would make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price per share of common stock will be determined by agreement between us and the representatives of the underwriters and may not be indicative of the price at which shares of our Class A common stock will trade in the public market after this offering. The market price of our Class A common stock may decline below the initial offering price and you may not be able to sell your shares of our Class A common stock at or above the price you paid in this offering, or at all.

The market price of shares of our Class A common stock may be volatile, which could cause the value of your investment to decline.

Even if a trading market develops, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our Class A common stock in spite of our operating performance. In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly results of operations, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments and adverse publicity about our industry in or individual scandals, and in response the market price of shares of our Class A common stock could decrease significantly. You may be unable to resell your shares of common stock at or above the initial public offering price.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us, our industry and our business. Security and industry research analysts do not currently provide research coverage on us, and we cannot assure you that any research analysts will provide research coverage on us or our securities after this offering. If one or more of the analysts who cover us downgrades our Class A common stock or publishes inaccurate or unfavorable research about our business, our stock price could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our Class A common stock could decrease, which could cause our stock price and trading volume to decline.

Because we have no current plans to pay cash dividends on our Class A common stock, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We have no current plans to pay cash dividends on our Class A common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including restrictions under our senior secured credit facilities and other indebtedness we may incur, and such other factors as our board of directors may deem relevant.

If you purchase shares of common stock sold in this offering, you will incur immediate and substantial dilution.

If you purchase shares of common stock in this offering, you will incur immediate and substantial dilution of $ per share based on the initial public offering price of $ per share, which is substantially higher than the pro forma net tangible book value per share of our outstanding common stock. In addition, you may also experience additional dilution, or potential dilution, upon future equity issuances to investors or to our employees and directors under our stock option and equity incentive plans. See “Dilution.”

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

After this offering we will have approximately shares of common stock authorized but unissued. Our amended and restated certificate of incorporation to become effective immediately prior to the consummation of this offering authorizes us to issue these shares of common stock and options relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved shares for issuance under the 2016 Plan. See “Executive Compensation.” Any common stock that we issue, including under the Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our Class A common stock to decline.

The sale of substantial amounts of shares of our Class A common stock in the public market, or the perception that such sales could occur, including sales by any one of our equity sponsors, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering we will have a total of shares of our Class A common stock outstanding. Of the outstanding shares, the shares sold or issued in this offering (or shares if the underwriters exercise their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 under the Securities Act, may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale."

The remaining outstanding shares of common stock held by our existing owners after this offering will be subject to certain restrictions on resale. We, our executive officers, directors and all our existing stockholders, will sign lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our Class A common stock and certain other securities held by them for 180 days following the date of this prospectus. Robert W. Baird & Co. Incorporated may, in its sole discretion and at any time without notice, release all or any portion of the shares or securities subject to any such lock-up agreements. See "Underwriting" for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, all of such shares (or shares if the underwriters exercise their option to purchase additional shares in full) will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144. We expect that each of our equity sponsors will be considered an affiliate 180 days after this offering based on its expected share ownership (consisting of shares), as well as its board nomination rights. Certain other of our stockholders may also be considered affiliates at that time.

In addition, the Continuing LLC Owners and Certain Sponsors hold registration rights for the sale of and shares of our Class A common stock, respectively. Once we register these shares, they will be eligible for resale in the public market, subject only to the lock-up agreements described above and the limitations under Rule 144.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock issued pursuant to the 2016 Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover shares of our Class A common stock.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

Future offerings of debt securities, which would rank senior to our Class A common stock upon our bankruptcy or liquidation, and future offerings of equity securities that may be senior to our Class A common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our Class A common stock.

In the future, we may attempt to increase our capital resources by making offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our Class A common stock. Preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments or both that could limit our ability to make a dividend distribution to the holders of our Class A common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and purchasers of our Class A common stock in this offering bear the risk of our future offerings reducing the market price of our Class A common stock and diluting their ownership interest in our Company.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to "emerging growth companies" will make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." In particular, while we are an "emerging growth company" (i) we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, (ii) we will be exempt from any rules that may be adopted by the PCAOB requiring mandatory audit firm rotations or a supplement to the auditor's report on financial statements, (3) we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (4) we will not be required to hold nonbinding advisory votes on executive compensation or obtain stockholder approval of any golden parachute payments not previously approved. We currently intend to take advantage of the reduced disclosure requirements regarding executive compensation. If we remain an "emerging growth company" after 2015, we may take advantage of other exemptions, including the exemptions from the advisory vote requirements and executive compensation disclosures under the Dodd-Frank Wall Street Reform and Customer Protection Act and the exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We may remain an "emerging growth company" until the year-end following the fifth anniversary of the completion of this initial public offering, though we may cease to be an "emerging growth company" earlier under certain circumstances, including (i) if we become a large accelerated filer, (ii) if our gross net sales exceeds $1.0 billion in any year or (3) if we issue more than $1.0 billion in non-convertible notes in any three-year period.

The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our Class A common stock less attractive if we rely on the exemptions

and relief granted by the JOBS Act. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may decline and/or become more volatile.

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

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Although we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

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

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties, such as statements about the Transactions, our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Examples of forward-looking statements include, without limitation:

- statements regarding our strategies, results of operations or liquidity;
- statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance;
- statements of management's goals and objectives; and
- assumptions underlying statements regarding us or our business.

Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, factors discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and our dependency on a limited number of customers; our ability to implement our growth strategy effectively; our ability to achieve or sustain profitability; competition from veterinarians and others in our industry; failure of the FTPOA to become law; reputational damage to our brands; economic trends and spending on pets; the effectiveness of our marketing and trade promotion programs; recalls or withdrawals of our products or product liability claims; our ability to manage our manufacturing and supply chain effectively; disruptions in our manufacturing and distribution chains; our ability to successfully grow our business through acquisitions; our ability to introduce new products and improve existing products; our failure to protect our intellectual property; costs associated with governmental regulation; risks related to our international operations; and our ability to keep and retain key employees. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

THE TRANSACTIONS

The Transactions will be effectuated by the Recapitalization Agreement. See "—Organizational Structure Following This Offering" below for a chart depicting our organizational structure following the consummation of the Transactions and this offering. We refer to the consummation of the organizational transactions, including the Contributions and the Reclassification, each as described below, as the "Transactions."

Prior to this offering and prior to the Contributions described below, the Continuing LLC Owners and the Sponsor Corps directly held all of the issued and outstanding interests in HoldCo, and Certain Sponsors held all of the issued and outstanding interests in the Sponsor Corps. Accordingly, Certain Sponsors had an indirect interest in HoldCo equal to the aggregate interest of the Sponsor Corps in HoldCo. The Sponsor Corps were formed in 2012, and they have no assets, liabilities or operations, other than as holding companies owning direct interests in HoldCo.

Contributions

Pursuant to a contribution agreement to be entered into prior to this offering, Certain Sponsors will contribute all of their interests in the Sponsor Corps to PetIQ. In exchange for this contribution of the Sponsor Corps to PetIQ, Certain Sponsors will receive preference notes payable by PetIQ in the aggregate amount of $ (the "Certain Sponsor Preference Notes") and an aggregate of shares of Class A common stock (which shares represent the remaining value of each Certain Sponsor's indirect interest in HoldCo immediately prior to the respective contribution after taking into consideration the amount of the applicable Certain Sponsor Preference Note and based on a hypothetical valuation of HoldCo agreed to by the Continuing LLC Owners and the Sponsor Corps). The Certain Sponsor Preference Notes will become due and payable upon the consummation of this offering and will accrue interest at a rate of two percent per annum. Immediately following the contribution of the Sponsor Corps, each Sponsor Corp will become a wholly owned subsidiary of PetIQ. The Contributions will be effected prior to the time our Class A common stock is registered under the Securities Act, and prior to the completion of this offering.

Reclassification

The equity interests of HoldCo currently consist of seven different classes of limited liability company units (Class A, Class B, Class C, Class D, Class E, Class F and Class P). Prior to the completion of this offering, the HoldCo Agreement will be amended and restated to, among other things, modify the capital structure of HoldCo to create a single new class of units, the LLC Interests.

The LLC Interests to be received in the Reclassification will be allocated to the Sponsor Corps and the Continuing LLC Owners. The number of LLC Interests to be allocated to the Sponsor Corps, and therefore indirectly to PetIQ, will be equal to the number of shares of Class A common stock that Certain Sponsors receive in the Contributions. The Continuing LLC Owners (i) will exchange certain LLC Interests for preference notes payable by PetIQ in the aggregate amount of $ (the "Continuing LLC Owner Preference Notes" and together with Certain Sponsor Preference Notes, the "Preference Notes") and (ii) will receive from PetIQ LLC an aggregate of LLC Interests (which LLC Interests represent the remaining value of each Continuing LLC Owner's interest in HoldCo immediately prior to the Reclassification after taking into consideration the amount of the applicable Continuing LLC Owner Preference Note and based on a hypothetical valuation of HoldCo agreed to by the Continuing LLC Owners and the Sponsor Corps). The Continuing LLC Owner Preference Notes will become due and payable upon the consummation of this offering and will accrue interest at a rate of two percent per annum. As a result, following the Contributions and the Reclassification, LLC Interests will be held by the Continuing LLC Owners and by PetIQ, which will hold its interests indirectly through the Sponsor Corps. The Reclassification will be effected prior to the time our Class A common stock is registered under the Securities Act and prior to the completion of this offering.

Following the Contributions and the Reclassification, PetIQ will issue to the Continuing LLC Owners one share of Class B common stock for each LLC Interest they hold. The shares of Class B common stock will have no right to receive distributions or dividends, whether cash or stock, but will entitle the holder to one vote per share on matters presented to stockholders of PetIQ. All of the shares of Class A common stock that will be outstanding following the Contributions and the Reclassification, but prior to completion of this offering, will be held by Certain Sponsors.

Pursuant to the HoldCo Agreement, PetIQ will be designated as the sole managing member of HoldCo. Accordingly, PetIQ will have the right to determine when distributions will be made by HoldCo to its members and the amount of any such distributions (subject to the requirements with respect to the tax distributions described below). If PetIQ authorizes a distribution by HoldCo, the distribution will be made to the members of HoldCo pro rata in accordance with the ownership of their respective LLC Interests.

The holders of LLC Interests will incur U.S. federal, state and local income taxes on their allocable share of any taxable income of HoldCo (as calculated pursuant to the HoldCo Agreement). Net profits and net losses of HoldCo will generally be allocated to its members pursuant to the HoldCo Agreement pro rata in accordance with the ownership of their respective LLC Interests. The HoldCo Agreement will provide for cash distributions to the holders of LLC Interests for purposes of funding their tax obligations in respect of the income of HoldCo that is allocated to them. These tax distributions will be funded from available cash of HoldCo and its subsidiaries. These tax distributions will be computed, for us, based on our actual tax liability as a result of the net taxable income allocated to us as a result of owning interests in Holdco and, for all other holders of LLC Interests, based on the net taxable income of Holdco allocated to such holder of LLC Interests multiplied by an assumed, combined tax rate equal to the maximum rate applicable to an individual resident in New York, New York (taking into account the deductibility of state and local taxes and other applicable adjustments).

Following the reclassification, because PetIQ will manage and operate the business and control the strategic decisions and day-to-day operations of Holdco and will also have a substantial financial interest in Holdco, we will consolidate the financial results of Holdco pursuant to the VIE accounting model, and a portion of our net income (loss) will be allocated to the non-controlling interest to reflect the entitlement of Continuing LLC Owners to a portion of Holdco's net income (loss). See "Unaudited Pro Forma Condensed Consolidated Financial Information".

Exchange Rights

Under the HoldCo Agreement, the Continuing LLC Owners (or certain permitted transferees thereof) will have the right, from time to time following this offering and subject to the terms of the HoldCo Agreement, to exchange their LLC Interests, along with a corresponding number of shares of our Class B common stock, for newly issued shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and similar transactions. Our board of directors, which will include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead cause HoldCo to make a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Interest exchanged (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the HoldCo Agreement. As a Continuing LLC Owner exchanges LLC Interests, along with a corresponding number of shares of our Class B common stock, for shares of Class A common stock (or receives a cash payment lieu of such Class A common stock), the number of LLC Interests held by PetIQ will be correspondingly increased as it acquires the exchanged LLC Interests and cancels a corresponding number of shares of Class B common stock. See "Certain Relationships and Related Party Transactions—HoldCo Agreement."

Offering Transactions

In connection with the completion of this offering, we intend to use a portion of the net proceeds we receive to repay the Preference Notes and to purchase newly issued LLC Interests from HoldCo. See "Use of Proceeds."

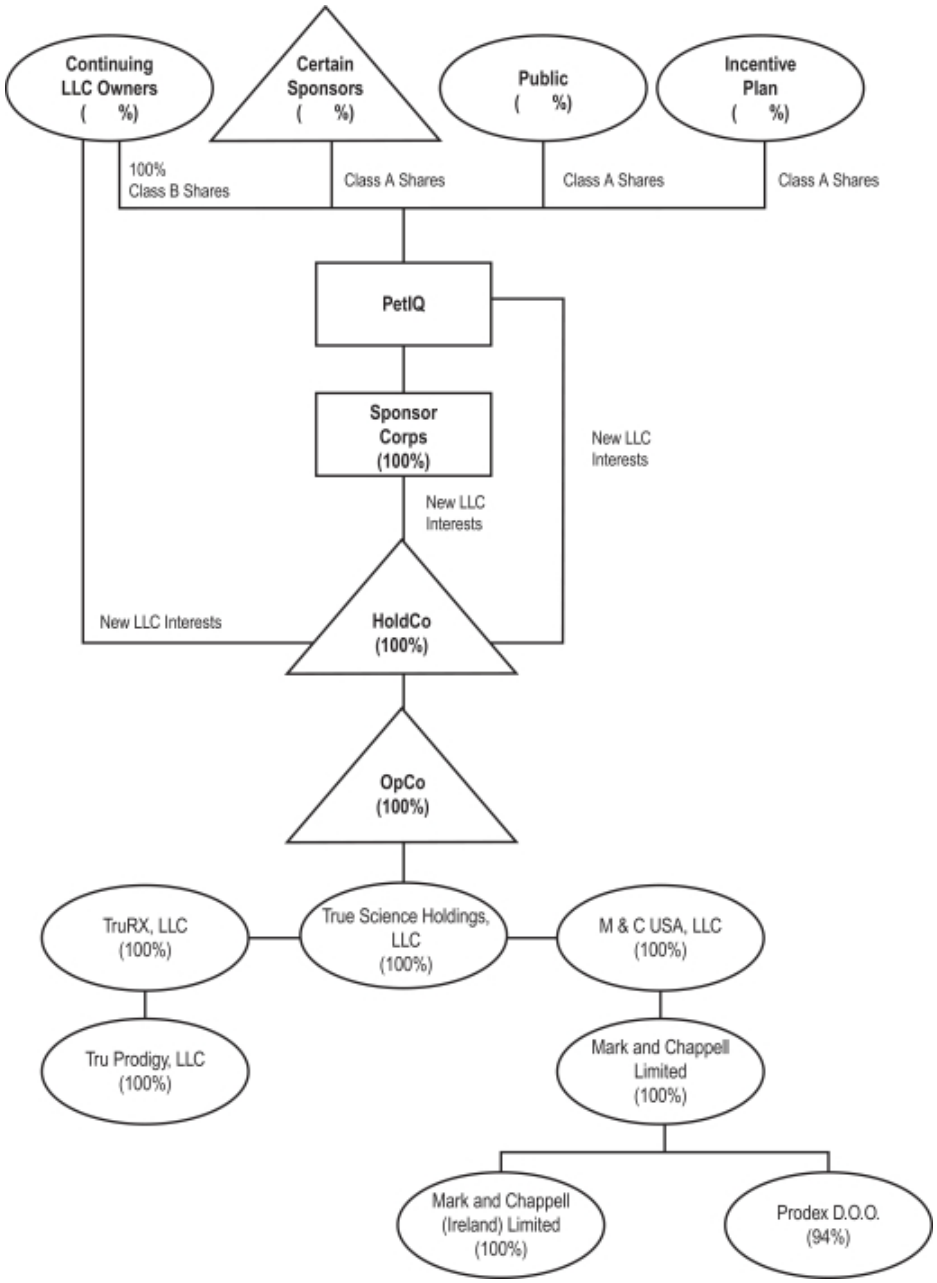
In connection with the Contributions and the Reclassification, we will also indirectly acquire LLC Interests in an amount equal to the number of shares of LLC Interests issued to the Sponsor Corps in the Reclassification as a result of us owning the Sponsor Corps following the Contributions. Accordingly, following this offering, we will hold a number of LLC Interests that is equal to the number of shares of Class A common stock that we issued to Certain Sponsors and investors in this offering. HoldCo will reimburse PetIQ for all of the expenses of this offering.

As a result of the Transactions and this offering, upon completion of this offering:

- the investors in this offering will collectively own shares of our Class A common stock (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), representing % of the voting power in the Company (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and, through PetIQ, % of the economic interest in HoldCo (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock);
- Certain Sponsors will collectively own shares of our Class A common stock, representing % of the voting power in the Company (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and, through PetIQ, % of the economic interest in HoldCo (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock); and
- the Continuing LLC Owners will collectively hold LLC Interests, representing % of the economic interest in HoldCo (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and shares of our Class B common stock (or if the underwriters exercise in full their option to purchase additional shares of Class A common stock), representing % of the voting power in PetIQ (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Organizational Structure Following This Offering

The diagram below depicts our organizational structure immediately following this offering, after giving effect to the Transactions, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions, will be approximately $ million, assuming the shares are offered at $ per share (the midpoint of the price range listed on the cover page of this prospectus). A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us remains the same as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions. Similarly, an increase or decrease of shares in the number shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, would increase or decrease our net proceeds from this offering by approximately $ million, assuming no changes in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

We intend to use the net proceeds of this offering to (i) pay off the Preference Notes in the aggregate amount of $ million and (ii) purchase newly issued LLC Interests from HoldCo at a purchase price per interest equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions. The Preference Notes will accrue interest at a rate of two percent per annum and will be due and payable immediately upon the consummation of this offering.

We intend to cause HoldCo to use such proceeds to pay fees and expenses of approximately $ million in connection with the Transactions and this offering and for general corporate purposes.

DIVIDEND POLICY

Except for the distributions described under “The Transactions,” we currently intend to retain all available funds and any future earnings for use in the operation of our business, and therefore we do not currently expect to pay any cash dividends on our Class A common stock. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. Any future determination to pay dividends to holders of Class A common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, capital requirements and other factors that our board of directors deems relevant. We are a holding company, and substantially all of our operations are carried out by HoldCo and its subsidiaries. Our ability to pay dividends may also be restricted by any future credit agreement or any future debt or preferred equity securities of ours or of our subsidiaries.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of March 31, 2016 of:

- OpCo and its subsidiaries on a historical basis;
- PetIQ and its subsidiaries as adjusted to give effect to the Transactions; and
- PetIQ and its subsidiaries on a pro forma basis to give effect to the Transactions, the issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range listed on the cover page of this prospectus, after (i) deducting the estimated underwriting discounts and commissions and (ii) the application of the estimated net proceeds from the offering as described under "Use of Proceeds."

This information should be read in conjunction with "Use of Proceeds," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of March 31, 2016		
	Historical OpCo	PetIQ As Adjusted Before Offering	Pro Forma PetIQ
(in thousands, except share and per share data)			
Cash and cash equivalents	$ 1,704	$	$
Indebtedness:			
Total indebtedness	$29,149	$	$
Total equity:			
Members' equity			
Class A common stock, par value $0.001 per share; no shares authorized, issued and outstanding on a historical basis; shares authorized, issued and outstanding on a pro forma basis			
Class B common stock, par value $0.001 per share; no shares authorized, issued and outstanding on a historical basis; shares authorized, issued and outstanding on a pro forma basis			
Additional paid-in capital			
Total members' equity/stockholders' equity	45,649		
Noncontrolling interest	(21)		
Total capitalization	$45,628	$	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us remains the same as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions. Similarly, an increase or decrease of shares in the number shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, would increase or decrease our net proceeds from this offering by approximately $ million, assuming no changes in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

DILUTION

The Continuing LLC Owners will maintain LLC Interests in HoldCo after the Transactions and this offering. Because the Continuing LLC Owners will not own any Class A common stock or have any right to receive distributions from PetIQ, we have presented dilution in pro forma net tangible book value per share after this offering assuming that all of the holders of LLC Interests (other than those held by PetIQ through the Sponsor Corps) had their LLC Interests exchanged for newly issued shares of Class A common stock on a one-for-one basis (rather than for cash) and the cancellation for no consideration of all of their shares of Class B common stock (which are not entitled to receive distributions or dividends, whether in cash or stock from PetIQ) in order to more meaningfully present the dilutive impact on the investors in this offering. We refer to the assumed exchange of all LLC Interests for shares of Class A common stock as described in the previous sentence as the "Assumed Exchange."

Dilution is the amount by which the offering price paid by the purchasers of the Class A common stock in this offering exceeds the pro forma net tangible book value per share of Class A common stock after the offering. OpCo's net tangible book value as of March 31, 2016 was $ million. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding at that date.

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

Pro forma net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock, after giving effect to the Transactions and this offering and the Assumed Exchange. Our pro forma net tangible book value as of March 31, 2016 would have been approximately $ million, or $ per share of Class A common stock. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $ per share to investors purchasing shares of Class A common stock in this offering. Similarly, an increase or decrease of shares in the number of Class A common stock offered by us, as set forth on the cover page of this prospectus, would increase or decrease the pro forma as net tangible book value after giving effect to this offering by $, or $ per share, and would increase or decrease the dilution in pro form net tangible book value per share to investors in this offering by $, based on the assumption above.

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

Assumed initial public offering price per share		$
Pro forma net tangible book value (deficit) per share as of March 31, 2016 before giving effect to this offering	$	
Increase in net tangible book value per share attributable to investors in this offering		
Pro forma net tangible book value per share after giving effect to this offering		
Dilution in pro forma net tangible book value per share to investors in this offering		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase or decrease, as applicable, pro forma net tangible book value per share after giving effect to this offering by $ million, or $ per share, and would

increase or decrease the dilution in pro forma net tangible book value per share to investors in this offering by $, based on the assumptions set forth above.

The following table summarizes as of March 31, 2016 on the pro forma basis described above, the number of shares of Class A common stock purchased, the total consideration paid and the average price per share paid by investors in this offering, based upon an assumed initial public offering price of $ per share, the midpoint of the initial public offering price range on the cover page of this prospectus, and before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100%		100%	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase or decrease the total consideration paid by new investors and the total consideration paid by all shareholders by $ million, based on the assumptions set forth above. Similarly, an increase or decrease of shares in the number of Class A common stock offered by us as set forth on the cover page of this prospectus would increase or decrease the total consideration paid by new investors and the total consideration paid by all shareholders by $, based on the assumptions set forth above.

Except as otherwise indicated, the discussion and tables above assume the number of shares offered by us remains the same, no exercise of the underwriters' option to purchase additional shares and no exercise of any outstanding options. If the underwriters' option to purchase additional shares is exercised in full, our existing stockholders would own approximately % and purchasers in this offering would own approximately % of the total number of shares of our Class A common stock outstanding after this offering. If the underwriters exercise their option to purchase additional shares in full, the pro forma net tangible book value per share after this offering would be $ per share, and the dilution in the pro forma net tangible book value per share to purchasers in this offering would be $ per share.

The tables and calculations above are based on shares of Class A common stock outstanding as of , 2016 and assume no exercise by the underwriters of their option to purchase up to an additional shares from us. This number excludes, as of , 2016, an aggregate of shares of Class A common stock reserved for issuance under the Omnibus Incentive Plan that we intend to adopt in connection with this offering.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma information reflects the impact of this offering, after giving effect to the Transactions discussed in the section of this prospectus entitled "The Transactions." The following unaudited pro forma consolidated statement of operations for the year ended December 31, 2015 gives effect to the Transactions and this offering as if the same had occurred on January 1, 2015.

We have derived the unaudited pro forma consolidated balance sheet and statement of operations as of and for the year ended December 31, 2015 from the audited consolidated financial statements of OpCo as of and for the year ended December 31, 2015 included elsewhere in this prospectus. We have derived the unaudited pro forma consolidated balance sheet and statement of operations as of and for the three months ended March 31, 2016 from the unaudited consolidated financial statements of OpCo as of and for the three months ended March 31, 2016 included elsewhere in this prospectus. The pro forma financial information is qualified in its entirety by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

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

- the amendment and restatement of the limited liability company agreement of HoldCo to, among other things, (i) modify the capital structure of HoldCo to create a single new class of units, the LLC Interests, (ii) exchange all of the HoldCo existing membership interests for LLC Interests and (iii) appoint PetIQ as the sole managing member of HoldCo;
- the amendment and restatement of PetIQ's certificate of incorporation to, among other things, (i) provide for Class A common stock and Class B common stock and (ii) issue shares of Class B common stock to the Continuing LLC Owners, on a one-to-one basis with the number of LLC Interests they own;
- the contribution by Certain Sponsors of all of the Sponsor Corps to PetIQ in exchange for the issuance of the Certain Sponsor Preference Notes payable by PetIQ and shares of Class A common stock to Certain Sponsors;
- the exchange by the Continuing LLC Owners of certain LLC Interests for the Continuing LLC Owner Preference Notes;
- the Continuing LLC Owners retaining the remaining LLC Interests; and
- a provision for income taxes and deferred taxes reflected PetIQ as a taxable corporation at an effective rate of % for the three months ended March 31, 2016 and % for the year ended December 31, 2015.

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

- the issuance of shares of our Class A common stock in this offering in exchange for net proceeds of approximately $ (the midpoint of the price range listed on the cover page of this prospectus), after deducting underwriting discounts and commission but before offering expenses;
- the repayment of the Preference Notes in the aggregate amount of $ million;
- the purchase by PetIQ of newly issued LLC Interests from HoldCo at purchase price per interest equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions; and

- the changes in equity related to the purchase of LLC Interests and the related noncontrolling interest not owned by PetIQ.

The historical consolidated financial position and results of operations of PetIQ have not been presented in the accompanying unaudited pro forma consolidated financial information as PetIQ is a newly incorporated entity as of February 29, 2016, has had no business transactions or activities to date, and had no material assets, liabilities, revenues or expenses during the periods presented in this section. The Transactions and designation of PetIQ as the sole managing member of HoldCo will be accounted for as the combination of entities under common control. HoldCo is the sole member of OpCo and has no operations and no assets other than the equity interests of OpCo. As a result, OpCo will be considered our predecessor for accounting purposes. This will result in the presentation of OpCo's historical financial statements as the historical financial statements of PetIQ and PetIQ will account for OpCo's assets and liabilities at their historical carrying amounts.

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

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

PetIQ, Inc.
Unaudited Pro Forma Consolidated Balance Sheet Data as of March 31, 2016

(dollars in thousands)	Historical OpCo	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma PetIQ
Current assets					
Cash and cash equivalents	$ 1,704				
Accounts receivable, net of allowance for doubtful accounts	18,762				
Inventories	39,132				
Supplier prepayments	3,507				
Other current assets	2,323				
Total current assets	65,428				
Property, plant and equipment, net	13,205				
Restricted cash and deposits	250				
Other non-current assets	753				
Intangible assets, net of accumulated amortization	5,208				
Goodwill	5,416				
Total assets	$90,290				
Liabilities and member's equity					
Current liabilities					
Accounts payable	$11,703				
Accrued wages payable	616				
Accrued interest payable	300				
Other accrued expenses	327				
Current portion of long-term debt and capital leases	3,034				
Total current liabilities	15,980				
Non-current liabilities					
Long-term debt	25,728				
Obligations under capital leases, less current installments	409				
Deferred acquisition liability	2,154				
Other non-current liabilities	361				
Total non-current liabilities	28,652				
Commitments and contingencies					
Equity					
Member's equity	46,034				
Accumulated other comprehensive (loss) income	(385)				
Total member's equity	45,649				
Non-controlling interest	(21)				
Total equity	45,628				
Total liabilities and equity	$90,260				

PetIQ, Inc.
Unaudited Pro Forma Consolidated Statement of Operations for the Quarter Ended March 31, 2016

(dollars in thousands)	Historical OpCo	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma PetIQ
Net sales	$52,298				
Cost of sales	42,526				
Gross profit	9,772				
Operating expenses					
General and administrative expenses	8,063				
Operating income	1,709				
Interest expense	(901)				
Foreign currency loss, net	(121)				
Loss on debt extinguishment	(993)				
Other income, net	2				
Total other expense, net	(2,013)				
Net loss	$ (304)				
Net income attributable to noncontrolling interest	$ 1				
Net loss attributable to member	$ (305)				
Pro forma weighted average shares of Class A common stock outstanding:(1)					
Basic					
Diluted					
Pro forma net loss per Class A common share:(2)					
Basic					
Diluted					

(1) The shares of Class B common stock do not share in our earnings and therefore are not included in the weighted average shares outstanding or net loss per share. The pro forma weighted average shares outstanding and net loss per share give effect to the Transactions and the issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range listed on the cover page of this prospectus.

(2) The basic and diluted pro forma net loss per share of Class A common stock represents net loss attributable to PetIQ divided by the combination of shares of Class A common stock owned by the Sponsor Corps after giving effect to the Transactions and the issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range listed on the cover page of this prospectus.

PetIQ, Inc.
Unaudited Pro Forma Consolidated Balance Sheet Data as of December 31, 2015

(dollars in thousands)	Historical OpCo	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma PetIQ
Current assets					
Cash and cash equivalents	$ 3,250				
Accounts receivable, net of allowance for doubtful accounts	14,512				
Inventories	33,685				
Supplier prepayments	7,501				
Other current assets	1,370				
Total current assets	60,318				
Property, plant and equipment, net	12,960				
Restricted cash and deposits	7,144				
Other non-current assets	757				
Intangible assets, net of accumulated amortization	5,576				
Goodwill	5,580				
Total assets	$92,335				
Liabilities and member’s equity					
Current liabilities					
Accounts payable	$ 9,210				
Accrued wages payable	1,203				
Accrued interest payable	270				
Other accrued expenses	329				
Current portion of long-term debt and capital leases	153				
Total current liabilities	11,165				
Non-current liabilities					
Long-term debt	32,052				
Obligations under capital leases, less current installments	395				
Deferred acquisition liability	2,053				
Other non-current liabilities	395				
Total non-current liabilities	34,895				
Commitments and contingencies					
Equity					
Member’s equity	46,339				
Accumulated other comprehensive (loss) income	(42)				
Total member’s equity	46,297				
Non-controlling interest	(22)				
Total equity	46,275				
Total liabilities and equity	$92,335				

PetIQ, Inc.
Unaudited Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2015

(dollars in thousands)	Historical OpCo	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma PetIQ
Net sales	$205,687				
Cost of sales	166,529				
Gross profit	39,158				
Operating expenses					
General and administrative expenses	35,588				
Operating income	3,570				
Interest expense	(3,545)				
Foreign currency gain, net	75				
Loss on debt extinguishment	(1,449)				
Total other expense, net	(4,919)				
Net loss	$ (1,349)				
Net loss attributable to noncontrolling interest	$ (7)				
Net loss attributable to member	$ (1,342)				
Pro forma weighted average shares of Class A common stock outstanding:(1)					
Basic					
Diluted					
Pro forma net loss per Class A common share:(2)					
Basic					
Diluted					

(1) The shares of Class B common stock do not share in our earnings and therefore are not included in the weighted average shares outstanding or net loss per share. The pro forma weighted average shares outstanding and net loss per share give effect to the Transactions and the issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range listed on the cover page of this prospectus.

(2) The basic and diluted pro forma net loss per share of Class A common stock represents net loss attributable to PetIQ divided by the combination of shares of Class A common stock owned by the Sponsor Corps after giving effect to the Transactions and the issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range listed on the cover page of this prospectus.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present the selected historical consolidated financial and other data for OpCo and its subsidiaries. OpCo is the predecessor of the issuer, PetIQ, for financial reporting purposes.

The selected consolidated statement of operations data for each of the years in the two-year period ended December 31, 2015 and the selected consolidated balance sheet data as of December 31, 2015 and 2014 are derived from the audited consolidated financial statements of OpCo and its subsidiaries included elsewhere in this prospectus. The selected consolidated statement of operations data for the fiscal quarters ended March 31, 2016 and 2015 and the selected consolidated balance sheet data as of March 31, 2016 are derived from the unaudited consolidated financial statements of OpCo included elsewhere in this prospectus.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full year. The information set forth below should be read together with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

The selected historical consolidated financial and other data of PetIQ have not been presented as PetIQ is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

	Historical OpCo			
	Three Months Ended March 31,		Year ended December 31,	
	2016	2015	2015	2014
(dollars in thousands, except per share data)				
Consolidated statement of operations data:				
Net sales	$52,298	$55,570	$205,687	$161,491
Cost of sales	42,526	43,209	166,529	138,754
Gross profit	9,772	12,361	39,158	22,737
Operating expenses				
General and administrative expenses	8,063	6,701	35,588	32,858
Operating income (loss)	1,709	5,660	3,570	(10,121)
Other expense				
Other income (expense), net	2	—	—	(12)
Loss on debt extinguishment	(993)	(1,449)	(1,449)	—
Foreign currency (loss) gain, net	(121)	261	75	122
Interest expense	(901)	(762)	(3,545)	(980)
Total other expense	(2,013)	(1,950)	(4,919)	(870)
Net (loss) income	(304)	3,710	$ (1,349)	$ (10,991)
Pro forma weighted average shares used for computation of (unaudited):(1)				
Basic				
Diluted				
Pro forma net (loss) income per common share (unaudited):(1)				
Basic			$	$
Diluted			$	$

(1) Gives effect to the Transactions and this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.

	Historical OpCo		
	As of March 31,	As of December 31,	
	2016	2015	2014
(dollars in thousands)			
Consolidated balance sheet data:			
Cash and cash equivalents	$ 1,704	$ 3,250	$ 1,370
Total assets	90,290	92,335	70,586
Total debt	29,150	32,935	14,486
Total liabilities	44,632	46,060	22,447
Total members'/stockholders' equity	45,628	46,275	48,139

	Historical OpCo			
	Three Months Ended March 31,		Year Ended December 31,	
Other Data[a]	2016	2015	2015	2014
(dollars in thousands)				
EBITDA	$1,345	$5,065	$ 4,773	$(7,713)
Adjusted EBITDA	3,806	7,025	11,381	(5,386)
Capital Expenditures	753	372	1,550	7,664

(a) EBITDA and Adjusted EBITDA are non-GAAP financial measures. The following table reconciles net loss, the most comparable GAAP measure, to EBITDA and Adjusted EBITDA for the periods presented:

	Three Months Ended March 31,		Year Ended December 31,	
	2016	2015	2015	2014
(dollars in thousands)				
Net (loss) income	$ (304)	$3,710	$ (1,349)	$ (10,991)
Non-GAAP adjustments:				
Depreciation	476	454	1,842	1,456
Amortization	272	139	735	842
Interest	901	762	3,545	980
EBITDA	1,345	5,065	4,773	(7,713)
Loss on debt extinguishment[1]	993	1,449	1,449	—
Litigation expenses[2]	1,349	310	2,622	1,867
Costs associated with becoming a public company	—	86	626	—
Supplier receivable write-off[3]	—	—	1,449	—
Management fees[4]	119	115	462	460
Adjusted EBITDA	$3,806	$7,025	$11,381	$ (5,386)

(1) Loss on debt extinguishment reflects costs relating to the refinancing of our prior credit facility, including a write-off of unamortized loan fees, legal fees and termination fees.

(2) These litigation expenses relate to our existing cases, which are expected to continue at approximately the 2015 level in 2016 and decline in 2017. See "Business—Legal Proceedings."

(3) During 2015 the Company terminated its relationship with a supplier in accordance with a supply agreement, resulting in the Company writing off the full amount of cash advanced to the supplier as a supplier prepayment on the procurement of inventory as of December 31, 2015. Subsequent to December 31, 2015, the Company initiated litigation to attempt to collect the cash advanced to the supplier.

(4) Represents annual fees paid pursuant to our management agreements with Eos, Highland and Labore. The management agreements will terminate in connection with this offering; however, we will pay fees to members of our board of directors following the offering. See "Certain Relationships and Related Party Transactions."

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

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Such statements involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Risk Factors" and "Forward-Looking Statements." The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus, as well as the information presented under "Prospectus Summary—Summary Consolidated Financial Data" and "Selected Consolidated Financial and Other Data." All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31st. All references to the first quarter, unless otherwise noted, refer to our fiscal quarter which ends on March 31st.

Overview

PetIQ is a rapidly growing pet medication and wellness company and the industry leader in bringing a broad portfolio of Rx and veterinarian-recommended OTC pet medications to national retail stores. Formed in 2010, PetIQ is one of the first companies to deliver pet Rx medications, OTC medications and wellness products at a significantly greater value to both pet owners and retail partners. We provide retail stores leading third-party brands, previously available only from veterinarians, at a savings to pet owners of typically 20% to 30%. We also provide our retail partners a portfolio of our proprietary value-branded products that contain the same active ingredients, at a savings of up to 50%. In addition, we have created proprietary wellness brands, such as *Minties*, *Betsy Farms*, *VetIQ* and *Delightibles*, that offer pet owners innovation and value.

We manufacture and sell our proprietary value-branded products, which generally are alternative versions of leading third-party branded pet Rx medications and OTC medications. We also distribute a suite of leading branded pet Rx medications and OTC medications manufactured by third parties, such as *Frontline Plus®*, *Heartgard Plus®* and *K9 Advantix® II*. Our gross margins on our proprietary value-branded products are higher than on our distributed products and, accordingly, our strategy has been to increase net sales of proprietary value-branded products. In 2012, proprietary value-branded products comprised less than 10% of our net sales. In contrast, consistent with our strategy, proprietary value-branded products comprised more than 41% of our net sales in the first quarter of 2016.

We operate facilities in Daytona Beach, Florida and Springville, Utah. Our facility in Daytona Beach, Florida engages in, among other things, packaging services for products produced by others that we distribute. Our facility in Springville, Utah manufactures certain of our proprietary value-branded pet treats, such as *Delightibles*, *Betsy Farms* jerky treats, *VetIQ* pill treats and wellness supplements. We also utilize third parties to manufacture our proprietary value-branded products for us. Our product lines include more than 400 SKUs of the most popular pet medications that were previously available primarily from veterinarians.

We believe that we were the first, and remain the only, company to sell pet Rx medications nationally in the retail channel. We sell our products through the following retail channels: mass, food and drug, club, pet specialty, pharmacies and, recently, e-commerce. A majority of our net sales is to national retailers, such as Wal-Mart, Sam's Club, Costco, Petco, PetSmart, Kroger, Target, BJ's Wholesale Club and Amazon, among others. Our two largest retail customers, Wal-Mart and Sam's Club, accounted for 30% and 29%, respectively, of our first quarter 2016 net sales, compared to 36% and 26%, respectively, of our first quarter 2015 net sales. In the fourth quarter of 2015, we stopped selling our *PetAction Plus* product to Wal-Mart as a result of Wal-Mart's proposed price reduction, which reduced our total sales to Wal-Mart in the first quarter of 2016. We expect our sales to Wal-Mart and Sam's Club likely will proportionately decline as our customer concentration becomes more diverse. Our new

customers in the first quarter of 2016 included T.J. Maxx and in 2015 included Phillips Pet Food & Supplies, Petsmart and Amazon. We began direct e-commerce sales in December 2015 through Amazon and we expect our e-commerce sales to grow significantly. In addition, we sell our products to our distribution partner, Anda, which distributes our products to pharmacies that have placed orders for products with Anda. Anda purchases products from us only when it has orders from its retail customers for such products. Through Anda we serve more than 30,000 retail pharmacy locations, including chains such as Rite Aid, with same and/or next-day service in mass retail, club and independent pharmacies.

Our sales occur predominantly in the U.S. and Canada. Approximately 98% of our first quarter 2016 and fiscal 2015 net sales were generated from customers located in the United States and Canada, with the remaining sales generated from other foreign locations. We have two reporting segments: (i) U.S. and Canada; and (ii) other. This is based on the level at which the chief operating decision maker reviews the results of operations to make decisions regarding performance assessment and resource allocation. In our judgment, because our operations in the U.S. and Canada comprise 98% of our net sales, it is appropriate to view our operations as a whole, which is the approach we follow in this section. Our corporate headquarters are located in Eagle, Idaho. For additional information on our operating segments, see Note 10, “Segments,” to our audited financial statements included elsewhere in this prospectus.

Corporate History

Our net sales have grown to $206 million in 2015, reflecting a CAGR of 59% since our inception in 2010. In 2012, we broadened our distribution network by successfully adding new accounts with leading third-party brands. In 2013, we expanded our proprietary value-branded product lines for both Rx medication and OTC medications by introducing our *VetIQ* brand. In 2014, we opened facilities in Springville, Utah, in order to manufacture certain of our proprietary value-branded pet treats, and in Daytona Beach, Florida, to serve our expanding distribution network. From 2012 to the present, we have focused on (i) expanding our proprietary value-branded and distributed product portfolios, (ii) diversifying our customer base, in order to minimize customer concentration, and (iii) shifting our distributed/proprietary product mix in order to increase our gross margins.

Key Industry Trends and Developments

We believe the following industry trends and developments are important and favorable to our Company.

Humanization of Pets

There has been a trend toward the humanization of pets, in the sense that more pet owners consider their pets to be their family members, which, in turn, increases the demand for higher quality yet affordable pet health and wellness products available through channels where pet owners shop for their other family members.

Growing Market

Two-thirds of American households own at least one dog or cat with the U.S. market serving approximately 164 million dogs and cats according to the APPA. From 2008 to 2014, the percentage of U.S. homes with dogs or cats increased from 49.7% to 51.1%. Since 2001, Americans’ overall spending on their pets has doubled and a significant portion of that spending has been devoted to products we provide, such as Rx medications and OTC medications. Consumers spent approximately $74 billion on their pets in 2014, and it is estimated they spent $7.0 billion on Rx medications and OTC medications for dogs and cats in 2015 (not including human medications dispensed for the treatment of household pets). Significant improvements in traditional pet treatments for flea, tick and heartworm, as well as the introduction of new treatments for chronic conditions in pets, have contributed to the increase in spending.

In addition, pets are living longer and, as a result, have increasing medication needs. The AVMA reports the percentage of households owning dogs aged six and older rose from 42% in 1987 to 48% in 2011, with comparable figures rising from 34% to 50% for cats. Chronic pet disease is increasingly prevalent in dogs and cats. In 2014, it was reported that more than 50% of dogs and cats are overweight and approximately 75% of older dogs and predisposed breeds have heart disease.

Migration of Sales from Veterinarians to Retailers

Historically, substantially all the major manufacturers of pet Rx medications and OTC medications have sold such medications and products predominantly through veterinarian channels rather than through the retail and e-commerce channels that we serve. However, over the last few years, manufacturers and distributors have begun to shift a portion of sales to retail and e-commerce channels. From 2011 to 2015, the percentage of estimated total U.S. dog and cat pet medication sales through the veterinarian channel dropped from 63% to 59%. We believe that the market share historically enjoyed by veterinarians will steadily decline—and ours will increase—as a result of the price savings and convenience afforded by the retail channels we serve.

Lower Prices in Retail Channel

Consumers receive significant savings when buying value-branded pet Rx and OTC medications through the retail channel. For example, according to a recent PetIQ survey, a prominent branded flea and tick product, which is sold without a prescription, has an average selling price of $58.85 per box when purchased from a veterinarian’s office, but a $38.95 per box selling price when purchased from a retailer. We offer consumers even greater savings as our own proprietary value-branded flea and tick product, which has the same active ingredients as those sold by veterinarians, sells for only $19.66 per box. As more consumers become aware of these pricing disparities, we believe sales of pet medications will continue to grow in the retail channel and decline in the veterinarian channel.

Fairness to Pet Owners Act of 2015

The FTPOA, which is currently pending in Congress, is intended to address the issues of prescription portability, just as the Fairness to Contact Lens Consumers Act did for the contact lens industry. Prior version of the FTPOA were introduced in 2011 and again in 2014, but were not enacted. If enacted, the FTPOA, if enacted, would require veterinarians in every U.S. state to give a pet owner a copy of his or her pet’s prescription, whether the pet owner asks for it or not, which the pet owner could fill through the retail channel rather than through the veterinarian channel. The FTPOA would help consumers save money by increasing competition and giving pet owners the freedom to choose where they buy pet Rx medications. We believe that the FTPOA, if enacted, would increase consumer demand for pet medications in the retail channel. Enactment of the FTPOA would enhance our ability to serve the retail channel, but also could increase the competition we face as other companies discover and try to address the market opportunity we helped create. The Fairness to Contact Lens Consumers Act greatly accelerated the migration of contact lens sales from eye care professionals to retail channels and since its enactment in 2003, sales of contact lenses have more than doubled. We believe enactment of the FTPOA would have a similar effect on the pet medication category.

Our Strategy

We believe there are significant opportunities to grow our brand awareness, increase our net sales and deliver shareholder value by executing on the following initiatives:

- Grow consumer awareness of our products in the retail channel;
- Increase shelf space with existing retailers;

- Deliver innovation in pet health and wellness at great value; and
- Enhance margins.

Components of our Results of Operations

Net Sales

Our net sales consist of our total sales net of product returns, allowances (discounts), trade promotions and incentives. We offer a variety of trade promotions and incentives to our customers, such as cooperative advertising programs and in-store displays. We recognize net sales generally upon shipment of the product to our customer. These trade promotions are used to increase our aggregate net sales. Our net sales are periodically influenced by the timing, extent and amount of such trade promotions and incentives.

Historically, our net sales have primarily been driven by our distribution of leading third-party brand pet Rx medications and OTC brands; however, sales of our own proprietary value-branded products, including wellness products, have increasingly become an important component of our growth in net sales and margin. Our strategy has been, and will continue to be, to increase our net sales by anticipating retailers' and consumers' needs and determining if we can profitably provide products to fill those needs. Then, we secure the products through our expansive supplier networks and distribute to our key retailers. Next, we broaden distribution to other retailers and eventually develop our own proprietary value-branded version of the product that we can sell, at higher margin and at lower pricing, to the retailers that originally purchased the distributed product. In this way we are able to transfer distributed product sales to our higher margin proprietary value-branded products and grow our and our retailers' overall sales.

Key factors that may affect our future sales growth include: new product introductions; expansion into e-commerce and other customer bases; the willingness of retail stores and pharmacies to carry our product lines and to maintain pricing levels necessary for profitability; aggressive pricing by our competitors; and whether we can maintain and develop positive relationships with key retail customers, such as Wal-Mart and Sam's Club.

In addition, the industry trends and developments referenced above (see "—Key Industry Trends and Developments") have significantly affected our sales growth since our inception and we expect these trends to continue to significantly affect our sales growth in the future. From 2014 to 2015, our net sales increased by 27.4% as compared to the overall pet health and wellness product sales, as measured by Packaged Facts, which increased by 6.8%.

While most of our products are sold consistently throughout the year, we experience seasonality in the form of increased retailer demand for our flea and tick product offerings in the first two quarters of the year in preparation for increased consumer demand during the summer months.

Our products are primarily consumables and, as such, they experience a replenishment cycle.

Gross Profit

Gross profit is our net sales less cost of sales. Our cost of sales consists primarily of costs of raw goods, packaging materials, manufacturing and purchasing the products we sell, shipping and handling costs and costs associated with our warehouses and distribution network. Gross margin measures our gross profit as a percentage of net sales. With respect to our proprietary products, we have a manufacturing network that includes leased manufacturing facilities where we manufacture finished goods, as well as third-party contract manufacturing facilities from which we purchase finished products predominately on a dollar-per-unit basis. Since

our inception in 2010, we have worked closely with our contract manufacturers to negotiate lower costs through increased volume of purchases and price negotiations. The gross margin on our proprietary value-branded products is higher than on our distributed products. For distributed products, our costs are driven largely by veterinarian pricing suggested by manufacturers ("vet list"). Consistent with our strategy, proprietary value-branded products accounted for an increased percentage of our net sales in 2015 as compared with 2014, continuing a trend that began in 2012.

General and Administrative Expenses

Our general and administrative expenses primarily consist of employee compensation and benefits expenses, sales and merchandizing expenses, advertising and marketing expenses, rent and lease expenses, IT and utilities expenses, professional fees, insurance costs, R&D costs and consulting fees. General and administrative expenses as a percentage of net sales have increased from 12.1% in the first quarter of 2015 to 15.4% in the first quarter of 2016, primarily driven by decreasing net sales and litigation expenses. In the future, we expect our general and administrative expenses, except for litigation expenses, to grow at a slower rate than our net sales growth as we leverage our past investments. In addition, we expect that after the consummation of this offering there will be an increase in our general and administrative expenses of approximately $1.6 million each year as a result of the additional reporting and compliance costs associated with being a public reporting company. Pending litigation resulted in legal expenses of $2.6 million in 2015 and we expect that it will result in similar legal expenses in 2016.

Our advertising and marketing expenses primarily consist of national television media, digital marketing, social media and loyalty programs geared towards building brand awareness and the value of our proprietary value-branded offerings. These expenses may vary from quarter to quarter but typically they are higher in the second and third quarters, during the flea and tick season. We expect our marketing and advertising expenses to decrease as a percentage of net sales as we continue to concentrate campaigns to relevant markets, as well as shift spending towards in-store marketing and customer trade-supported programs.

As noted above, we experience seasonality in the form of increased demand for our flea and tick product offerings in the first two quarters of the year in preparation for the spring and summer seasons and, as a result, the sales and merchandizing expenses component of our general and administrative expenses generally increases in the second and third quarters due to promotional spending relating to our flea and tick product lines.

To continue to grow our pet Rx medications, OTC medications and wellness products, we invest in R&D on an ongoing basis. In addition to our own in-house R&D innovation specialists, we have also leveraged our market position to emerge as an attractive partner for outside R&D scientists developing new products and technologies in the pet health and wellness field. We believe these outside R&D scientists seek us out to partner on innovative products due to our proprietary value-branded manufacturing experience and relationships with key retail channel contacts. As our proprietary value-branded product lines continue to expand, we expect our R&D costs, and therefore our general and administrative expenses, could increase in the immediate future, but not necessarily as an overall percentage of net sales.

Net Income (Loss)

Our net income (loss) for future periods will be affected by the various factors described above.

Results of Operations

The following tables set forth our consolidated statements of operations in dollars and as a percentage of net sales for the periods presented:

	Three Months Ended March 31,		% of Net Sales		Year Ended December 31,		% of Net Sales	
	2016	2015	2016	2015	2015	2014	2015	2014
(dollars in thousands, except for percentages and per share data)								
Net sales	$52,298	$55,570	100%	100%	$205,687	$161,491	100%	100%
Cost of sales	42,526	43,209	81.3	77.8	166,529	138,754	81.0	85.9
Gross profit	9,772	12,361	18.7	22.2	39,158	22,737	19.0	14.1
Operating expenses								
General and administrative expenses	8,063	6,701	15.4	12.1	35,588	32,858	17.3	20.3
Operating income (loss)	1,709	5,660	3.3	10.2	3,570	(10,121)	1.7	(6.3)
Other income (expense)								
Other income (expense), net	2	—	—	—		(12)	—	—
Loss on debt extinguishment	(993)	(1,449)	—	—	(1,449)		—	—
Foreign currency (loss) gain, net	(121)	261	—	—	75	122	—	—
Interest expense	(901)	(762)	—	—	(3,545)	(980)	—	—
Total other expense	(2,013)	(1,950)	—	—	(4,919)	(870)	—	—
Net (loss) income	$ (304)	$ 3,710	—	—	$ (1,349)	$ (10,991)	—	—
Pro forma weighted average shares used for computation of: (unaudited)(1)								
Basic			—	—			—	—
Diluted			—	—			—	—
Pro forma net loss per common share (unaudited) (1)								
Basic	$	$	—	—	$	$	$ —	—
Diluted	$	$	—	—	$	$	$ —	—

(1) Gives effect to the Transactions and this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.

Three Months ended March 31, 2016 Compared With Three Months ended March 31, 2015

Net Sales

Net sales decreased $3.3 million, or 5.9%, to $52.3 million for the three months ended March 31, 2016, compared to $55.6 million for the three months ended March 31, 2015, primarily because first quarter net sales in 2015 were increased by a one-time inventory build-up by our customers resulting from our successful launch of our *PetAction Plus* and because sales of *PetAction Plus* to Wal-Mart ceased the fourth quarter of 2015 as the result of our decision not to meet Wal-Mart's demand for lower prices. Excluding the impact of Wal-Mart sales of *PetAction*

Plus in the first quarter of 2015, net sales for the first quarter of 2016 increased 11.0% as compared to the first quarter of 2015. Excluding the impact of Wal-Mart sales of *PetAction Plus* and one-time inventory build-up by our customers associated with the successful launch of *PetAction Plus* in the first quarter of 2015, net sales for the first quarter of 2016 increased 12.8% as compared to the first quarter of 2015. In addition, there were increased sales of other products during the first quarter of 2016, partially off-setting the decrease in sales of *Pet-Action Plus* at Wal-Mart as well as the one-time inventory build-up in the first quarter of 2015 that did not reoccur in the first quarter of 2016.

Gross Profit

Gross profit decreased $2.6 million, or 21%, to $9.8 million for the three months ended March 31, 2016, compared to $12.4 million for the three months ended March 31, 2015 and gross margin decreased to 18.7% for the three months ended March 31, 2016, from 22.2% for the three months ended March 31, 2015. These decreases were driven primarily by decreased sales of *PetAction Plus* to Wal-Mart as well as one-time inventory build-up for *PetAction Plus* in the first quarter of 2015 that did not reoccur in 2016. The decrease in gross profit was further driven by lower sales prices and gross profits on certain of our proprietary value-branded products as a result of increased competition for such products in addition to an increase in the sale of distributed products, which carry a lower gross margin than our proprietary value-branded products.

General and Administrative Expenses

General and administrative expenses were $8.1 million for the three months ended March 31, 2016, up $1.4 million from $6.7 million for the three months ended March 31, 2015. The increase primarily reflects:

- increased audit and professional fees and legal fees of approximately $1.2 million, primarily due to ongoing litigation expenses; and
- increased compensation expenses for the addition of finance and administrative support of approximately $0.3 million.

As a percentage of net sales, our general and administrative expenses increased to 15.4% for the three months ended March 31, 2016 from 12.1% for the three months ended March 31, 2015. Excluding costs related to litigation, general and administrative costs would have only increased from 12.1% to 12.8%, driven by lower net sales.

Other Expense

Other expense was $2.0 million for each of the three months ended March 31, 2016 and 2015.

Net Loss

As a result of the factors above, net income decreased by $4.0 million to a loss of $0.3 million for the three months ended March 31, 2016, compared to income of $3.7 million for the three months ended March 31, 2015.

Year ended December 31, 2015 Compared With Year ended December 31, 2014

Net Sales

Net sales increased $44.2 million, or 27.4%, to $205.7 million for 2015, compared to $161.5 million for 2014. Increased sales of proprietary value-branded products accounted for approximately 61.5% of the increase in net sales and increased sales of distributed products was responsible for the remainder, driven by new product

introductions, customer acquisitions and additional SKU placement. We expect that our net sales growth going forward will be comprised largely of growth in proprietary value-branded products sales, as in 2015.

Gross Profit

Gross profit increased $16.4 million, or 72.2%, to $39.2 million for 2015, compared to $22.7 million for 2014 and gross margin increased to 19.0% for 2015, from 14.1% for 2014. These increases were driven primarily by increased sales of our proprietary value-branded products, which have higher gross margins than our distributed products.

General and Administrative Expenses

General and administrative expenses were $35.6 million for 2015, up $2.7 million from $32.9 million for 2014. The increase primarily reflects:

- increased audit and professional fees and legal fees of approximately $1.8 million; and
- increased compensation expenses for the addition of finance and administrative support and increased incentive compensation related to improving operations of approximately $1.8 million.

As a percentage of net sales, our general and administrative expenses decreased to 17.3% in 2015 from 20.3% in 2014, representing a savings of $6.2 million.

Other Expense

Other expense increased by $4.0 million to $4.9 million in 2015, compared $0.9 million in 2014. Of the $4.9 million of other expense in 2015:

- loss on debt extinguishment was $1.4 million in 2015, compared to no loss in 2014, reflecting costs relating to the refinancing of our prior credit facility, including a write-off of unamortized loan fees, legal fees and termination fees;
- foreign currency gain, net, was $0.1 million in each of 2015 and 2014; and
- interest expense was $3.5 million in 2015, up $2.6 million from $1.0 million in 2014, primarily due to increased borrowings incurred to fund our growth and higher interest rates.

Net Loss

As a result of the factors above, net loss improved by $9.6 million to a loss of $1.3 million for 2015, compared to a loss of $11.0 million for 2014.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA represents net income before interest, income taxes and depreciation and amortization. Adjusted EBITDA represents EBITDA plus loss on debt extinguishment, litigation expenses, costs associated with becoming a public company, and a supplier receivable write-off. Adjusted EBITDA adjusts for transactions that management does not believe are representative of our core ongoing business. Adjusted EBITDA is utilized by management: (i) as a factor in evaluating management’s performance when determining incentive compensation and (ii) to evaluate the effectiveness of our business strategies. The Company presents EBITDA because it is a necessary component for computing Adjusted EBITDA.

We believe that the use of EBITDA and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends. In addition, you should be aware when evaluating EBITDA and Adjusted EBITDA that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by these or other unusual or non-recurring items. Our computation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBITDA and Adjusted EBITDA in the same manner.

Our management does not, and you should not, consider EBITDA or Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of EBITDA and Adjusted EBITDA is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements. Some of these limitations are:

- EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the interest expenses, or the cash requirements necessary to service interest or principal payments, on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing core operations; and
- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. You should review the reconciliations of net loss to EBITDA and Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net loss to EBITDA and Adjusted EBITDA for the periods presented:

	Three Months Ended March 31,		Year Ended December 31,	
	2016	2015	2015	2014
(dollars in thousands)				
Net (loss) income	$ (304)	$3,710	$ (1,349)	$ (10,991)
Non-GAAP adjustments:				
Depreciation	476	454	1,842	1,456
Amortization	272	139	735	842
Interest	901	762	3,545	980
EBITDA	1,345	5,065	4,773	(7,713)
Loss on debt extinguishment(1)	993	1,449	1,449	—
Litigation expenses(2)	1,349	310	2,622	1,867
Costs associated with becoming a public company	—	86	626	—
Supplier receivable write-off(3)	—	—	1,449	—
Management fees(4)	119	115	462	460
Adjusted EBITDA	$3,806	$7,025	$11,381	$ (5,386)

(1) Loss on debt extinguishment reflects costs relating to the refinancing of our prior credit facility, including a write-off of unamortized loan fees, legal fees and termination fees.

(2) These litigation expenses relate to our existing cases, which are expected to continue at approximately the 2015 level in 2016 and decline in 2017. See "Business—Legal Proceedings."

(3) During 2015 the Company terminated its relationship with a supplier in accordance with a supply agreement, resulting in the Company writing off the full amount of cash advanced to the supplier as a supplier prepayment on the procurement of inventory as of December 31, 2015. Subsequent to December 31, 2015, the Company initiated litigation to attempt to collect the cash advanced to the supplier.

(4) Represents annual fees paid pursuant to our management agreements with Eos, Highland and Labore. The management agreements will terminate in connection with this offering; however, we will pay fees to members of our board of directors following the offering. See "Certain Relationships and Related Party Transactions."

Financial Condition, Liquidity and Capital Resources

Overview

Historically, our primary sources of liquidity have been cash flow from operations and equity contributions. In addition, we have a $48 million credit facility to provide us with an additional source of liquidity. As of March 31, 2016 and December 31, 2015, our cash and cash equivalents were $1.7 million and $3.3 million, respectively, compared to cash and cash equivalents as of March 31, 2015 and December 31, 2014 of $8.5 and $1.4 million, respectively. As of March 31, 2016, we had $20.0 million outstanding Term A Loans, $3.0 million outstanding Term B Loans and $6.2 million outstanding under the revolving credit facility and the interest rate on the Term A Loans was the LIBOR rate plus 9.75%, the interest rate on the Term B Loans was the LIBOR rate plus 3.25% and the interest rate on the revolving credit facility was the LIBOR rate plus 3.00%. See "—Description of Indebtedness."

Our primary cash needs are for working capital. Our maintenance capital expenditures have typically been less than 1.0% of net sales, but we may make additional capital expenditures as necessary to support our growth. Our primary working capital requirements are to carry inventory levels necessary to support our increased net sales. Fluctuations in working capital are primarily driven by the timing of new product launches. As of March 31, 2016 and December 31, 2015, we had working capital (current assets less current liabilities) of $49.4 million and $49.2 million, respectively, and $39.3 million as of December 31, 2014. We believe that our operating cash flow, cash on hand, debt proceeds from our borrowings under our credit facility and the proceeds of this offering will be adequate to meet our operating, investing and financing needs for the foreseeable future. Additionally, we borrow funds under our revolving credit facility to finance liquidity requirements, subject to customary borrowing conditions. To the extent additional funds are necessary to meet long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds, although we can provide no assurance that these sources of funding will be available on reasonable terms.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was $3.6 million for the first quarter of 2016, compared to $9.7 million for the first quarter of 2015. The reduction in cash used in operating activities primarily relates to less cash utilized to increase inventory as a result of the *PetAction Plus* inventory build-up in the first quarter of 2015 as well as decreased net sales.

Net cash used in operating activities was $6.4 million for 2015, compared to $7.9 million for 2014. The reduction in cash used in operating activities primarily reflects improved operations driven by increased sales, improved margins and economies of scale relative to General and Administrative expenses, resulting in a smaller net loss for 2015 compared to 2014, offset by growth in working capital. Working capital growth was driven by inventory increases to provide for increased sales and allowed for by our new credit agreement. We are reliant on external financing to fund working capital growth and we believe such financing will continue to be available on similar or improved terms based on improving operations of the Company.

Cash Used in Investing Activities

Net cash used in investing activities was $0.8 million for the first quarter of 2016, compared to $0.4 million for the first quarter of 2015. This increase resulted from increased capital investment, primarily in production equipment.

Net cash used in investing activities was $1.5 million for 2015, compared to $7.7 million for 2014. This decrease in cash used resulted primarily from a decrease in our capital expenditures. In 2014, we expanded our facilities in Daytona Beach, Florida and Springville, Utah, with no comparable expansion in 2015.

Cash Provided by Financing Activities

In the first quarter of 2016, net cash provided by financing activities was $2.9 million, consisting primarily of net borrowings under our credit facilities to finance operations. In the first quarter of 2015, net cash provided by financing activities was $17.1 million, consisting primarily of net borrowings under our credit facility to finance the inventory build-up associated with the launch of *PetAction Plus*. See “—Description of Indebtedness”.

In 2015, net cash provided by financing activities was $9.8 million, consisting primarily of net borrowings under our credit facilities. See “—Description of Indebtedness”. In 2014, net cash provided by financing activities was $14.2 million, consisting primarily of equity investments, offset by net debt repayments.

Description of Indebtedness

On March 16, 2015, OpCo entered into a Credit Agreement (the "Original Credit Agreement") with Crystal Financial LLC ("Crystal"), as the administrative agent, which provides for a term loan and revolving credit facility. The Original Credit Agreement provided for secured financing of $40.0 million in the aggregate, consisting of (i) $33.0 million in aggregate principal amount of term loans and (ii) a $7.0 million revolving credit facility maturing on March 16, 2018. As of December 31, 2015, there were no outstanding borrowings under the revolving credit facility and $32.9 million of outstanding term loans under the term loan facilities. As of December 31, 2015, the interest rate on each of the revolving credit facility and the term loan facilities was the LIBOR rate, plus 9%. The Company was in compliance with its financial debt covenants in the Original Credit Agreement as of December 31, 2015.

On March 24, 2016, OpCo refinanced its credit facilities under the Original Credit Agreement pursuant to that certain Amended and Restated Credit Agreement (the "A&R Credit Agreement") with Crystal, as the administrative agent and East West Bank, as the revolver agent, which provides for two term loan facilities and a revolving credit facility. The A&R Credit Agreement provides for secured financing of $48.0 million in the aggregate, consisting of (i) $3.0 million in aggregate principal amount of term loans maturing on August 31, 2016 (the "Term B Loans"), (ii) $20.0 million in aggregate principal amount of term loans (the "Term A Loans") maturing on March 16, 2018 and (iii) a $25.0 million revolving credit facility maturing on March 16, 2018 (the "revolving credit facility"). As of March 31, 2016, we had $20.0 outstanding Term A Loans, $3.0 outstanding Term B Loans and $6.2 outstanding under the revolving credit facility and the interest rate on the Term A Loans was the LIBOR rate plus 9.75%, the interest rate on the Term B Loans was the LIBOR rate plus 3.25% and the interest rate on the revolving credit facility was the LIBOR rate plus 3.00%.

All obligations under the A&R Credit Agreement are unconditionally guaranteed by HoldCo, each of our domestic wholly owned direct subsidiaries and, subject to certain exceptions, each of our material current and future domestic wholly owned subsidiaries. All obligations under our senior secured credit facilities, and the guarantees of those obligations, are secured by substantially all of our assets and the assets of each guarantor, subject to certain exceptions.

The A&R Credit Agreement contains a number of covenants that, among other things, restrict our and our subsidiaries' ability to (subject to certain exceptions): (i) make investments, loans or advances; (ii) incur additional indebtedness; (iii) create liens on assets; (iv) enter into sale and leaseback transactions; (v) engage in mergers or consolidations and/or sell assets; (vi) pay dividends and distributions or repurchase our equity interests; (vii) repay subordinated indebtedness; (viii) make certain acquisitions; and (ix) other restrictions typical for a credit agreement of this type. The A&R Credit Agreement does not currently restrict our ability to make tax distributions, nor do we expect that it (or any successor thereto) should do so after the consummation of the Transactions.

The A&R Credit Agreement also contains certain customary affirmative covenants and events of default (including change of control). In addition, the A&R Credit Agreement includes maintenance covenants that require compliance with certain financial covenants, including compliance with periodic measurements of earnings and fixed charge coverage. The availability of certain baskets and the ability to enter into certain transactions (including our ability to pay dividends to HoldCo) may also be subject to compliance with secured leverage ratios. The Company was in compliance with its financial debt covenants in the A&R Credit Agreement as of March 31, 2016.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of March 31, 2016:

	Payments Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
(dollars in thousands)					
Long-term debt(1)	$29,150	$ 3,000	$26,150	$	$ —
Interest on debt(2)	4,693	1,836	2,857	—	—
Operating lease obligations	5,427	1,249	3,440	640	98
Capital lease obligations	473	48	128	122	175
Product purchase obligations(3)	9,271	9,271	—	—	—
Deferred acquisition liability	2,454	300	2,154	—	—
Total contractual obligations	$51,468	$15,705	$34,729	$762	$273

(1) Does not reflect any excess cash flow payments.

(2) Reflects interest expense calculated using the current interest rates for the term loans and revolving credit facility

(3) Reflects our estimate of open purchase orders placed with suppliers

Critical Accounting Policies and Estimates

Our consolidated financial statements included elsewhere in this prospectus have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates. While our significant accounting policies are more fully described in the notes to our consolidated financial statements included elsewhere in this prospectus, we believe that the following accounting policies and estimates are critical to our business operations and understanding of our financial results.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, product has been delivered, the price is fixed or determinable and collectability is reasonably assured. A sales return allowance is recorded and accounts receivable are reduced as revenues are recognized for estimated losses on credit sales due to customer claims for discounts, returned goods and other items.

We offer a variety of trade promotions and incentives to our customers, such as cooperative advertising programs and in-store displays. Sales are recorded net of trade promotion spending, which is recognized at the later of the date on which we recognize the related revenue or the date on which we offer the incentive. Our net sales are periodically influenced by the timing, extent and amount of such trade promotions and incentives. Accruals for expected payouts under these programs are included in our other accrued expenses.

Goodwill

Goodwill is the excess of the consideration paid over the fair value of specifically identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets, which are not capable of being individually identified and separately recognized.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment annually in our fourth quarter or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

We utilize the two-step impairment test. Step one in the test compares book value of net assets to the fair value of the reporting unit, if fair value is less than book value, we would then perform the second step. An income approach (discounted cash flow analysis) and a market approach were utilized to estimate the fair value of PetIQ. We determined that the fair value of the reporting units exceeded book value, thus a second step to compute the amount of impairment was not performed. No impairment charge was recorded during the years ended December 31, 2015 and 2014.

Goodwill impairment analysis and measurement is a process that requires significant judgment. If there are significant changes in market conditions or a future downturn in our business, or a future annual goodwill impairment test indicates an impairment of our goodwill, we may have to recognize impairment of our goodwill.

Intangible Assets

Indefinite lived intangible assets consist primarily of trademarks. Trademarks represent costs paid to legally register phrases and graphic designs that identify and distinguish products sold by us. Trademarks are not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the book value of trademarks are greater than their fair value. No impairment charge was recorded for the quarters ended March 31, 2016 or 2015 or years ended December 31, 2015 and 2014.

Definite-lived intangible assets consist of a distribution agreement, production certifications, patents and processes, customer relationships, and brand names. The assets are amortized on either a straight-line basis over the expected useful life or proportionately to the benefits derived from those relationships. Useful lives vary by asset type and are determined based on the period over which the intangible asset is expected to contribute directly or indirectly to our future cash flows. Useful lives range from 2 to 15 years.

Inventories

Inventories are stated at the lower of cost or market. Cost is typically determined using the first-in first-out (“FIFO”) method, however at times we utilize specific identification for certain pharmaceutical products. We maintain reserves for estimated obsolete or unmarketable inventory based on the difference between the cost of inventory and its estimated net realizable value. In estimating the reserves, management considers factors such as excess or slow-moving inventories, product expiration dating, and market conditions. Changes in these conditions may result in additional reserves. Major components of inventories were as follows:

	As of March 31,		As of December 31,	
	2016	2015	2015	2014
Raw materials and work in progress	$ 4,532	$ 4,217	$ 4,292	$ 3,738
Finished goods	34,600	26,397	29,393	19,600
Total inventories	$39,132	$30,614	$33,685	$23,338

Litigation

We are subject to various legal proceedings, claims, litigation, investigations and contingencies arising out of the ordinary course of business. If the likelihood of an adverse legal outcome is determined to be probable and the amount of loss is estimable, then a liability is accrued in accordance with accounting guidance for contingencies. We consult with both internal and external legal counsel related to litigation.

BUSINESS

Overview

PetIQ is a rapidly growing pet medication and wellness company and the industry leader in bringing a broad portfolio of Rx and veterinarian-recommended OTC pet medications to national retail stores. Formed in 2010, PetIQ is one of the first companies to deliver premium quality pet Rx medications, OTC medications and wellness products at a significantly greater value to both pet owners and retail partners. PetIQ's mission is to deliver pet owners a pipeline of innovative products that combine leading technology with affordability, choice and convenience.

We have successfully introduced our products across consumer retail channels including mass, food and drug, club, pet specialty, pharmacies and, recently, e-commerce. We provide retail stores leading third-party brands previously available only from veterinarians, thus enabling pet owners to buy these products at typically 20% to 30% savings compared to the prices charged by veterinarians. We also provide our retail partners a portfolio of our own proprietary value-branded products, with the same active ingredients, that offer consumers savings of up to 50%. We believe our proprietary value-branded products offer consumers outstanding value and these products complement the products we distribute to our retail partners. Our distributed products allow us to magnify consumer savings and value when they are merchandised next to our proprietary value-branded offerings. We began e-commerce sales in December 2015 through Amazon and expect our e-commerce sales to grow significantly in the future.

Our broad product portfolio spans the most popular health categories for dogs and cats:

- *Rx Medications*: includes heartworm preventatives such as *Heartgard Plus*®, arthritis treatments such as *Rimadyl*® and heart disease treatments such as *Vetmedin*®; and our proprietary value-branded products such as heartworm preventative *Heart Shield Plus* and arthritis treatment *TruProfen*.
- *OTC Medications and Supplies*: includes flea and tick control products such as *Frontline Plus*® and *K9 Advantix*® *II*; and our proprietary value-branded flea and tick control products such as *PetAction Plus, PetLock Plus* and *Advecta II*.
- *Wellness Products*: includes multiple lines of our proprietary value-branded vitamins, treats, nutritional supplements, hygiene products and supplies under the *Delightibles*, *Betsy Farms*, *Vera* and *VetIQ* brand names.

Our network of retailers includes Wal-Mart, Sam's Club, Costco, Petco, PetSmart, Kroger, Target, BJ's Wholesale Club and Amazon, among others, and more than 30,000 retail pharmacy locations, including chains such as Rite Aid. We market products under multiple brands to address channel-specific requirements including product differentiation amongst our retail partners. We believe our product offerings provide retailers with a comprehensive category solution and offer consumers newfound choice and convenience when purchasing pet medications and wellness products.

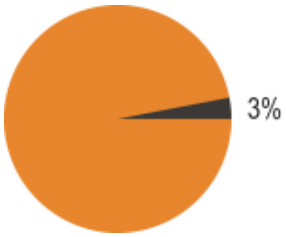
Industry trends suggest that pet owners, seeking savings and convenience when purchasing pet medications, are increasingly migrating from veterinarians' offices to the retail channels we serve. Although the majority of the estimated $7 billion U.S. pet owners spend annually on pet medications for dogs and cats is spent in the veterinary channel, the estimated percent of total pet medications sold by veterinarians decreased from 63% to 59% from 2011 to 2015. We believe that the market share historically enjoyed by veterinarians will continue to decline—and ours will increase—as a result of the price savings and convenience that our product offerings provide. We are well positioned to capitalize on this trend as we currently serve the vast majority of leading retailers' locations.

We are well positioned to rapidly develop, manufacture and introduce innovative new products to retailers and consumers. Our current pipeline of products results from a combination of in-house specialists and third-party consultants with insights and skills in market analysis, product development, packaging, marketing and industry regulations. These internal and external resources enable us to expand our portfolio of proprietary value-branded products and develop next-generation versions of our existing pet products. We have found that our retail expertise and strong market position makes us an attractive partner for scientists and entrepreneurs developing new products in the pet health and wellness field. A combination of our internal expertise and industry leading relationships have produced several of our top selling products and brands, including *VetIQ*, *PetLock Plus*, *PetAction Plus* and *TruProfen*.

Our success is reflected in the strong growth we have delivered to date. Our net sales increased from $32 million in 2011 to $206 million in 2015, representing a CAGR of 59%. PetIQ currently has an estimated 3% market share of the U.S. retail pet medications market, indicating significant opportunity for strong future growth with small incremental market share gains.

PetIQ Net Sales ($ millions)

PetIQ Estimated Share of 2015 U.S. Retail Market for Pet Medications for Dogs and Cats(1)

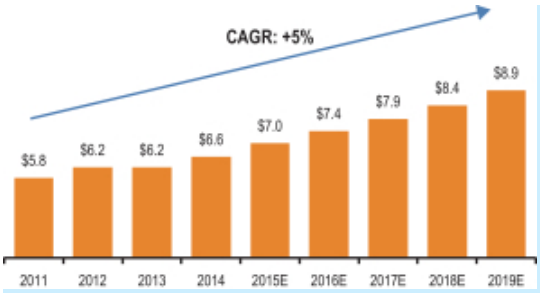


(1) Includes sales in retail channels and the veterinarian channel.

Our Industry

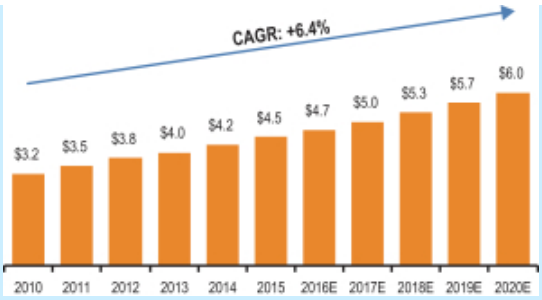
In 2014, approximately 63 million U.S. households (51% of total U.S. households) owned a dog or a cat, according to Packaged Facts. According to the APPA, Americans spent $58.0 billion on pet products and services in 2014, more than double their 2001 spending of $28.5 billion. U.S. retail sales of pet medications for dogs and cats have grown from $5.8 billion in 2011 to an estimated $7.0 billion in 2015 and are estimated to reach $8.9 billion by 2019, representing a CAGR of 6% between 2015 and 2019, according to Packaged Facts. Additionally, our innovative pet treats compete in the U.S. dog and cat treat market, which has grown every year since 2010, was $4.5 billion in 2015 and is estimated to reach $6.0 billion of retail sales by 2020, representing a CAGR of 6.4%, according to Euromonitor International.

Total Dog and Cat Pet Medication Sales ($ billions)



Source: Packaged Facts, "Pet Medications in the U.S. 4th Edition;" October 2015, Table 1-1 and Table 2-1

Total Pet Treat Sales ($ billions)



Source: Euromonitor International 2016

According to a January 2013 survey from Trone Brand Energy, as published by DVM360 Magazine, pet medications are marked up an average of 150% by veterinarians; 59% of pet owners believe they pay more for medications at the veterinarian; and 87% would like veterinarians to give them all of their options rather than just dispensing the medications in the office. In Packaged Facts' August 2015 Pet Owner Survey, over half of dog owners and cat owners agree that veterinarian spot-on flea and tick products are too expensive; more than half agree that they would trust value-branded or store-brand products if they contained the same active ingredients as brand name versions; and more than half agree that the spot-on flea and tick products sold in retail stores are just as effective as those available through veterinarians.

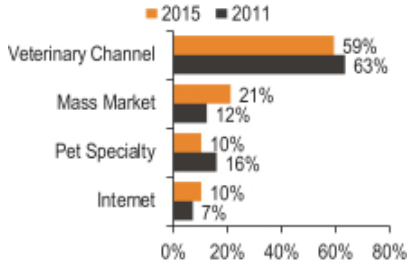
We believe the following trends are driving sustainable growth in the large pet industry:

- *Pet Humanization:* According to Packaged Facts, in the United States, an estimated 87% of dog owners and 82% of cat owners view their pets as family members. As pets are increasingly viewed as companions, friends, and family members, pet owners are being transformed into "pet parents" with a strong affinity for spending disposable income to meet all of their pets' needs during all economic cycles.
- *Increasing Consumer Focus on Pet Health and Wellness:* Consumers are exhibiting greater interest in improved health for their pets and, as a result, increasingly purchasing pet products and supplies focused on their pet's health and wellness.
- *Increasing Pet Age and Incidents of Pet Disease:* Pets are living longer and, as a result, have increasing medication needs. The AVMA reports that percentage of households owning dogs aged six and older rose from 42% in 1987 to 48% in 2011, with comparable figures rising from 29% to 50% for cats. Chronic pet disease is increasingly prevalent in dogs and cats. In 2014, it was reported that more than 50% of dogs and cats are overweight and approximately 75% of older dogs and predisposed breeds have heart disease.
- *Rising Pet Ownership:* From 2008 to 2014, the percentage of U.S. households with dogs or cats (or both) increased from 49.7% to 51.1%, according to the APPA. Based on the 2010 U.S. Census, more U.S. households today have pets than have children, which we believe to be a result of demographic shifts and changing attitudes toward pets that are highly beneficial for us.
- *Migration to Retail.* We believe the market for pet medication and wellness products in the retail channel is likely to outpace growth in the broader pet industry. In 2015, an estimated 59% of pet medications were sold through the veterinary channel, indicating a large opportunity for retail growth. This migration away from the veterinary channel has already begun as the estimated veterinarian share

of the U.S. pet medication industry declined from 63% in 2011 to 59% in 2015 while the estimated retail channel share increased from 12% to 21% over the same period.

We believe that migration will continue in the future because of the significant cost savings that retail channels can deliver. For example, according to a recent PetIQ survey, a prominent branded flea and tick product, which is sold without a prescription, has an average selling price of $58.85 per box when purchased from a veterinarian's office, but only $38.95 per box at retail. Moreover, our own proprietary value-branded flea and tick product, which has the same active ingredients as the branded product sold by veterinarians, is $19.66 per box, far less expensive than the price charged by veterinarians. We believe sales of pet medications will continue to grow in the retail channel as more consumers become aware of the available cost savings.

Percentage of U.S. Retail Sales of Pet Medications by Channel 2011 vs. 2015



Note: 2011 chart data excludes 2% related to other channels. Mass Market includes supercenters, mass merchandisers, supermarkets, warehouse clubs, drugstores, farm/feed stores and other channels. 2015 retail sales are estimates.

Additionally, we believe that the current legislative and regulatory environment has potential to accelerate retail channel growth of prescription pet products. In May 2015, the FTC published a report titled "Competition in the Pet Medications Industry," which concluded that giving consumers prescriptions on demand would likely enhance competition. In addition, the FTPOA is currently pending before Congress, which would guarantee that pet owners would receive a copy of their pet's prescriptions without having to ask, pay a prescription release fee or sign a liability waiver. Because a prescription is required to purchase many of our medications, we believe that the FTPOA, if enacted, would significantly boost retail sales of pet medications and our net sales and profits. For example, 67% of prescription heartworm medications purchased by dog owners are purchased from veterinarians, according to Packaged Facts. We believe automatic receipt of portable prescriptions will enable pet owners to fill prescription medications in the retail channel at discounts comparable to those of pet OTC medications at retail. Illustrative is the enactment in 2003 of the Fairness to Contact Lens Consumers Act, which requires eye care professionals to give consumers contact lens prescriptions that can be filled through many of the same retail channels. As a result of this statute, upon which the FTPOA was modeled, contact lens users are no longer required to buy contact lenses from the eye care professionals who write their prescriptions and now purchase a significant amount of contact lenses online and at retail outlets for prices far less than the prices formerly charged by the eye care professionals when they were the sole source of supply. Since 2003, the contact lens industry has more than doubled in size primarily as a result of more customers entering the market due to lower prices and previous customers replacing their lenses more often. The FTPOA, if enacted, similarly has the potential to spark significant growth in the market for pet medications as more pet owners will be able to afford veterinarian-recommended products.

Our Competitive Strengths

The following strengths form the foundation for our future growth:

Leader in, and Category Creator of, the Rx and OTC Pet Medications Market in the Retail Channel. PetIQ is the leading provider of a broad portfolio of veterinarian-recommended pet Rx medications and OTC flea and tick medications sold in national retail stores. Previously, most veterinarian-recommended flea and tick products were not sold in national retail stores. The category grew significantly after PetIQ brought leading veterinary brands to the national retail sector. We believe that through our development, manufacturing and distribution capabilities, we have enabled retailers to enter and grow the market for high quality pet medications. Category growth has continued as a result of continued innovation and new product offerings by PetIQ. Packaged Facts predicts that pet medications will be one of the highest growth areas of pet products at retail during the next decade, as retailers of human medications increasingly add animal medications to their product offerings. We believe that our "first mover" momentum, including our established relationships with leading retailers, provides us a significant competitive advantage that will facilitate future growth.

Broad Product Portfolio of Highly Recognized Brands. Our broad product portfolios consists of nine primary brands: *VetIQ*, *PetIQ*, *PetAction Plus*, *Advecta II*, *TruProfen*, *Minties*, *Betsy Farms*, *Vera* and *Delightibles*. We believe our brands are comparable in quality and safety to leading third-party brands as they contain the same active ingredients as leading third-party brands. Our brands are highly recognizable through targeted marketing campaigns and in-store merchandising. We also provide our retailers with numerous well-known third-party pet medication brands, such as *Frontline Plus*®, *Heartgard Plus*® and *K9 Advantix*®. By offering a broad product portfolio, we offer retailers a "one-stop shop" solution for pet Rx and OTC medications and wellness products.

Premium Quality, Low Price Value Proposition. Our premium quality, low price value proposition offers consumers increased affordability, choice and convenience. Consumers now have access to a wider array of premium quality pet products and can realize typical savings of 20% to 30% on distributed products and up to 50% on our proprietary value-branded products compared to the prices charged by veterinarians. We believe that as consumer awareness and acceptance of our proprietary value-branded products and their economic benefits increases, more retailers and pet owners will convert to PetIQ's product portfolio. In addition, retailers benefit by increasing their share of the estimated $8 billion addressable market of pet medications and wellness products for dogs and cats that was previously largely served through the veterinary channel.

Rapid and Innovative Product Development Capabilities. PetIQ has a sophisticated product team with expertise in market analysis, product development, packaging, marketing and industry regulations. These cross-functional skills provide us with ongoing competitive advantages and have resulted in the development of our most successful products and brands, including *VetIQ*, *PetLock Plus*, *PetAction Plus* and *TruProfen*. Given PetIQ's track record of successfully launching new products, we have become an attractive commercial partner for leading development companies and R&D scientists and entrepreneurs from around the world. *PetAction Plus* is an example of a flea and tick product that leveraged our internal expertise and third-party relationships, resulting in enhanced margins for us and retailers and lower prices for our consumers.

Strong Relationships with Leading Retailers. We have the necessary scale to support a broad set of large blue-chip retailers and are increasingly regarded as a leading provider to the nation's top pet product retailers, including Wal-Mart, Sam's Club, Costco, Target, Petco and PetSmart. Before partnering with PetIQ, these and other retailers had limited access to veterinarian-recommended pet medication, health and wellness offerings resulting in veterinarians being the primary channel for the category. In addition to providing high margin category-leading products that retailers and consumers trust, we also deliver industry-leading retail fulfillment and merchandising services, high fill rates, on-time deliveries and same-day or next-day service. In 2014, Sam's Club

recognized PetIQ as its “Supplier of the Year” in the consumable products category, an award that is given to only one supplier per category per year. Similarly, Petco recognized us as “Supplier of the Year” in 2015.

Sophisticated and Scalable Operations. PetIQ has developed the supply-chain management expertise, established the systems infrastructure and invested in the capacity to scale operations with relatively low capital expenditures. We have invested in our Springville, Utah manufacturing facility to obtain quality and safety certifications, including GFSI and an “excellent” SQF certification. These certificates of distinction place our manufacturing quality at the highest level in the industry and give us a competitive advantage against those manufacturers that have not made this significant investment. We operate approximately 400,000 square feet of manufacturing and distribution facilities in three locations on the East coast and in the West. We opened two manufacturing facilities in 2014 to prepare for significant growth, and these facilities currently operate at less than 50% of their full production capacities. These facilities will require minimal additional investment to achieve full capacity and support significant future growth. In 2013, we successfully implemented X3, a Sage ERP system that serves as a foundation for operating our business. We have completed wholesale licensing requirements in all 50 states, which enables us to reach retailers located anywhere in the U.S., and gives us a significant source of competitive advantage.

Passionate Management Team with a Proven Track Record. Our passionate management team has a proven track record of managing fast-growing consumer companies and significant retail industry experience. Our executives have relevant prior experiences at industry-leading firms such as Albertson’s, Wal-Mart, Bayer Animal Health and Piramal Pharmaceuticals. Our Chairman and Chief Executive Officer, McCord Christensen, and our President, Scott Adcock, are the co-founders of PetIQ and have overseen our growth from $32 million of net sales in 2011 to $206 million in 2015. Following the closing of the offering, our management team collectively will own % of the Class A common stock of the Company. We believe the experience and commitment of our management team positions us to continue to deliver profitable and sustainable future growth opportunities.

Our Strategy

There are significant opportunities to grow our brand awareness, increase our net sales and deliver shareholder value by executing on the following initiatives:

Grow Consumer Awareness of Our Products in the Retail Channel. We are an established category creator in the pet health and medication market with strong penetration of the retail channel and high awareness among retailers. With our broad retail network that includes the top U.S. retailers, we are increasingly focused on building consumer awareness and converting more pet owners to use our products. As pet owners discover that our proprietary value-branded products offer the same effective ingredients as leading brands at lower prices, we believe pet owners will shift their purchasing habits to PetIQ products. Our share of the overall pet Rx and OTC medications and wellness products market will continue to grow.

Increase Shelf Space with Existing Retailers. PetIQ conducts business with the majority of leading retailers with our core product offerings. We believe our net sales will continue to grow as we expand the number of products we have available for sale at each retailer. We also plan to creatively expand SKU placement within existing accounts through our in-house merchandising capabilities. Additionally, with the potential enactment of the FTPOA, we believe we are positioned to expand our presence and shelf space in the retail pharmacy channel with leading retailers such as Rite Aid. These retail pharmacies in addition to a large number of independent pharmacies, could become a significant source of growth for our product categories.

Deliver Innovation in Pet Health and Wellness at Great Value. We have a proven track record of introducing innovative products to the pet health and wellness category. For example, we introduced 39 new proprietary value-branded products since 2014, including *PetAction Plus*, *Delightibles Wild Country Meats and Treats*, *Piglies*,

Betsy Farms Infusions and Creamy Crunchy Treats, *VERA Premium Jerky*, *PETIQ Premium Jerky*, *Great Choice Center Filled Cat Treats*, and *Golden Rewards Premium Jerky*. We expect to drive revenue growth primarily by continuing to develop and commercialize new products. We plan to introduce new and improved products across all of our categories over the next few years and will selectively enter relevant adjacent product categories to continue providing our retail customers access to the prescription and OTC medications and other health and wellness products they want most. For example, we recently launched *PetAction Plus*, which is sold by customers that collectively account for over 80% of our net sales in 2015. We intend to continue to rapidly develop and market products that incorporate innovative ingredients, advanced formulations, improved taste and enhanced functionality that differentiate us in the pet health and wellness market. These efforts include the formulation of value-branded versions of off-patent branded products as well as the refinement of existing products to make packaging and formulations more appealing and convenient for consumers and their pets. In addition, we may seek acquisitions of companies that help us expand our product offering and achieve our growth plan.

Enhance Margins. We expect that our margins will increase as our product mix continues to evolve and include a greater portion of our proprietary value-branded products. Additionally, as net sales increase, we will realize the benefits of leveraging our existing assets and facilities and share efficiency gains with our sourcing and manufacturing partners further driving margin improvement. We believe that, except for the expenses normally associated with being a public company, we will not have material increases in our selling and general administrative expenses to pursue growth plans as we have already made substantial investments in our corporate infrastructure. Finally, our business model requires relatively low levels of capital expenditures and working capital to support growth.

Our History

PetIQ, Inc., a Delaware corporation, was incorporated in February 2016 for the purpose of this offering and has had no business activities or transactions to date. PetIQ is a holding company and the sole managing member of True Science Delaware Holdings, LLC, a Delaware limited liability company, which was formed in May 2012 and renamed PetIQ Holdings, LLC in February 2016 to better reflect our pet-centric business. HoldCo is the sole member of PetIQ, LLC, an Idaho limited liability company and our predecessor for financial reporting purposes, and has no operations and no assets other than the equity interests of OpCo. Our principal executive office is located at 500 E. Shore Dr., Suite 120, Eagle, ID 83616, and our telephone number is 1-208-939-8900. Our corporate website address is www.petiq.com. We do not incorporate the information on or accessible through any of our websites into this prospectus, and you should not consider any information on, or that can be accessed through, our websites as part of this prospectus.

Our Products

We are a manufacturer and distributor of pet medication and wellness products to the retail channel. We focus our product offerings on innovative, proprietary value-branded products and leading third-party branded products for dogs and cats, including pet Rx and OTC medications and wellness products. We offer and supply these products to customers primarily in the United States.

Representative Product Breakdown

Product Type	Rx Medications	OTC Medications and Supplies	Wellness Products
Distributed Products	• *Heartgard Plus*® (heartworm prevention) • *Rimadyl*® (arthritis treatment) • *Vetmedin*® (heart disease treatment)	• *Frontline*® *Plus* (flea and tick) • *K9 Advantix*® II (flea and tick)	• n/a
Proprietary Value-Branded Products	• *Heart Shield Plus* (heartworm prevention) • *TruProfen* (arthritis treatment)	• *PetAction Plus* (flea and tick) • *PetLock Plus* (flea and tick) • *Advecta II* (flea and tick)	• *VetIQ* products (hip and joint care, skin and coat care and pill treats) • *Minties* (dental care) • *Delightibles* products (cat treats) • *Betsy Farms* products (dog treats) • *VERA* Premium Jerky • *PetIQ* Premium Jerky

Rx Medications

Our Rx pet medications include heartworm preventatives, arthritis, thyroid, diabetes and pain treatments, antibiotics and other specialty medications, all of which require a prescription from a veterinarian. We manufacture our own proprietary value-branded products and distribute well-known leading third-party branded medications. Rx medications accounted for approximately 12% and 13% of our net sales in the first quarter of 2016 and fiscal 2015, respectively.

We manufacture (in some cases through contract manufacturers) and distribute a portfolio of our own proprietary value-branded versions of Rx medications to our retail customers. Our proprietary value-branded Rx medications allow consumers to care for their pets with the same quality of branded prescription Rx at a much lower cost, with savings of up to 50% compared to leading brands. Currently, we manufacture *Heart Shield Plus*, our proprietary value-branded version of *Heartgard Plus*®, which prevents heartworm infection in dogs. We also manufacture *TruProfen*, our proprietary value-branded version of *Rimadyl*®, which treats arthritis in dogs. We plan to develop, and bring to retail customers, proprietary value-branded versions of other popular pet Rx medications currently available only in branded versions at premium prices.

We also sell to the retail channel more than 400 SKUs of the most popular pet Rx medications that previously had been available primarily through the veterinarian channel. These retailers then sell these pet Rx medications to pet owners who have a prescription. We source these pet Rx medications directly from other manufacturers or indirectly through licensed resellers and authorized distributors, such as veterinarians. Several of the top-selling Rx medications that we distribute include *Rimadyl*®; *Heartgard Plus*® and *Vetmedin*®.

OTC Medications and Supplies

Our OTC medications primarily include flea and tick control products, which are available in multiple forms, such as spot on (topical) treatments, chewables and collars. OTC medications accounted for approximately 66% and 67% of our net sales in the first quarter of 2016 and fiscal 2015, respectively.

We sell to the retail channel our proprietary value-branded versions of popular branded OTC medications, including *PetAction Plus* and *PetLock Plus* (each comparable to *Frontline*® *Plus*). When compared against branded OTC medication, including *Frontline*® *Plus* by Merial, Inc. and Bayer's *K9 Advantix*® *II*, offered in both the retail and veterinarian channels, our proprietary value-branded pet medications with the same active ingredients to

consumers at typically 30% to 50% savings. The retailer determines the actual discount. We plan to expand our presence in this category by developing and manufacturing new proprietary value-branded OTC medications in multiple forms, including related derivative products, using the same active ingredients in leading brands.

We also sell to the retail channel more than 155 SKUs of the most popular leading brand OTC medications consisting primarily of flea and tick control medications. We source OTC medications directly from manufacturers or indirectly through licensed resellers and authorized distributors or through veterinarians.

Wellness Products

Our wellness products include specialty treats and other pet products such as dental treats and nutritional supplements (including hip and joint, vitamins and skin and coat products). We manufacture and distribute more than 151 SKUs of proprietary wellness products for dogs and cats, mainly under our *VetIQ*, *Betsy Farms* and *Delightibles* product lines. Our wellness products accounted for approximately 22% and 20% of our net sales in the first quarter of 2016 and fiscal 2015, respectively.

Our products include dental treats, such as *Minties* dental treats; nutritional supplements, such as our *VetIQ* products, skin and coat chews, vitamin chews and treats that disguise pill medication to aid in pets' pill ingestion; and treats, such as our *Betsy Farms* dog treats and *Delightibles* cat treats.

Product Innovation

We offer a broad portfolio of pet medications and wellness products to our retail customers, including an array of products that we develop, manufacture and distribute. To continue to grow our pet Rx medication, OTC medications and other wellness product offerings, we invest in research and development on an ongoing basis. We use a combination of in-house specialists and third-party consultants to expand our proprietary value-branded portfolio and develop next-generation versions of our current pet products.

In addition, we have leveraged our market position to emerge as an attractive partner for outside R&D scientists and entrepreneurs developing new products and technologies in the pet health and wellness field. We believe these scientists and entrepreneurs seek out our partnership on innovative products given our experience in proprietary value-branded manufacturing and relationships with key retail channel contacts. Our process of assessing partnerships with any outside R&D opportunity includes performing our own internal R&D review, testing and quality control procedures.

Over the last two years, we have introduced numerous new products comprising 174 SKUs.

Channels

Traditional industry sales channels for pet Rx medications, OTC medications and other wellness products include sales through the veterinarian, retail and e-commerce channels, depending primarily on the product involved.

Historically, pet Rx and flea and tick medications have been sold through veterinarian offices and, to a much lesser extent, e-commerce. We have focused on making these products, as well as our proprietary value-branded products, available directly to consumers through retail outlets, which offer consumers access to these products at lower prices and in more convenient locations. Our retail channel sales are primarily concentrated in five sub-channels of retail: (i) food, drug and mass market sales (*e.g.*, Wal-Mart, Target and Kroger); (ii) club stores (*e.g.*, Sam's Club, Costco Wholesale and BJ's Wholesale Club); (iii) pet specialty stores (*e.g.*, Petco, PetSmart and independent pet stores); (iv) e-commerce retailers (*e.g.*, Amazon); and (v) independent pharmacies. We believe we are a key participant in the migration of pet medication products to the retail channel. In 2015, estimated sales of pet medication through the retail channel accounted for 21% of all sales.

Fairness to Pet Owners Act of 2015

We believe that, if enacted, the FTPOA, now pending before Congress, has the potential to accelerate the migration of pet medications to the retail channel. Many pet medications cannot be purchased without a prescription signed by a veterinarian, but in most states veterinarians, unlike physicians treating humans, are not required to give pet owners a prescription that they can fill in retail channels. In May 2015, the FTC published a report titled “Competition in the Pet Medications Industry,” which concluded that giving consumers prescriptions on demand would likely increase competition. The FTPOA would guarantee that pet owners would receive a copy of their pets’ prescriptions without having to ask, pay a prescription release fee or sign a liability waiver. Because a pet prescription is required to purchase many of our pet medications, we believe that the FTPOA, if enacted, would significantly boost retail sales of pet medications and our net sales and profits. For example, 59% of all pet medications, including 67% of prescription heartworm medications purchased by dog owners, are purchased from veterinarians, according to Packaged Facts. Currently, veterinarians in 32 states, including Texas, Florida, and Arkansas, are not required (even upon request) to provide a portable prescription to pet owners, effectively inhibiting pet owners in those states from purchasing prescription medications in the retail channel unless the veterinarian voluntarily elects to give the pet owner a copy of the prescription. Sixteen states require or encourage veterinarians to follow the AVMA code of ethics, which states that veterinarians should give prescriptions to pet owners upon request. Only two states (California and Arizona) actually require veterinarians to provide portable prescriptions to pet owners regardless of whether a request is made. We believe automatic receipt of portable prescriptions will enable pet owners to fill prescription medications in the retail channel at discounts comparable to those of pet OTC medications at retail. Illustrative is the enactment in 2003 of the Fairness to Contact Lens Consumers Act, which requires eye care professionals to give consumers contact lens prescriptions that can be filled through many of the same retail channels. As a result of this statute, upon which the FTPOA was modeled, contact lens users are no longer required to buy contact lenses from the eye care professionals who write their prescriptions and now purchase contact lenses mostly online and at retail outlets for prices far less than the prices formerly charged by the eye care professionals when they were the sole source of supply. Since 2003, the contact lens industry has more than doubled in size primarily as a result of more customers entering the market due to lower prices and previous customers replacing their lenses more often. The FTPOA, if enacted, similarly has the potential to spark significant growth in the market for pet medications as more pet owners will be able to afford veterinarian-recommended products.

Customers

As of March 31, 2016, we served approximately 38 retail customers with more than 21,000 customer locations, located primarily in the United States and Canada. Approximately 98% of our first quarter 2016 and fiscal 2015 net sales were generated from customers located in the United States and Canada, with the remaining 2% from foreign locations during each period. Our customers are primarily national superstore chains and national pet superstore chains, such as Wal-Mart, Sam’s Club, Costco, Petco, PetSmart, Kroger, Target and BJ’s Wholesale Club. We supply each of these customers on a national basis. Our largest retail customers are Wal-Mart and Sam’s Club, which represented 30% and 29%, respectively of our net sales in the first quarter of 2016 and 39% and 21%, respectively, of our net sales in 2015. In addition, Anda, which distributes our products to pharmacies, accounted for 12% and 14% of our net sales in the first quarter of 2016 and fiscal 2015, respectively. Anda purchases products from us only when it receives orders from its retail customers for such products. No other customer accounted for more than 10% of our net sales in 2015.

At each of our top customers, we sell to several individual departments represented by different buying groups, such as pharmacy, treats and pet supplies.

Additionally, we develop strong and lasting relationships with our pharmacy customers by leveraging our product breadth and expertise, superb customer care and support. Pharmacy customers have a higher barrier to entry

than other retail customers as they are a highly regulated segment of the retail channel. We believe that, because of such regulation, our pharmacy customers appreciate our focus on integrating our systems with theirs, including interfacing delivery schedules and traceability, which is a key requirement for any major pharmacy retailer. In addition, we try to continually strengthen our pharmacy relationships by providing a variety of value-added services to the pharmacies. These services may include computer programs, training opportunities and web-based customer support.

Finally, we believe that our level of customer care is critical in retaining and expanding our relationships with our key customers. Our in-house customer care representatives participate in ongoing training programs under the supervision of our training managers. These training sessions include a variety of topics such as product knowledge, computer usage and customer service tips. Our customer care representatives promptly respond to customer inquiries related to products, order status, prices and shipping. We believe that our customer care representatives are a valuable source of feedback regarding customer satisfaction.

Supply Chain

Proprietary Value-Branded Products

Except for the supplier of our proprietary value-branded flea and tick products with whom we have a relationship, no other value-branded product supplier accounted for more than 10% of our net sales in 2015. Our proprietary value-branded products are currently manufactured by us at our facilities in Daytona Beach, Florida and Springville, Utah and through a network of manufacturing facilities owned and operated by contract manufacturing partners across the U.S. and in Europe. We expect that the combined capacities of our facilities and those of our contract manufacturing partners will meet our forecasted needs for our proprietary value-branded products for the foreseeable future. There were five suppliers from whom we purchased approximately 98% of all such products in 2015.

Distributed Products

We purchase branded and other products that we distribute, but do not manufacture, from a variety of sources in the U.S., including certain manufacturers, including authorized resellers such as distributors, wholesalers and veterinarians. We believe that having strong relationships with our suppliers will ensure the availability of an adequate volume of products ordered by our retail customers and will enable us to provide more and better product information.

Fulfillment, Warehousing and Shipping

To accomplish efficient fulfillment for our Rx medication products across the U.S., we utilize our established medication distribution channels with our distribution partner, Anda. We have entered into a five-year contract with Anda, which automatically renews every two years.

For our products sold into local and regional pet specialty retailers, we work with our distribution partner Phillips, one of the largest distributors to independent pet stores in the country. Phillips buys our products directly and resells them to independent pet specialty retailers.

For our other products, our in-house fulfillment and distribution operations manage the entire supply chain, beginning with the placement of the order, continuing through order processing and then fulfilling and shipping of the product to the customer. All customer orders are processed by our customer service team. We inventory our products at, and fill most customer orders from, our distribution centers in Daytona Beach, Florida and Springville, Utah. We also use a third-party warehouse provider to fulfill a small amount of our orders. We ship our products using common carriers.

Product Quality and Safety

We believe that product safety and quality are critical. We have developed, implemented and enforced a robust product safety and quality program. We have established critical control points throughout the entire supply chain from ingredient sourcing to finished goods to ensure compliance with our quality program.

The food safety program at our Utah plant, where our pet treats are made, is certified at Safe Quality Food Level II under the Global Food Safety Initiative Benchmarks. To achieve this qualification level, our Utah facility has been built to comply with particular food safety specifications and allows for correct airflow to prevent cross-contamination, among other things. This qualification level also requires us to have certain standard operating procedures in place written to Safe Quality Food code specifications, hold regular training seminars for manufacturing employees and maintain reporting documentation evidencing compliance with such standard operating procedures.

In addition, our safety and quality program includes strict guidelines for incoming ingredients, batching, processing, packaging and finished goods. As part of our focus on safety and quality, we have implemented batch and lot traceability controls across our manufacturing network, including at our manufacturing facilities, where such controls have been implemented into our enterprise resource planning system. These controls allow us to track and tie discreet, inbound raw material components through the manufacturing process to the ultimate finished product, allowing us to maintain and control all finished product lot details and quickly access process manufacturing details.

At the Florida plant where our Rx and OTC medications are manufactured, we maintain a veterinary prescription drug wholesale distributor license with the State of Florida Department of Business and Professional Regulation, which is the same government entity that regulates distribution facilities for human medications. In connection with our maintenance of this license, the State of Florida inspects our facility on a monthly basis. To pass these inspections, we must demonstrate safety compliance at the highest standard, including maintaining correct plant temperatures and a controlled environment.

As described above, we use contract manufacturers to produce certain of our proprietary value-branded products. To ensure product quality, consistency and safety standards, we actively monitor each contract manufacturer’s operations through the standard operating procedures and facility audits described above.

All of our contract manufacturing facilities are required to have quality control standard operating procedures in place. We require our contract manufacturing facilities to maintain third-party certifications and pass our own quality system and safety audits, and for FDA-regulated products, to comply with the Good Manufacturing Practices of the FDA. Third-party certifications provide an independent and external assessment that a product and/or process complies with applicable safety regulations and standards, though a regulatory authority may disagree with that assessment. In addition, our quality control team conducts reviews of all aspects of our supply chain to ensure that ingredients, finished goods and manufacturing processes meet our strict safety and quality requirements and that all of our ingredients are rigorously tested prior to being used in our products.

Any consumer may call our customer service line, where we have trained representatives on staff. Any call reporting an adverse event relating to our products is further addressed by our vendor, SafetyCall, through its own on-site veterinarians. On a quarterly basis, we submit filings in accordance with the EPA specifications reporting any adverse event associated with our flea and tick products.

Marketing and Advertising

Our marketing strategy largely focuses on educating pet owners about our products. We use a combination of television, advertising, digital platforms, in-store displays and in-store promotions. Our television advertising can be seen across the nation. In our commercials, we introduce pet owners to the quality and cost-savings that our products afford: namely, our proprietary value-branded products that contain the same active ingredients as their leading branded counterparts at an affordable price. In addition, we coordinate with our retail customers to install in-store displays that increase the visibility of our products. Our marketing team also works alongside our retail customers to organize promotional events. These promotional events include discount programs whereby consumers receive discounts on our products and storefront displays that highlight our brands and products for certain periods of time. From time to time, we also work with our retail customers to distribute samples to consumers in order to introduce them to the value of our products.

Competition

The pet medication and wellness industry is highly competitive. We compete on the basis of product quality, product availability, quality, palatability, brand awareness, loyalty and trust, product variety and ingredients, product packaging and design, shelf space, reputation, price point and promotional efforts. We compete directly and indirectly with both manufacturers and distributors of pet medication and wellness products and online distributors, as well as with veterinarians. We directly face competition from companies that distribute various pet medications and pet wellness products to traditional retailers such as Perrigo, Unicharm Company and Central Garden and Pet Company, all of which are larger than we are and have greater financial resources. We also face competition in our other pet health and wellness products category from companies such as Nestlé, Mars, Perrigo and Smucker, all of which are larger than we are and have greater financial resources.

Our retail customers compete with online retailers and veterinarians for the sale of Rx and OTC pet medications and other health products. Many pet owners may prefer the convenience of purchasing their pet medications or other health products during a veterinarian visit. In order to effectively compete with veterinarians, we and retail partners must continue to educate pet owners about the product availability, service and savings offered by purchasing pet medications and other health products in their retail stores.

Employees

As of March 31, 2016, we had 215 employees. Our employees are not represented by any labor union or any collective bargaining arrangement with respect to their employment with us. We have never experienced any work stoppages or strikes as a result of labor disputes. We believe that our employee relations are good.

Seasonality

While most of our products are sold consistently throughout the year, we do experience seasonality in the form of increased demand for our flea and tick product offerings in the first half of the year, both leading up to and throughout the spring and summer seasons.

Properties

The following table sets forth the location, size, use and lease expiration date of our key properties as of March 31, 2016. All of our properties are leased. The leases expire at various times through 2019, subject to renewal options.

Location	Approximate Size	Principal Use(s)	Lease Expiration Date
Daytona Beach, Florida	142,900 square feet	Manufacturing and distribution warehouse; office	November 30, 2016
Eagle, Idaho	8,300 square feet	Corporate headquarters	April 30, 2018
Springville, Utah	242,000 square feet	Manufacturing and distribution warehouse; office	January 31, 2019

Our Trademarks and Other Intellectual Property

We believe that our intellectual property has substantial value and has contributed significantly to the success of our business. Our primary trademarks include "*PetAction*," "*VetIQ*," "*PetLock*," "*Delightibles*," "*Betsy Farms*" and the "*VetIQ*" and "*VetGuard*" logos, all of which are registered with the U.S. Patent and Trademark Office. We also have numerous other trademark registrations and pending applications, in the U.S., Canada and Europe, for product names that are central to our branding. Our trademarks are valuable assets that reinforce our brand, our sub-brands and our consumers' favorable perception of our products. The current registrations of these trademarks in the U.S. and foreign countries are effective for varying periods of time and may be renewed periodically, provided that we, as the registered owner, or our licensees where applicable, comply with all applicable renewal requirements including, where necessary, the continued use of the trademarks in connection with the goods or services identified in the applicable registrations. In addition to trademark protection, we own numerous URL designations, including www.vetiq.com, www.advecta.com, www.delightibles.com and www.mintiestreats.com, that are important to the successful implementation of our marketing and advertising strategy. We also have patents and pending patent applications for products, formulas and packaging that we consider important to our business. We rely on and carefully protect unpatented proprietary expertise, recipes and formulations, continuing innovation and other trade secrets to develop and maintain our competitive position.

Information Systems

We employ a comprehensive enterprise resource planning software system provided and supported by a leading global software partner. This system covers, among others, order entry, order management, product and ingredient tracking, customer service, accounts payable, accounts receivable, purchasing, asset management, manufacturing and back-office processes. From time to time, we enhance and complement the system with additional software. We back up data every night and store a copy locally for immediate restoration if needed. We believe our systems infrastructure is scalable and can support our expected future growth.

Government Regulation

Along with our contract manufacturers, ingredient and packaging suppliers and third-party shipping providers, we are subject to a broad range of laws and regulations, both in the U.S. and elsewhere, intended to protect public health and safety, natural resources and the environment. Our operations in the U.S. are subject to regulation by the FDA, the EPA, the Florida Department of Health and the USDA and by various other federal, state, local and foreign authorities regarding the manufacturing, processing, packaging, storage, distribution, advertising, labeling and export of our products, including drug and food safety standards.

All Rx animal drugs are required to be approved by the FDA through either a New Animal Drug Application or, in the case of generic Rx animal drugs, an Abbreviated New Animal Drug Application ("ANADA"). Two of our proprietary value-branded products, *TruProfen* and *Heart Shield Plus*, have been approved by the FDA under ANADAs submitted to the FDA by third parties. We have agreements with these third parties that hold approved ANADAs to private label or proprietary value-branded products under such ANADAs, However, the third parties that hold the ANADAs are ultimately responsible for compliance with regulatory obligations associated with these products.

In addition, our foreign subsidiary is subject to the laws of the United Kingdom, the Republic of Ireland and the European Union, as well as provincial and local regulations.

Under various statutes and regulations, these agencies and authorities, among other things, (i) prescribe the requirements and establish the standards for quality and safety, (ii) regulate our marketing, advertising and sales to consumers and (iii) control the importing and exporting of our products. Certain of these agencies, in certain circumstances, must not only approve our products, but also review the manufacturing processes and facilities used to produce these products before they can be marketed in the United States and elsewhere. In particular, certain of our pet medication products require FDA approval prior to marketing. To market such an FDA-regulated pet medicine, the FDA must approve a new animal drug application, or NADA, supported by data from animal safety and effectiveness studies that adequately demonstrate the safety and efficacy of that product in the target animal for the intended indication; or, in the case of generic versions of previously approved reference-listed pet medicines, the FDA must approve an abbreviated new animal drug application, or ANADA, supported by data to demonstrate, among other things, that the proposed generic product has the same active ingredients in the same concentration as the reference-listed product and is bioequivalent to the reference listed product. After approval, manufacturers are required to collect reports of adverse events and submit them on a regular basis to the FDA. Some of the products we distribute are marketed pursuant to approved ANADAs held by third parties with whom we contract to distribute those ANADA-approved products under our own label.

We are subject to labor and employment laws, safety and health regulations and other laws, including those promulgated by the EPA and the National Labor Relations Board. Our operations, and those of our contract manufacturers, ingredient and packaging suppliers and third-party shipping providers, are subject to various laws and regulations relating to worker health and safety matters as well as environmental and natural resource protection, including the availability and use of pesticides, emissions and discharges to the environment, and the treatment, handling, storage and disposal of materials and wastes. We monitor changes in these laws and believe that we are in material compliance with applicable laws and regulations. No assurance can be given, however, that material costs and liabilities will not arise in the future, such as due to a change in the law or the discovery of currently unknown conditions.

Legal Proceedings

We are from time to time subject to, and are presently involved in, litigation and other proceedings that arise in the ordinary course of our business. Subject to the inherent uncertainties of litigation and although no assurances are possible, we believe that there are no pending lawsuits or claims that, individually or in the aggregate, will have a material adverse effect on our business, financial condition or our yearly results of operations.

Mars has filed patent infringement suits against us in various jurisdictions. Three of these cases are currently pending:

- In July 2013, Mars filed suit against us, our subsidiary TruRX and a third party in the United States District Court for the Eastern District of Texas, alleging that our *Minties* and *Minties Fresh* products infringed on certain of its patents.

- In March 2014, Mars filed suit against us, TruRX and a third party in the United States District Court for the Middle District of Tennessee, alleging that our hip and joint supplement product infringed on certain of its patents.
- In September 2014, Mars filed suit against us and several of our subsidiaries in the United States District Court for the Eastern District of Virginia, alleging that certain of our pet treats, including our *Delightibles* branded treats, infringe on certain of its patents.

In each of the above-referenced cases, Mars seeks lost royalty damages in an amount not yet determined and an injunction against future sales by us. In each case, we believe that we have not infringed the patents-in-suit, and that the patents-in-suit are invalid. On May 6, 2016, the Company received a verdict in the Texas case. The jury found both that the Company did not infringe the patents-in-suit and that the asserted claims are invalid. Additionally, we believe that we have equitable defenses in the Virginia case. Trial in the Virginia case is set for 2016, and trial in the Tennessee case is set for 2017.

On May 29, 2015, Merial filed an action in the Middle District of Georgia against PetIQ, TruRX and others alleging a breach of various contracts as well as claims for false and misleading advertising regarding the advertising of our *PetAction Plus* and *PetLock Plus* products. The court has dismissed all contract claims against PetIQ and TruRX. No trial date has been set on the remaining claims.

MANAGEMENT

Executive Officers and Directors

The following table provides information with respect to our directors and executive officers as of May 13, 2016:

Name	Age	Position
McCord Christensen	43	Chief Executive Officer and Chairman of the Board of Directors
John Newland	52	Chief Financial Officer and Corporate Secretary
Scott Adcock	48	President and Director
Mark First	51	Lead Independent Director
Gary Michael	75	Director
James Clarke	43	Director
Ronald Kennedy	69	Director
David Krauser	35	Director

McCord Christensen. Mr. Christensen co-founded PetIQ in 2010 and has served as our Chief Executive Officer since our inception and is a member of our board of directors. In 2015, Mr. Christensen was named Chairman of our board of directors. In addition to his leadership responsibilities as Chairman and CEO, Mr. Christensen's expertise in retail and consumer products has enabled PetIQ to deliver targeted and well executed commercial programs and products across the retail industry. Prior to founding PetIQ, Mr. Christensen gained extensive retail and management experience working at Albertson's and as an executive in consumer product companies selling to leading U.S. retailers. Mr. Christensen filed for personal bankruptcy in 2010 as the result of personal guarantees of real estate investments made prior to the 2008 recession and civil claims of $6.7 million made against him by the bankruptcy trustee for companies affiliated with Thomas Petters. Mr. Christensen worked for and invested in these companies before becoming aware of the fraudulent activities that resulted in Mr. Petters' conviction. Mr. Christensen was discharged of all such claims in 2011. We believe Mr. Christensen's qualifications to serve as a director of our Company include his experience in the consumer and retail industries, his expertise in corporate strategy and development and his demonstrated business acumen. Mr. Christensen holds a Bachelor of Science in Finance from Boise State University.

John Newland. Mr. Newland has served as our Chief Financial Officer since 2014 and as our Corporate Secretary since 2015. Since joining PetIQ, Mr. Newland facilitated the move from a regional auditor to KPMG, implemented enhanced control systems and standards across the company and upgraded our finance and operations organizations. Prior to joining PetIQ, Mr. Newland gained extensive retail and consumer products experience working for Albertson's and SuperValu in a range of finance roles. Mr. Newland is a retired fighter pilot and Commander in the Idaho Air National Guard, where he served from 1985 to 2013. Mr. Newland holds a Bachelor of Science degree in corporate finance from the University of Idaho and is a graduate of the United States Air Force Air War College.

Scott Adcock. Mr. Adcock co-founded PetIQ in 2010 and serves as our President and as a member of our board of directors. In addition to his leadership responsibilities as President, on a day-to-day basis Mr. Adcock is responsible for all product development and company branding, packaging design, website development, in-store merchandising, advertising, social media and marketing campaigns. Prior to founding PetIQ, Mr. Adcock served in executive positions for companies associated with Jack W. Nicklaus, including as the Chief Executive Officer of Nicklaus Golf Centers, LLC. We believe Mr. Adcock's qualifications to serve as a director of our Company include his experience in brand management, product development and marketing, his expertise in corporate strategy and development and his demonstrated business acumen. Mr. Adcock holds a Bachelor of Science from Brigham Young University.

Mark First. Mr. First has served as the lead independent director of the Company since 2015. Mr. First is a Managing Director of Eos Management, L.P., an affiliate of Eos Capital Partners IV, L.P. and Eos Partners, L.P. (the "Eos Funds"), where he has been employed since March 1994. Mr. First was previously an investment banker with Morgan Stanley & Co. Incorporated from August 1991 until March 1994. Mr. First is a director of several privately owned companies, and he also has also been a director of Addus HomeCare, Inc. since 2009. We believe Mr. First's qualifications to serve as a director of our Company include his experience in business, corporate strategy and investment matters. Mr. First holds a Bachelor of Science from The Wharton School of the University of Pennsylvania and a Master of Business Administration from Harvard Business School.

Gary Michael. Mr. Michael served as the Chairman of the Board and Chief Executive Officer of Albertson's Inc. from 1991 to 2001. Mr. Michael served as the Chairman of The Federal Reserve Bank of San Francisco from 1997 to 2000 and as a Director from 1994 to 2000. Mr. Michael currently serves on the boards of Bodega Latina Corp., Northwest Bank, Western Capital Corp. and the JA and Kathryn Albertson Family Foundation. In addition, Mr. Michael currently serves as the Commissioner of the Idaho Lottery and the Idaho State Treasurer's Investment Review Committee. Mr. Michael previously was on the boards of The Clorox Company, Questar, Inc., Boise Cascade Corp., Office Max, Inc., Caesars Entertainment, Graham Packaging, Inc., Idaho Power Company and Idacorp. We believe Mr. Michael's qualifications to serve on our board include his experience in the retail and consumer industries, his demonstrated business acumen and his experience on other public company boards of directors. Mr. Michael holds a Bachelor of Science in Accounting from the University of Idaho. He also was the President of the University of Idaho from 2003 to 2004.

James Clarke. Mr. Clarke served as our Chairman from 2011 to 2016. Mr. Clarke is Chief Executive Officer and Managing Partner of Clarke Capital Partners, a growth equity and alternatives-focused family office, where he has served since 2011. Mr. Clarke is a director of several privately owned companies and non-profit organizations. We believe Mr. Clarke's qualifications to serve as a director of our Company include his experience in business, corporate strategy and investment matters. Mr. Clarke is an alumnus of Brigham Young University and holds a Master of Management from the University of Oxford.

Ronald Kennedy. Mr. Kennedy has served as a director of the Company since 2010. Mr. Kennedy is the owner of the investment firm Kennedy Ventures. Mr. Kennedy was a founder of Western Benefit Solutions, an employee benefits consulting firm, which he sold in 2010. He was a board member of Ameriben, Inc., a human resource consulting and benefits administration service company. We believe Mr. Kennedy's qualifications to serve as a director of our Company include his experience in business, corporate strategy and investment matters. Mr. Kennedy holds a Bachelor of Science in Business Administration from Brigham Young University and a Master of Business Administration from Arizona State University.

David Krauser. Mr. Krauser is a partner of Highland Consumer Partners, where he has been employed since 2007. Mr. Krauser has served on the board of the Company since 2012 and currently leads investments in the retail, consumer goods and services sectors. Mr. Krauser was previously employed at Capital Source Finance (2004-2007) and Wellington Management Company (2002-2004). We believe Mr. Krauser's qualifications to serve as a director of our Company include his experience in business, corporate strategy and investment matters. Mr. Krauser holds a Bachelor of Arts in Economics and Law Jurisprudence and Social Thought from Amherst College.

Board Composition

As of the completion of this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and bylaws. As of the completion of this offering, our board of directors will consist of seven directors, five of whom will be "independent" under the applicable listing standards.

As of the completion of this offering, our amended and restated certificate of incorporation and bylaws will provide for the division of our board of directors into three classes, as nearly equal in number as possible, with the directors in each class serving for a three-year term, as follows:

- Our Class I directors will be Messrs. Kennedy and Krauser, and their terms will expire at the annual meeting of stockholders to be held in 2017.
- Our Class II directors will be Messrs. Adcock, Clarke and First, and their terms will expire at the annual meeting of stockholders to be held in 2018.
- Our Class III directors will be Messrs. Christensen and Michael, and their terms will expire at the annual meeting of stockholders to be held in 2019.

Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which that term expires. Each director's term continues until the election and qualification of his or her successor or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our Company.When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Director Independence

As of the completion of this offering, our Class A common stock will be listed on the NASDAQ Global Market. Under the rules of the NASDAQ Global Market directors must comprise a majority of our board of directors within a specified period of time following the completion of this offering. Under the listing rules of the NASDAQ Global Market, a director will only qualify as an ''independent director'' if that company's board of directors affirmatively determines that such director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, following the effectiveness of this registration statement, the members of our audit committee must satisfy the independence criteria set forth in Rule 10A-3 promulgated under Section 10A(m) of the Exchange Act, or Rule 10A-3. In order to be considered independent for purposes of Rule 10A-3, no member of the audit committee may, other than in his capacity as a member of the audit committee, the board of directors or any other Board committee: (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the company or any of its subsidiaries; or (ii) be an affiliated person of the company or any of its subsidiaries.

Prior to the completion of this offering, our board of directors will undertake a review of the independence of each director and consider whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities.

Lead Independent Director

In connection with this offering, we intend to adopt corporate governance guidelines that will provide that one of our independent directors should serve as a lead independent director at any time when our Chief Executive Officer serves as the Chairman of our board of directors, or if the Chairman is not otherwise independent. Because Mr. Christensen is our Chairman and Chief Executive Officer, our board of directors expects to appoint a lead independent director who will preside over periodic meetings of our independent directors, serve as a liaison between our Chairman and the independent directors and perform additional duties as our board of directors may otherwise determine or delegate from time to time.

Committees of the Board of Directors

We expect that, immediately following this offering, the standing committees of our board of directors will consist of an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Each of the committees will report to the board of directors as they deem appropriate and as the board may request. The expected composition, duties and responsibilities of these committees are set forth below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

The Audit Committee will be responsible for, among other matters: (i) appointing, retaining and evaluating our independent registered public accounting firm and approving all services to be performed by them; (ii) overseeing our independent registered public accounting firm's qualifications, independence and performance; (iii) overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; (iv) reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; (v) establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; and (vi) reviewing and approving related party transactions.

Upon the completion of this offering, our Audit Committee will consist of David Krauser, Ronald Kennedy and Gary Michael as chairman of the committee. We believe that each of Messrs. Krauser, Kennedy and Michael meets the definition of "independent director" for purposes of serving on an audit committee under SEC Rule 10A-3 and the NASDAQ Global Market rules. Within 90 days following the effective date of the registration statement of which this prospectus forms a part, we anticipate that the audit committee will consist of a majority of independent directors, and within one year following the effective date of the registration statement of which this prospectus forms a part, the audit committee will consist exclusively of independent directors. In addition, our board of directors has determined that qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors will adopt a new written charter for our audit committee, which will be available on our corporate website at www.petiq.com upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee

The Compensation Committee will be responsible for, among other matters: (i) reviewing key employee compensation goals, policies, plans and programs; (ii) reviewing and approving the compensation of our directors, chief executive officer and other executive officers; (iii) reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and (iv) administering our stock plans and other incentive compensation plans.

Immediately following this offering, our Compensation Committee will consist of James Clarke, Gary Michael and Mark First as chairman of the committee. Our board of directors will adopt a written charter for the Compensation Committee in connection with this offering, which will be available on our corporate website at www.petiq.com upon the completion of this offering. The information on our website is not part of this prospectus.

Corporate Governance and Nominating Committee

Our Corporate Governance and Nominating Committee will be responsible for, among other matters: (i) identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; (ii) overseeing the organization of our board of directors to discharge the board's duties and responsibilities properly and efficiently; (iii) identifying best practices and recommending corporate governance principles; and (iv) developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

Immediately following this offering, our Corporate Governance and Nominating Committee will consist of Mark First and James Clarke as chairman of the committee. Our board of directors will adopt a written charter for the Corporate Governance and Nominating Committee in connection with this offering, which will be available on our corporate website at www.petiq.com upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee will have at any time been one of our executive officers or employees.

None of our executive officers currently serves, or has served during the last completed year, as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of another entity that had one or more of its executive officers serving as a member of our board of directors or a member of HoldCo.

Other Committees

Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Board of Directors' Leadership Structure and Risk Oversight

Our board of directors will oversee the risk management activities designed and implemented by our management. The board of directors will execute its oversight responsibility for risk management both directly and through its committees. The full board of directors will also consider specific risk topics, including risks associated with our strategic plan, business operations and capital structure. In addition, the board of directors will receive detailed regular reports from members of our senior management and other personnel that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility.

Our board of directors will delegate to the Audit Committee oversight of our risk management process. Our other board committees will also consider and address risk as they perform their respective committee responsibilities. All committees will report to the full board of directors as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Although the Board of Directors does not have a formal policy on whether the roles should be combined or separated, we have had a separate Chairman of the Board and Chief Executive Officer. The independent

members of our board have named Mr. Mark First our independent lead director. Mr. First, as independent lead director, chairs the executive sessions of the non-management members of our board of directors, acts as a liaison with Mr. Christensen, in consultation with the independent directors and assists in developing the agendas for each board of directors meeting. We believe that this leadership structure also provides an appropriate forum for the Board to execute its risk oversight function, which is described below.

Code of Ethics

We intend to adopt a Code of Ethics that will apply to all of our employees, including our chief executive officer, chief financial officer and principal accounting officer. Our Code of Ethics will be available on our website at www.petiq.com upon the completion of this offering. If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we intend to satisfy the requirements under Item 5.05 of Form 8-K regarding the disclosure of amendments to or waivers from provisions of our Code of Ethics that apply to our principal executive officer, financial and accounting officers by posting the required information on our website at the above address. Our website is not part of this prospectus.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following Summary Compensation Table discloses the compensation information for fiscal year 2015 for our principal executive officer ("PEO") and the two most highly compensated executive officers other than the PEO who were serving as executive officers at the end of the last completed fiscal year (collectively, the "named executive officers"). Certain updated compensation and other information is provided in the narrative sections following the Summary Compensation Table.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	All Other Compensation ($)(2)	Total ($)
McCord Christensen *Chief Executive Officer*	2015	240,000	81,949	5,950	327,899
Scott Adcock *President*	2015	240,000	75,000	5,950	320,950
John Newland *Chief Financial Officer*	2015	233,750	50,000	5,950	289,700

(1) The amounts reported in the "Bonus" column represent discretionary bonuses paid to the executives by the Company in 2015.

(2) The amounts reported in the "All Other Compensation" column represent the value of health insurance reimbursement paid to the executives by the Company in 2015.

Narrative to Summary Compensation Table

Base Salaries

Base salaries established for the Company's executive officers are intended to reflect each individual's responsibilities, experience, historical performance and other discretionary factors deemed relevant by the Company and have generally been set at levels deemed necessary to attract and retain individuals with superior talent. Base salaries are also designed to provide executive officers with steady cash flow during the course of the fiscal year that is not contingent on short-term variations in the Company's operating performance.

Our named executive officers were entitled to the following annual base salaries:

Name	2015 Base Salary (Effective January 1, 2015)	2016 Base Salary (Effective January 1, 2016)
McCord Christensen	$240,000	$286,000
Scott Adcock	$240,000	$286,000
John Newland	$233,750	$281,000

Base salaries were increased in 2016 to reflect individual performance and to recognize the contributions of our named executive officers within their respective roles.

Employee Benefit and Retirement Programs

We did not maintain any annual cash incentive programs, qualified defined benefit plans, qualified defined contribution plans or nonqualified deferred compensation plans for our named executive officers or other employees in 2015.

Employment Agreements

Effective May 31, 2012, Messrs. Christensen and Adcock entered into substantially similar employment agreements with the Company to serve as Chief Executive Officer and President, respectively, for a term of three years, plus automatic one-year renewals thereafter unless any party provides notice of intent not to renew the agreement. The agreements provided for an initial base salary of $240,000 per year. In addition, Messrs. Christensen and Adcock are entitled to receive annual cash bonuses in the discretion of the board of managers.

In the event that either executive's employment is terminated by the Company without "Cause" (as defined in the applicable employment agreement), the executive would be entitled to continued payment of his then-current annual base salary for a period of 12 months. The executives may resign their employment for any reason upon giving the Company no less than 30 days' notice.

Messrs. Christensen and Adcock are subject to certain restrictive covenants, including provisions regarding non-competition and non-solicitation of employees, independent contractors, clients, customers or suppliers, while employed by the Company and for a period following the termination of employment of either one year (in the event of a termination of employment by the Company for any reason other than Cause) or 18 months (in the event of a termination by the Company for Cause or by the executive for any reason). The Company may extend the covenant period up to one additional year; provided that it pays the executive his annual base salary (at the rate in effect at the time of his termination) during such extended period.

Newland Offer Letter

Mr. Newland is party to an offer letter dated March 6, 2014 pursuant to which he serves as the Company's Chief Financial Officer. Mr. Newland's offer letter provided for an initial base salary of $215,000 per year and eligibility to receive an annual cash bonus equal to fifty percent (50%) of his base salary. Mr. Newland's employment is at-will; however, if his employment is terminated without cause, he is entitled to continued payment of his then-current annual base salary for a period of three months. During the term of his employment, Mr. Newland is prohibited from engaging in any other employment or business activity directly related to the business of the Company.

Outstanding Equity Awards at 2015 Fiscal Year-End

	Class P Units	
Name	Number of Class P Units Underlying Unvested Awards (#)(1)	Market Value of Unvested Class P Units ($)(2)
McCord Christensen	—	—
Scott Adcock	—	—
John Newland	150,000	

(1) Twenty-five percent (25%) of the Class P Units granted on December 8, 2014 pursuant to the HoldCo Agreement (as defined below) vest on each of the first four anniversaries of the grant date, subject to the recipient's continued employment through each applicable vesting date. All unvested Class P Units, to the extent outstanding, will fully vest upon the occurrence of a "Sale of the Company," as defined in the HoldCo Agreement.

(2) The market value of the unvested Class P Units was determined as of December 31, 2015.

Incentive Plans and Awards

Class P Units Pursuant to the HoldCo Agreement

Prior to this offering, 800,000 Class P Units in HoldCo were available for issuance to employees, consultants and independent managers of HoldCo or a subsidiary thereof in the form of grants under the Fifth Amended and Restated Limited Liability Company Agreement of HoldCo (the "Prior HoldCo Agreement"), which became effective December 8, 2014. Class P Units under the Prior HoldCo Agreement are intended to constitute "profits interests" for federal income tax purposes. As shown above in the "Outstanding Equity Awards at 2015 Fiscal-Year End" table above, Mr. Newland held 200,000 Class P Units under the Prior HoldCo Agreement, 150,000 of which were unvested as of the date hereof.

On December 8, 2014, in connection with his Class P Unit grant, Mr. Newland entered a Confidentiality, Non-Solicit and Non-Compete Agreement, which prevents him from competing with the Company or soliciting the Company's employees, independent contractors, clients, customers or suppliers, during employment and for 18 months following his termination.

Under the Prior HoldCo Agreement, members that held Class P Units had the right to receive distributions with respect to their vested Class P Units only if the aggregate distributions made with respect to all classes of units in HoldCo exceeded the distribution thresholds specified in the participants' individual award agreements. Pursuant to the Prior HoldCo Agreement, recipients of Class P Units were to be selected by the board of managers of HoldCo. Vested and outstanding Class P Units were subject to repurchase by HoldCo in the event of a Class P member's termination of employment with HoldCo or one of its subsidiaries.

As of March 1, 2016, there were 557,000 total outstanding Class P Units held by nine employees of the Company. As a result of the Transactions, Class P Units will be exchanged for shares of Class A common stock.

PetIQ, Inc. Omnibus Incentive Plan

We intend to adopt the PetIQ, Inc. Omnibus Incentive Plan (the "Omnibus Plan") pursuant to which cash and equity-based incentives (including through an annual incentive program) may be granted to participating employees, directors and consultants. We expect our board of directors to adopt, and our stockholders to approve, the Omnibus Plan before the consummation of this offering. The principal purposes of the Omnibus Plan are to encourage profitability and growth through short-term and long-term incentives that are consistent with our objectives; to give participants an incentive for excellence in individual performance; to promote teamwork among participants; and to give us a significant advantage in attracting and retaining key employees, directors, and consultants. Our Omnibus Plan provides for the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), nonqualified stock options, stock appreciation rights, restricted shares, restricted stock units, performance-based awards (including performance-based restricted shares and performance units), and other stock or cash-based awards. When considering new grants of share-based or option-based awards, the Company intends to take into account previous grants of such awards.

Administration. The Omnibus Plan will be administered by our board of directors or by a committee that the board designates for this purpose (referred to below as the plan administrator). The plan administrator will have the power to determine the terms of the awards granted under our Omnibus Plan, including the exercise price, the number of shares subject to each award, and the exercisability of the awards. The plan administrator also will have full power to determine the persons to whom and the time or times at which awards will be made and to make all other determinations and take all other actions advisable for the administration of the Omnibus Plan.

Grant of Awards; Shares Available for Awards. Certain employees, directors and consultants will be eligible to be granted awards under the Omnibus Plan, other than incentive stock options, which may be granted only to employees. We will reserve shares of our Class A common stock for issuance under the Omnibus Plan. The number of shares issued or reserved pursuant to the Omnibus Plan will be adjusted by the plan administrator, as they deem appropriate and equitable, as a result of stock splits, stock dividends, and similar changes in our Class A common stock. With respect to any award to any one participant that is intended to qualify as performance-based compensation for purposes of Section 162(m), (i) no more than shares of our Class A common stock will be granted in a fiscal year, (ii) no more than $ will paid in cash with respect to a performance period of one year, and (iii) no more than $ will be paid in cash with respect to a performance period greater than one year. In addition, the maximum number of shares subject to awards granted during any fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, will not exceed $500,000 in total value (calculating the value of any such awards based on the grant date fair market value of such awards for financial reporting purposes).

Stock Options. Under the Omnibus Plan, the plan administrator may grant participants incentive stock options, which qualify for special tax treatment in the United States, as well as non-qualified stock options. Stock options are a variable component of compensation designed to incentivize the participants to grow the Company and to increase the value of the Company's shares. The plan administrator will establish the duration of each option at the time it is granted, with a maximum duration of 10 years (or in the case of a ten percent (10%) shareholder within the meaning of Section 422(b)(6) of the Internal Revenue Code, five years) from the date such option is granted, and may also establish vesting performance requirements that must be met prior to the exercise of options. Stock option grants must have an exercise price that is equal to or greater than the fair market value of our Class A common stock on the date of grant. Stock option grants may include provisions that permit the option holder to exercise all or part of the holder's vested options, or to satisfy withholding tax liabilities, by tendering shares of our Class A common stock already owned by the option holder with a fair market value equal to the exercise price.

Stock Appreciation Rights. The plan administrator may also grant stock appreciation rights, which will be exercisable upon the occurrence of certain contingent events. Stock appreciation rights are a variable component of compensation designed to retain key employees. Stock appreciation rights entitle the holder upon exercise to receive an amount in any combination of cash and shares of our Class A common stock (as determined by the plan administrator) equal in value to the excess of the fair market value of the shares covered by the stock appreciation rights over the exercise price of the right.

Restricted Shares. The plan administrator may also grant restricted shares, which are awards of our shares of Class A common stock that vest in accordance with the terms and conditions established by the plan administrator. The plan administrator will determine in the award agreement whether the participant will be entitled to vote the restricted shares and/or receive dividends on such shares. Restricted shares are a variable component of compensation also available to retain key employees when deemed appropriate.

Restricted Stock Units. Restricted stock units represent the right to receive shares of our Class A common stock at a specified date in the future, subject to forfeiture of such right. If the restricted stock unit has not been forfeited, then on the date specified in the restricted stock unit grant, the Company must deliver to the holder of the restricted stock unit, unrestricted shares of our Class A common stock, which will be freely transferable. Restricted stock units are a variable component of compensation also designed to retain key employees when deemed appropriate.

Performance-Based Awards. Performance-based awards are denominated in shares of our Class A common stock, stock units, or cash, and are linked to the satisfaction of performance criteria established by the plan administrator. Performance-based awards are a variable component of compensation designed to reward key management for achieving annual performance goals. If the plan administrator determines that the performance-based award to an employee is intended to meet the requirements of "qualified performance-based compensation" and therefore may be deductible under Section 162(m) of the Internal Revenue Code, then the performance-based criteria upon which the awards will be based shall be with reference to any one or more of the following: earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; net operating profit after tax; cash flow; revenue; net revenues; sales; days sales outstanding; scrap rates; income; net income; operating income; net operating income, operating margin; earnings; earnings per share; return on equity; return on investment; return on capital; return on assets; return on net assets; total stockholder return; economic profit; market share; appreciation in the fair market value, book value or other measure of value of the Company's Class A common stock; expense/cost control; working capital; volume/production; new products; customer satisfaction; brand development; employee retention or employee turnover; employee satisfaction or engagement; environmental, health, or other safety goals; individual performance; strategic objective milestones; days inventory outstanding; or any combination of, or a specified increase in, any of the foregoing.

Change in Control Provisions. In connection with the grant of an award, the plan administrator may provide for the treatment of such award in the event of a change in control of the Company, including that, in the event of an involuntary termination of a participant's employment by the Company in connection with a change in control, any outstanding awards that are unexercisable or otherwise unvested will become fully vested and/or immediately exercisable.

Amendment and Termination. Our board of directors, or a committee thereof, may alter, amend, modify, or terminate the Omnibus Plan at any time; provided that the approval of our stockholders will be obtained for any amendment to the Omnibus Plan that requires stockholder approval under the rules of the stock exchange on which our Class A common stock is then listed or in accordance with other applicable law. In addition, no modification of an award will, without the prior written consent of the participant, impair the rights of a participant under the Omnibus Plan.

Compliance with Applicable Laws. We intend to structure the Omnibus Plan so that we can grant stock options and other performance-based awards that may qualify for an exemption from the deduction limitation contained in Section 162(m) of the Internal Revenue Code, to the extent that Section 162(m) is applicable. Awards under our Omnibus Plan shall be designed, granted, and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Internal Revenue Code.

Director Compensation

Our non-executive managers and directors did not receive any compensation for their services in 2015. In connection with this offering, the Company intends to approve and implement a director compensation program that, effective upon the closing of this offering, will be applicable to all of our non-employee directors. Under the Company's director compensation program, each non-employee director will be entitled to receive an annual cash retainer of $30,000 in consideration for his or her service on our board of directors and a per-meeting cash fee ranging from $500 to $1,000. In addition, each non-employee director serving as the chairman of a committee of the board of directors will receive a cash fee, as applicable, of $5,000 (for the chairs of the compensation and nominating and governance committees) or $10,000 (for the chair of the audit committee).

Following the closing of this offering, pursuant to our director compensation program, each non-employee director will be entitled to an annual equity award relating to our Class A common stock with a grant date fair value of $20,000, subject to vesting after one year of continued service as a director. In addition, upon becoming a member of the board of directors, each new non-employee director will receive a one-time, initial equity award relating to our Class A common stock with a grant date fair value of $50,000, subject to vesting after three years of continued service as a director.

The terms of each equity award described above will be set forth in a written award agreement between the applicable non-employee director and the Company. The director compensation program (including the compensation described above) may be amended, modified or terminated by our board of directors at any time in its sole discretion.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The agreements described in this section, or forms of such agreements as they will be in effect at the time of this offering, are filed as exhibits to the registration statement of which this prospectus forms a part, and the following descriptions are qualified by reference thereto.

Management Agreements

Pursuant to the Management Consulting Agreement (the "Eos Management Agreement"), dated as of May 31, 2012, by and between OpCo and Eos Management, L.P. ("Eos Management"), OpCo is obligated to pay Eos Management an annual fee of $300,000 for the term of the Eos Management Agreement, in exchange for certain consulting services with respect to financial transactions, acquisitions and other strategic matters related to the business, administration and policies of OpCo. The Eos Management Agreement will terminate upon the consummation of this offering. The Company paid $389,040, $303,664 and $313,100 to Eos Management pursuant to the Eos Management Agreement during the years ended December 31, 2015, 2014 and 2013, respectively.

HCF—TS Blocker Corp., a Delaware corporation ("HCF Blocker"), Highland Consumer Fund I Limited Partnership, a Delaware limited partnership ("HCF I"), Highland Consumer Entrepreneurs Fund I Limited Partnership, a Delaware limited partnership ("HCEF I," and together with HCF Blocker, HCF I and HCEF I, the "Highland Members") entered into a Management Consulting Agreement (the "Highland Management Agreement"), dated as of May 31, 2012, by and among OpCo and the Highland Members, in exchange for certain consulting services with respect to financial transactions, acquisitions and other strategic matters related to the business, administration and policies of OpCo. The Highland Management Agreement will terminate on the date that (i) the Highland Members' or any of their affiliates no longer have any equity interests in HoldCo or (ii) a Sale of the Company (as defined in the HoldCo Agreement) occurs; however, upon the consummation of a Qualified Initial Public Offering (as defined in the HoldCo Agreement), OpCo will have the option to terminate upon the consummation of this offering. The Company paid $128,341, $107,893 and $110,249 to the Highland Members pursuant to the Highland Management Agreement during the years ended December 31, 2015, 2014 and 2013, respectively.

Pursuant to the Management Consulting Agreement (the "Labore Management Agreement"), dated as of May 31, 2012, by and between OpCo and Labore Et Honore LLC ("Labore"), OpCo is obligated to pay Labore an annual fee of $60,000 for the term of the Labore Management Agreement, in exchange for certain consulting services with respect to financial transactions, acquisitions and other strategic matters related to the business, administration and policies of OpCo. The Labore Management Agreement will terminate upon the consummation of this offering. The Company paid $75,000, $60,000 and $60,000 to Labore pursuant to the Labore Management Agreement during the years ended December 31, 2015, 2014 and 2013, respectively.

Pledge Agreement

In connection with the Company's prior credit agreement, Labore executed a pledge agreement in favor of the Company's lender, which was effectively a guarantee related to a $2.2 million line of credit collateralized by an account funded by Labore. Subsequent to that pledge agreement, Labore, through an affiliate, procured inventory of a corresponding $2.2 million and sold the inventory to the Company. For its guarantee and related services, the Company paid Labore loan fees, expenses and interest of approximately $260,000 for total payments during the fiscal year ended December 31, 2015 of $2.5 million (including both inventory and fees, expenses and interest).

The Transactions

In connection with the Transactions, we will engage in certain transactions with certain of our directors, executive officers and other persons and entities that are or will become holders of 5% or more of our voting securities upon the consummation of the Transactions, including the contribution by Certain Sponsors of their indirect ownership interest in LLC Interests in exchange for shares of our Class A common stock in connection with this offering and entering into the Contribution Agreement, the HoldCo Agreement, the Registration Rights Agreement and the Recapitalization Agreement. These transactions are described in "The Transactions" and herein.

The following table sets forth material payments and the value of any equity to be received by each of our directors, executive officers or affiliates in connection with the offering:

	Contributions		Reclassification		
	Certain Sponsor Preference Notes(1)	Value of Shares of Class A Common Stock(2)	Continuing LLC Owner Preference Notes(1)	Value of LLC Interests(3)	Value of Shares of Class B Common Stock(4)
Executive Officers and Directors					
McCord Christensen					
John Newland					
Scott Adcock					
Mark First					
James Clarke					
Gary Michael					
Ronald Kennedy					
David Krauser					
5% Stockholders					
Entities Affiliated with Eos Partners, L.P.					
Labore Et Honore LLC					
Entities Affiliated with Highland Consumer Partners					

(1) The Preference Notes will accrue interest at a rate of two percent per annum and will be immediately due and payable upon the consummation of this offering. The Company will use the proceeds of this offering to repay the Preference Notes. See "Use of Proceeds" and "—Preference Notes."

(2) The value of the shares of Class A common stock assumes that the shares are offered at $ per share (the midpoint of the price ranged listed on the cover page of this prospectus).

(3) The value of the LLC Interests is based on a hypothetical valuation of HoldCo of $ agreed to by the Continuing LLC Owners and the Sponsor Corps.

(4) The Class B common stock is not freely tradeable and there will be no market for such shares. Accordingly, the value of the Class B common stock assumes that the shares are converted into shares of Class A common stock and that the Class A common stock is offered at $ per share (the midpoint of the price range listed on the cover page of this prospectus).

HoldCo Agreement

In connection with the Transactions, we and the Continuing LLC Owners, which include certain of our directors, officers and 5% stockholders, and Sponsor Corps will enter into HoldCo's sixth amended and restated limited liability company agreement, which we refer to as the "HoldCo Agreement." As a result of the Transactions and this offering, we will hold LLC Interests in HoldCo directly and indirectly through the Sponsor Corps and will be the sole managing member of HoldCo. Accordingly, we will operate and control all of the business and affairs of HoldCo and, through HoldCo and its operating subsidiaries, conduct our business. The operations of HoldCo, and the rights and obligations of the holders of LLC Interests, will be set forth in the HoldCo Agreement.

Appointment as Sole Managing Member. Under the HoldCo Agreement, we will become a member and the sole managing member of HoldCo. As the sole managing member, we will be able to control all of the day-to-day business affairs and decision-making of HoldCo without the approval of any other member. As such, we, through our officers and directors, will be responsible for all operational and administrative decisions of HoldCo and the day-to-day management of HoldCo's business. Pursuant to the terms of the HoldCo Agreement, we cannot, under any circumstances, be removed as the sole managing member of HoldCo except by our election.

Compensation. We will not be entitled to compensation for our services as the sole managing member. We will be entitled to reimbursement by HoldCo for fees and expenses incurred on behalf of HoldCo, including all expenses associated with this offering and maintaining our corporate existence.

Reclassification. The HoldCo Agreement reclassifies the units currently held by the existing members of HoldCo into a new single class of common membership units, which we refer to as the "LLC Interests." Each LLC Interest will entitle the holder to a pro rata share of the net profits and net losses and distributions of HoldCo.

Distributions. The HoldCo Agreement will require "tax distributions," as that term is defined in the HoldCo Agreement, to be made by HoldCo to its "members," as that term is defined in the HoldCo Agreement. Tax distributions will be made when members are required to make estimated payments or file tax returns, which we expect will be approximately on a quarterly basis, to each member of HoldCo, including us. These tax distributions will be funded from available cash of HoldCo and its subsidiaries. Tax distributions for us will be computed based on our actual tax liability as a result of the net taxable income allocated to us as a result of owning interests in Holdco. Tax distributions for all other holders of LLC Interests will be computed by multiplying their respective allocable share of net taxable income by the maximum rate applicable to an individual resident in New York, New York (taking into account the deductibility of state and local taxes and other applicable adjustments). The tax rate used to determine tax distributions to holders of LLC Interests other than us will apply regardless of the actual final tax liability of any member. The HoldCo Agreement will also allow for distributions to be made by HoldCo to its members on a pro rata basis. We expect HoldCo may make cash distributions periodically to the extent permitted by our agreements governing our indebtedness and necessary to enable us to cover our operating expenses.

LLC Interest Exchange Right. Under the HoldCo Agreement, the Continuing LLC Owners (or certain permitted transferees thereof) will have the right, from time to time and subject to the terms of the HoldCo Agreement, to exchange their LLC Interests, along with a corresponding number of shares of our Class B common stock, for newly issued shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and similar transactions. Our board of directors, which will include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead cause HoldCo to make a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Interest exchanged (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance

with the terms of the HoldCo Agreement. Shares of our Class B common stock will be cancelled on a one-for-one basis if we, at the election of a Continuing LLC Owner, exchange LLC Interests of such Continuing LLC Owner pursuant to the terms of the HoldCo Agreement.

Issuance of LLC Interests Upon Exercise of Options or Issuance of Other Equity Compensation. Upon the exercise of options issued by us, or the issuance of other types of equity compensation by us (such as the issuance of restricted or non-restricted stock, payment of bonuses in stock or settlement of stock appreciation rights in stock), we will be required to acquire from HoldCo a number of LLC Interests equal to the number of shares of Class A common stock being issued in connection with the exercise of such options or issuance of other types of equity compensation. When we issue shares of Class A common stock in settlement of stock options granted to persons that are not officers or employees of HoldCo or its subsidiaries, we will make, or be deemed to make, a capital contribution to HoldCo equal to the aggregate value of such shares of Class A common stock, and HoldCo will issue to us a number of LLC Interests equal to the number of shares of Class A common stock that we issued. When we issue shares of Class A common stock in settlement of stock options granted to persons that are officers or employees of HoldCo or its subsidiaries, we will be deemed to have sold directly to the person exercising such award a portion of the value of each share of Class A common stock equal to the exercise price per share, and we will be deemed to have sold directly to HoldCo (or the applicable subsidiary of HoldCo) the difference between the exercise price and market price per share for each such share of Class A common stock. In cases where we grant other types of equity compensation to employees of HoldCo or its subsidiaries, on each applicable vesting date we will be deemed to have sold to HoldCo (or such subsidiary) the number of vested shares at a price equal to the market price per share, HoldCo (or such subsidiary) will deliver the shares to the applicable person, and we will be deemed to have made a capital contribution in HoldCo equal to the purchase price for such shares in exchange for an equal number of LLC Interests.

Maintenance of One-to-one Ratio of Shares of Class A Common Stock and LLC Interests Owned By PetIQ. Our amended and restated certificate of incorporation and the HoldCo Agreement will require that (i) we at all times maintain a ratio of one LLC Interest owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), and (ii) HoldCo at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Interests owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing LLC Owners and the number of LLC Interests owned by the Continuing LLC Owners. This construct is intended to result in the Continuing LLC Owners having a voting interest in PetIQ that is substantially the same as the Continuing LLC Owners' percentage economic interest in HoldCo.

Transfer Restrictions. The HoldCo Agreement generally does not permit transfers of LLC Interests by members, subject to limited exceptions. Any transferee of LLC Interests must assume, by operation of law or written agreement, all of the obligations of a transferring member with respect to the transferred units, even if the transferee is not admitted as a member of HoldCo.

Dissolution. The HoldCo Agreement will provide that HoldCo will be dissolved and its affairs wound up on the first to occur of (i) the determination of PetIQ, as the sole managing member of HoldCo, (ii) the entry of a decree of judicial dissolution or (iii) any other circumstance in accordance with Delaware law. Upon a dissolution event, the proceeds of a liquidation will be distributed in the following order: first, to pay debts and liabilities owed to creditors of HoldCo and second, to the members pro rata in accordance with their respective percentage ownership interests in HoldCo (as determined based on the number of LLC Interests held by a member relative to the aggregate number of all outstanding LLC Interests).

Indemnification. The HoldCo Agreement provides that each member will, to the fullest extent permitted by law, indemnify and hold harmless HoldCo, PetIQ (as the sole managing member) and each other person who is or who is deemed to be the responsible withholding agent for United States federal, state or local or foreign income tax purposes against all claims, liabilities and expenses of whatever nature relating to HoldCo's, PetIQ's (as the sole managing member) or such other person's obligation to withhold and to pay over, or otherwise to pay, any withholding or other taxes payable by HoldCo, PetIQ (as the sole managing member) or any of their affiliates with respect to such member or as a result of such member's ownership of LLC Interests, transfer of LLC Interests (including by exchange) or participation in HoldCo.

Additionally, the HoldCo Agreement provides that HoldCo will, to the fullest extent permitted by law, indemnify and hold harmless any member, officer or tax matters member who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or arbitrative, or any appeal, inquiry or investigation of the foregoing, against all judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including reasonable attorneys' fees and expenses) actually incurred by such person in connection with any such proceeding, appeal, inquiry or investigation, if such person acted in "good faith," as that term is defined in the HoldCo Agreement. PetIQ, as the sole managing member, must consent to any indemnification claims, which claims could involve indemnification for negligence or under theories of strict liability.

Amendments. The HoldCo Agreement may be amended with the consent of the sole managing member. Notwithstanding the foregoing, no amendment to the HoldCo Agreement will be effective with respect to a Continuing LLC Owner that does not vote in favor thereof if such amendment would materially and adversely affect the rights of such Continuing LLC Owner other than on a pro rata basis with the other Continuing LLC Owners unless if more than one holder is so effected and such amendment is approved by a majority of the affected holders.

No amounts have been paid or are payable to the Continuing LLC Owners in connection with the HoldCo Agreement.

Registration Rights Agreement

In connection with the Transactions, we intend to enter into a registration rights agreement with the Continuing LLC Owners and Certain Sponsors, which include certain of our directors, officers and 5% stockholders. The registration rights agreement will provide Certain Sponsors with certain demand registration rights, including shelf registration rights, in respect of any shares of our Class A common stock held by them, subject to certain conditions. In addition, in the event that we register additional shares of Class A common stock for sale to the public following the completion of this offering, we will be required to give notice of such registration to Certain Sponsors and the Continuing LLC Owners of our intention to effect such a registration and, subject to certain limitations, include shares of Class A common stock held by them in such registration. We also will undertake in the registration rights agreement to file a shelf registration statement as soon as we meet the applicable eligibility criteria and to use commercially reasonable efforts to have the shelf registration statement declared effective as soon as practicable and to remain effective in order to register the exchange of LLC Interests together with shares of Class B common stock for shares of Class A common stock by certain Continuing LLC Owners from time to time. We will be required to bear the registration expenses, other than underwriting discounts and commissions and transfer taxes, associated with any registration of shares pursuant to the registration rights agreement. The registration rights agreement will include customary indemnification provisions in favor of the Continuing LLC Owners and Certain Sponsors, any person who is or might be deemed a control person (within the meaning of the Securities Act and the Exchange Act) and related parties against certain losses and liabilities (including

reasonable costs of investigation and legal expenses) arising out of or based upon any filing or other disclosure made by us under the securities laws relating to any such registration.

No amounts have been paid or are payable to the Continuing LLC Owners and Certain Sponsors in connection with the Registration Rights Agreement.

Preference Notes

Pursuant to a contribution agreement to be entered into prior to this offering, Certain Sponsors will contribute all of their interests in the Sponsor Corps to PetIQ. In exchange for this contribution of the Sponsor Corps to PetIQ, the Certain Sponsors will receive the Certain Sponsor Preference Notes in an aggregate amount of $ and an aggregate of shares of Class A common stock (which shares represent the remaining value of each Certain Sponsor's indirect interest in HoldCo immediately prior to the respective contribution after taking into consideration the amount of the applicable Certain Sponsor Preference Note and based on a hypothetical valuation of HoldCo agreed to by the Continuing LLC Owners and the Sponsor Corps). In addition, the LLC Interests to be received in the Reclassification will be allocated to the Sponsor Corps and the Continuing LLC Owners. The number of LLC Interests to be allocated to the Sponsor Corps, and therefore indirectly to PetIQ, will be equal to the number of shares of Class A common stock that Certain Sponsors receive in the Contributions. The Continuing LLC Owners (i) will exchange certain LLC Interests for the Continuing LLC Owner Preference Notes payable by PetIQ in the aggregate amount of $ and (ii) will receive from PetIQ LLC an aggregate of LLC Interests (which LLC Interests represent the remaining value of each Continuing LLC Owner's interest in HoldCo immediately prior to the Reclassification after taking into consideration the amount of the applicable Continuing LLC Owner Preference Note and based on a hypothetical valuation of HoldCo agreed to by the Continuing LLC Owners and the Sponsor Corps). The Preference Notes will accrue interest at a rate of two percent per annum and will be immediately due and payable upon the consummation of this offering. The Company will repay the Preference Notes with the proceeds of this offering.

Indemnification Agreements with Directors and Officers

Following the completion of this offering, our amended and restated certificate of incorporation and bylaws will provide that we will indemnify each of our directors and officers to the fullest extent permitted by Delaware law. In addition, we intend to enter into indemnification agreements with our directors and officers, which will provide indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. No amounts have been paid or are payable pursuant to the indemnification agreements.

Policies and Procedures for Related Person Transactions

Prior to the closing of this offering, our board of directors will adopt a written related party transaction policy setting forth the policies and procedures for the review and approval or ratification of related person transactions. The policy, effective upon the closing of this offering, will cover any transactions, arrangements or relationships, or any series of similar transactions, arrangements or relationships, in which we are to be a participant and our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our Class A common stock and any members of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, as determined by the audit committee of our board of directors. Related party transactions include, without limitation, purchases of goods or services by or from the related person or entities in which the related party has a material interest, and indebtedness, guarantees of indebtedness or employment by us of a related party. All related party transactions must be presented to our audit committee for review,

consideration and approval. In approving or rejecting any such proposal, our audit committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction.

All related party transactions described in this section occurred prior to adoption of this policy and as such, these transactions were not subject to the approval and review procedures set forth in the policy. However, these transactions were reviewed and approved or will be ratified by our board of directors prior to the completion of the offering.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A common stock and Class B common stock, after the consummation of the Transactions and this offering, for:

- each person known by us to beneficially own more than 5% of our Class A common stock or our Class B common stock;
- each of our directors;
- each of our named executive officers; and
- all of our executive officers and directors as a group.

As described in “The Transactions” and “Certain Relationships and Related Party Transactions,” each Continuing LLC Owner will be entitled to have his, her or its LLC Interests exchanged, along with a corresponding number of shares of our Class B common stock, for Class A common stock on a one-for-one basis, or, at the option of PetIQ, cash equal to the market value of the applicable number of our shares of Class A common stock. In connection with this offering, we will issue to each Continuing LLC Owner one share of Class B common stock for each LLC Interest it owns. As a result, the number of shares of Class B common stock listed in the table below correlates to the number of LLC Interests each such Continuing LLC Owner will own immediately prior to and after this offering (but after giving effect to the Transactions). See “The Transactions.” Although the number of shares being offered hereby to the public and the total combined number of shares of Class A common stock and Class B common stock outstanding after the offering will remain fixed regardless of the initial public offering price in this offering, the shares of common stock held by the beneficial owners set forth in the table below after the consummation of the transactions will vary, depending on the initial public offering price in this offering. The table below assumes the shares of Class A common stock are offered at $ per share (the midpoint of the price range listed on the cover page of this prospectus). See “Prospectus Summary—The Offering.”

The number of shares beneficially owned by each stockholder is determined under rules issued by the Securities and Exchange Commission and includes voting or investment power with respect to securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights, including the exchange right described above, held by such person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, the address of all listed stockholders is c/o PetIQ, Inc., 500 E. Shore Drive—Suite 120, Eagle, Idaho 83616. Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

	Shares of Class A Common Stock Beneficially Owned After the Offering		Shares of Class B Common Stock Beneficially Owned After the Offering		Total Common Stock Beneficially Owned After the Offering	Total Voting Power After the Offering
Name of beneficial owner	Number	Percentage	Number	Percentage	Percentage	Percentage
5% Stockholders						
Entities Affiliated with Eos Partners, L.P.(1)		%		%	%	%
Labore Et Honore LLC(2)		%		%	%	%
Entities Affiliated with Highland Consumer Partners(3)		%		%	%	%
Named Executive Officers and Directors						
McCord Christensen(4)		%		%	%	%
John Newland		%		%	%	%
Scott Adcock		%		%	%	%
Mark First(1)		%		%	%	%
Gary Michael		%		%	%	%
James Clarke		%		%	%	%
Ronald Kennedy		%		%	%	%
David Krauser		%		%	%	%
All Executive Officers and Directors as a Group (8 persons)		%		%	%	%

(1) Includes shares of Class A common stock and shares of Class B common stock held by ECP IV TS Investor Co. and shares of Class A common stock and shares of Class B common stock held by Eos TS Investor Co. The principal business address for Eos Partners, L.P. is 320 Park Avenue, 9th Floor, New York, NY 10022. As a General Partner of Eos Partners, L.P., Mr. First has voting and investment control over and may be deemed to be the beneficial owner of shares held by the entities affiliated with Eos Partners, L.P.

(2) As the Manager of Labore Et Honore LLC, Mr. Clarke has voting and investment control over and may be deemed to be the beneficial owner of shares held by Labore Et Honore LLC. The principal business address for Labore Et Honore is 5152 Edgewood Drive, Suite 375, Provo, UT 84604.

(3) Includes shares of Class A common stock and shares of Class B common stock held by Highland Consumer Fund I Limited Partnership ("Fund I"), shares of Class A common stock and shares of Class B common stock held by HCF—TS Blocker Corp., ("Blocker Corp.") and shares of Class A common stock and shares of Class B common stock held by Highland Consumer Entrepreneurs Fund I Limited Partnership ("Entrepreneurs Fund" and together with Fund I and Blocker Corp., the "Highland Entities"). Highland Consumer GP Limited Partnership is the general partner of each of the Highland Entities. Highland Consumer GP GP LLC ("HC GP GP") is the general partner of Highland Consumer GP Limited Partnership. Mr. Krauser is the managing member of HC GP GP and has voting and investment control over and may be deemed to be the beneficial owner of shares held by the Highland Entities. The principal business address for the Highland Entities is One Broadway, 16th Floor, Cambridge, Massachusetts 02142.

(4) Includes shares of our Class A common stock held by True Science Founders, LLC, the manager of which is Mr. Christensen, and shares of our Class A common stock held by Christensen Class F, LLC, the manager of which is Mr. Christensen.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and provisions of our amended and restated certificate of incorporation and our bylaws, each of which will be in effect prior to the completion of this offering, are summaries and are qualified by reference to the amended and restated certificate of incorporation and the bylaws, which are filed as exhibits to the registration statement of which this prospectus forms a part. Under "Description of Capital Stock," "we," "us," "our" and "our Company" refer to PetIQ and not to any of its subsidiaries.

Our current authorized capital stock consists of 1,000 shares of common A stock, par value $0.001 per share, and 1,000 shares of Class B common stock, par value $0.001 per share. As of the consummation of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.001 per share, shares of Class B common stock, par value $0.001 per share, and shares of blank check preferred stock.

Common Stock

Upon consummation of this offering, there will be shares of our Class A common stock issued and outstanding and shares of our Class B common stock issued and outstanding.

Class A Common Stock

Voting Rights

Holders of our Class A common stock will be entitled to cast one vote per share. Holders of our Class A common stock will not be entitled to cumulate their votes. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all holders of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class. Except as otherwise provided by law, amendments to the amended and restated certificate of incorporation must be approved by a majority or, in some cases, a super-majority of the combined voting power of all shares of Class A common stock and Class B common stock, voting together as a single class.

Dividend Rights

Holders of Class A common stock will share ratably (based on the number of shares of Class A common stock held) if and when any dividend is declared by the board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Liquidation Rights

On our liquidation, dissolution or winding up, each holder of Class A common stock will be entitled to a pro rata distribution of any assets available for distribution to common stockholders.

Other Matters

No shares of Class A common stock will be subject to redemption or have preemptive rights to purchase additional shares of Class A common stock. Holders of shares of our Class A common stock do not have subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class A common stock. Upon consummation of this offering, all the outstanding shares of Class A common stock will be

validly issued, fully paid and non-assessable. The rights powers, preferences and privileges of our Class A common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Class B Common Stock

Issuance of Class B Common Stock with LLC Interests

Shares of Class B common stock will only be issued in the future to the extent necessary to maintain a one-to-one ratio between the number of LLC Interests held by Continuing LLC Owners and the number of shares of Class B common stock issued to Continuing LLC Owners. Shares of Class B common stock are transferable only together with an equal number of LLC Interests. Shares of Class B common stock will be cancelled on a one-for-one basis upon the exchange of LLC Interests pursuant to the terms of the HoldCo Agreement.

Voting Rights

Holders of Class B common stock will be entitled to cast one vote per share, with the number of shares of Class B common stock held by each Continuing LLC Owner being equivalent to the number of LLC Interests held by such Continuing LLC Owner. Holders of our Class B common stock will not be entitled to cumulate their votes. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all holders of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class. Except as otherwise provided by law, amendments to the amended and restated certificate of incorporation must be approved by a majority or, in some cases, a super-majority of the combined voting power of all shares of Class A common stock and Class B common stock, voting together as a single class.

Dividend Rights

Holders of our Class B common stock will not participate in any dividend declared by the board of directors.

Liquidation Rights

On our liquidation, dissolution or winding up, holders of Class B common stock will not be entitled to receive any distribution of our assets.

Transfers

Pursuant to the HoldCo Agreement, each holder of Class B common stock agrees that:

- the holder will not transfer any shares of Class B common stock to any person unless the holder transfers an equal number of LLC Interests to the same person; and
- in the event the holder transfers any LLC Interests to any person, the holder will transfer an equal number of shares of Class B common stock to the same person.

Other Matters

No shares of Class B common stock will be subject to redemption rights or have preemptive rights to purchase additional shares of Class B common stock. Holders of shares of our Class B common stock do not have subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to

the Class B common stock. Upon consummation of this offering, all outstanding shares of Class B common stock will be validly issued, fully paid and non-assessable.

Preferred Stock

Our amended and restated certificate of incorporation provides that our board of directors has the authority, without action by the stockholders, to designate and issue up to shares of preferred stock in one or more classes or series and to fix the powers, rights, preferences and privileges of each class or series of preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any class or series, which may be greater than the rights of the holders of the common stock. There will be no shares of preferred stock outstanding immediately after this offering.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our Class A common stock by restricting dividends on the Class A common stock, diluting the voting power of the Class A common stock or subordinating the liquidation rights of the Class A common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock.

Exclusive Venue

Our amended and restated certificate of incorporation, as it will be in effect upon the closing of this offering, will require, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or the bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Anti-takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, Our Bylaws and Delaware Law

Our amended and restated certificate of incorporation and bylaws, as they will be in effect upon completion of this offering, also contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares of Class A common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

Classified Board of Directors

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. See “Management—Corporate Governance—Board Composition.” These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

Authorized But Unissued Shares

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the NASDAQ Global Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated certificate of incorporation will provide that stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors, or by a qualified stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of such stockholder’s intention to bring such business before the meeting. Our amended and restated certificate of incorporation will provide that, subject to applicable law, special meetings of the stockholders may be called only by a resolution adopted by the affirmative vote of the majority of the directors then in office or by the chairman of the board of directors, if any. Our bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. In addition, any stockholder who wishes to bring business before an annual meeting or nominate directors must comply with the advance notice and duration of ownership requirements set forth in our bylaws and provide us with certain information. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control of us or our management.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will provide that stockholder action by written consent will be prohibited except as otherwise required by law.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation will provide that, except as otherwise required by law, a special meeting of stockholders may be called only by the stockholders, the Chairman of the board of directors or the lead director.

Stockholder Action by Written Consent

Our amended and restated certificate of incorporation will provide that no action may be taken by the stockholders by written consent without a meeting.

Directors Removed Only for Cause

Our amended and restated certificate of incorporation will provide for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3 of the total voting power of the outstanding capital stock entitled to vote generally in the election of directors.

Amendment of Amended and Restated Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

Pursuant to our amended and restated certificate of incorporation, any amendment to the provisions thereof regarding the bylaws, indemnification of directors, our board of directors, special meetings of stockholders, special stockholder notice provisions, special stockholder voting requirements, corporate opportunities or amendment of our amended and restated certificate of incorporation will require the affirmative vote of at least 66-2/3% of the votes entitled to be cast on such matter, unless such amendment is deemed advisable by the affirmative vote of at least 75% of our board of directors, in which case such amendment will require the affirmative vote of a majority of the votes entitled to be cast on such matter.

Upon completion of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or, in most cases, by the affirmative vote of the stockholders holding a majority in interest of all the votes entitled to vote upon such amendment or repeal.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and bylaws provide indemnification for our directors and officers to the fullest extent permitted by the DGCL. Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our directors that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- any transaction from which the director derived an improper personal benefit; or
- improper distributions to stockholders.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Business Combinations

We have opted out of Section 203 of the DGCL.

Corporate Opportunities

In recognition that partners, principals, directors, officers, members, managers and/or employees of Certain Sponsors and their affiliates and investment funds, which we refer to as the Corporate Opportunity Entities, may serve as our directors and/or officers, and that the Corporate Opportunity Entities may engage in activities or lines of business similar to those in which we engage, our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us and the Corporate Opportunity Entities. Specifically, none of the Corporate Opportunity Entities has any duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business that we do. In the event that any Corporate Opportunity Entity acquires knowledge of a potential transaction or matter that may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and the Corporate Opportunity Entity will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for itself or direct such opportunity to another person. In addition, if a director of our Company who is also a partner, principal, director, officer, member, manager or employee of any Corporate Opportunity Entity acquires knowledge of a potential transaction or matter that may be a corporate opportunity for us and a Corporate Opportunity Entity, we will not have any expectancy in such corporate opportunity. In the event that any other director of ours acquires knowledge of a potential transaction or matter that may be a corporate opportunity for us we will not have any expectancy in such corporate opportunity unless such potential transaction or matter was presented to such director expressly in his or her capacity as such.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of the Company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action; provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law and such suit is brought in the Court of Chancery in the State of Delaware.

Registration Rights Agreement

In connection with this offering, the Company will enter into the Registration Rights Agreement with the Continuing LLC Owners and Certain Sponsors pursuant to which the Continuing LLC Owners and Certain Sponsors will have specified rights to require the Company to register all or any portion of their shares under the Securities Act. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock will be .

Listing

We have applied to have our Class A common stock listed on the NASDAQ Global Market under the symbol “PETQ.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there was no public market for our Class A common stock. Future sales of substantial amounts of Class A common stock in the public market (including shares of Class A common stock issuable upon exchange of LLC Interests), or the perception that such sales may occur, could adversely affect the market price of our Class A common stock. Although we expect our Class A common stock to be approved for listing on the NASDAQ Global Market, we cannot assure you that there will be an active public market for our Class A common stock.

Upon the closing of this offering, we will have outstanding an aggregate of shares of Class A common stock, assuming the issuance of shares of Class A common stock offered by us in this offering and the issuance of shares of Class A common stock to Certain Sponsors in the Contribution. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of Class A common stock (or shares of Class A common stock, including shares of Class A common stock issuable upon exchange of LLC Interests) will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

Lock-Up Agreements

We, our executive officers, directors and holders of all of our Class A common stock on the date of this prospectus, who collectively own shares of our Class A common stock, or securities exercisable for or exchangeable into shares of our Class A common stock, including LLC Interests, following this offering, have agreed that, without the prior written consent of Robert W. Baird & Co. Incorporated, we and they will not, subject to limited exceptions, directly or indirectly sell or dispose of any shares of common stock or any securities convertible into or exchangeable or exercisable for shares of common stock for a period of 180 days after the date of this prospectus. Robert W. Baird & Co. Incorporated, in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. The lock-up restrictions and specified exceptions are described in more detail under "Underwriting."

Rule 144

Affiliate Resales of Restricted Securities

In general, under Rule 144 of the Securities Act as in effect on the date of this prospectus, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our Class A common stock for at least six months is entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately shares immediately after this offering; or

- the average weekly trading volume in our Class A common stock on the NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the SEC and the NASDAQ Global Market concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, under Rule 144, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the 90 days preceding a sale, and who has beneficially owned shares of our Class A common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, pursuant to Rule 701 under the Securities Act, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144 under the Securities Act. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class A common stock issued or issuable under our Omnibus Incentive Plan. We expect to file the registration statement covering shares offered pursuant to our Omnibus Incentive Plan shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

Upon the closing of this offering, the holders of shares of Class A common stock or shares of Class A common stock, including shares of Class A common stock issuable upon exchange of LLC Interests, or their transferees will be entitled to various rights with respect to the registration of these shares under

the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See “Certain Relationships and Related Party Transactions—Registration Rights Agreement” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of shares of our Class A common stock issued pursuant to this offering. This summary does not purport to be a complete analysis of all the potential tax consequences or considerations relevant to Non-U.S. Holders of shares of our Class A common stock. This summary is based upon the Internal Revenue Code, the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect.

This summary assumes that shares of our Class A common stock are held by a Non-U.S. Holder as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons subject to special treatment under U.S. federal income tax laws (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities or arrangements, certain U.S. expatriates or former long-term residents of the U.S., tax-exempt organizations, pension plans, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, or persons in special situations, such as those who have elected to mark securities to market or those who hold shares of our Class A common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment). In addition, this summary does not address estate or any gift tax considerations or considerations arising under the tax laws of any state, local or non-U.S. jurisdiction or any considerations relating to the alternative minimum tax or the 3.8% tax on net investment income.

For purposes of this summary, a "Non-U.S. Holder" means a beneficial owner of shares of our Class A common stock that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust other than:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other organization classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons (as defined in the Internal Revenue Code) have the authority to control all of the trust's substantial decisions or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds shares of our Class A common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our Class A common stock through a partnership or other entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

There can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect

to the U.S. federal income tax consequences to a Non-U.S. Holder of the purchase, ownership or disposition of shares of our Class A common stock.

THIS SUMMARY IS NOT INTENDED TO BE TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES OF OUR CLASS A COMMON STOCK, AS WELL AS THE APPLICATION OF STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS.

Distributions on shares of our Class A common stock

As discussed under "Dividend Policy" above, we do not currently anticipate paying cash dividends on shares of our Class A common stock in the foreseeable future. In the event that we do make a distribution of cash or property with respect to shares of our Class A common stock, any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits as determined under U.S. federal income tax principles, and will be subject to withholding as described in the next paragraph below. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the Non-U.S. Holder's investment, up to such holder's adjusted tax basis in its shares of our Class A common stock, as determined on a share-per-share basis. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "—Gain on sale, exchange or other taxable disposition of shares of our Class A common stock."

Any dividends paid to a Non-U.S. Holder with respect to shares of our Class A common stock generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides the applicable withholding agent with an appropriate and validly completed IRS Form W-8, such as:

- IRS Form W-8BEN (or successor form) or IRS Form W-8BEN-E (or successor form) certifying, under penalties of perjury, that such Non-U.S. Holder is entitled to a reduced rate of withholding tax under an applicable income tax treaty; or
- IRS Form W-8ECI (or successor form) certifying, under penalties of perjury, that a dividend paid on shares of our Class A common stock is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (in which case such dividend generally will be subject to regular graduated U.S. federal income tax rates on a net income basis as described below).

The certifications described above must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that provides an IRS form or that claims treaty benefits to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that are intermediaries or pass-through entities for U.S. federal income tax purposes.

If dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), will generally be subject to U.S. federal income tax on such dividends on a net income basis at the regular, graduated rates in the same manner as if such Non-U.S. Holder were a resident of the U.S. In addition, if such Non-U.S. Holder is classified as a corporation for U.S. federal income tax purposes, such Non-U.S. Holder may be subject to an

additional "branch profits tax" equal to 30% of such effectively connected dividends, as adjusted for certain items, for the taxable year, unless an applicable income tax treaty provides otherwise.

Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but which are eligible for a reduced rate of U.S. federal withholding tax pursuant to an applicable income tax treaty may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

Any distribution described in this section would also be subject to the discussion below in the section entitled "—Foreign Account Tax Compliance Act."

Gain on sale, exchange or other taxable disposition of shares of our Class A common stock

Subject to the discussion below under "—Backup withholding and information reporting" and "—Foreign Account Tax Compliance Act," in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain realized upon such holder's sale, exchange or other taxable disposition of shares of our Class A common stock (including a redemption, but only if the redemption would be treated as a sale or exchange rather than a distribution for U.S. federal income tax purposes) unless (i) such Non-U.S. Holder is a nonresident alien individual who is present in the U.S. for 183 days or more in the taxable year of disposition and certain other conditions are met, (ii) we are or have been a "U.S. real property holding corporation," as defined in the Internal Revenue Code (a "USRPHC"), at any time within the shorter of the five-year period preceding the disposition and the Non-U.S. Holder's holding period with respect to the applicable shares of our Class A common stock (the "relevant period") and certain other conditions are met, or (iii) such gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the U.S. (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the U.S.).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless an applicable income tax treaty provides otherwise) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition, provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the second exception above, we believe we are not, and we do not currently anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of other business assets, there can be no assurance that we are not currently or will not become a USRPHC in the future. Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests (as defined in the Internal Revenue Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus certain other assets used or held for use in a trade or business. Even if we are or become a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our Class A common stock by reason of our status as a USRPHC so long as (a) our Class A common stock is regularly traded on an established securities market (within the meaning of Internal Revenue Code Section 897(c)(3) and the Treasury Regulations issued thereunder) during the calendar year in which such sale, exchange or other taxable disposition of our Class A common stock occurs and (b) such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our Class A common stock at any time during the relevant period. If we are a USRPHC and the requirements of (a) or (b) are not met, gain on the disposition of shares of our Class A common stock generally will be taxed in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the "branch profits tax" generally will not apply. Prospective investors are

urged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis with respect to such gain at the regular, graduated rates in the same manner as if such holder were a resident of the U.S. In addition, a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a "branch profits tax" on such effectively connected gain, as adjusted for certain items, at a rate of 30%, unless an applicable income tax treaty provides otherwise.

Foreign Account Tax Compliance Act

Legislation commonly referred to as the Foreign Account Tax Compliance Act, as modified by Treasury regulations and subject to any official interpretations thereof, any applicable intergovernmental agreement between the U.S. and non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such intergovernmental agreement (collectively, "FATCA"), generally will impose a U.S. federal withholding tax of 30% on payments to certain non-U.S. entities (including certain intermediaries), including dividends on and the gross proceeds from a sale or other disposition of our Class A common stock unless such persons comply with complicated U.S. information reporting, disclosures and certification requirements. This new regime requires, among other things, a broad class of persons to obtain, disclose and report information about their investors and account holders. These requirements are different from and in addition to the certification requirements described elsewhere in this discussion. The withholding rules apply currently to payments of dividends on shares of our Class A common stock, and are scheduled to apply to payments of gross proceeds from the sale or other dispositions of our Class A common stock that occurs after December 31, 2018. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Distributions on shares of our Class A common stock," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our Class A common stock, and the entities through which they hold our Class A common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

Backup withholding and information reporting

We or a financial intermediary must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on shares of our Class A common stock paid to such holder and the tax withheld, if any, with respect to such distributions. These information reporting requirements apply even if withholding was not required. In addition to the requirements described above under "—Foreign Account Tax Compliance Act," a Non-U.S. Holder generally will be subject to backup withholding at the then applicable rate for dividends paid to such holder unless such holder furnishes a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or such other applicable form and documentation as required by the Internal Revenue Code or the Treasury regulations promulgated thereunder) certifying under penalties of perjury that it is a Non-U.S. Holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Internal Revenue Code). Dividends paid to Non-U.S. Holders subject to the U.S. federal withholding tax, as described above under "—Distributions on shares of our Class A common stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the payment of the proceeds of a disposition of shares of our Class A common stock by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or non-U.S., unless the holder certifies that it is not a U.S. person (as defined in the Internal Revenue Code)

and satisfies certain other requirements, or otherwise establishes an exemption. For information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker, and dispositions otherwise effected through a non-U.S. office generally will not be subject to information reporting. Generally, backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected through a non-U.S. office of a U.S. broker or non-U.S. office of a non-U.S. broker. Prospective investors are urged to consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is incorporated, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a Non-U.S. Holder can be refunded or credited against such Non-U.S. Holder’s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

UNDERWRITING

Robert W. Baird & Co. Incorporated is serving as representative of the underwriters. We and the underwriters named below have entered into an underwriting agreement with respect to the shares of Class A common stock being offered hereby. Subject to certain conditions set forth in the underwriting agreement, each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock set forth in the following table.

Underwriters	Number of Shares
Robert W. Baird & Co. Incorporated	
William Blair & Company, L.L.C.	
Total	

The underwriters are committed to take and pay for all the shares of Class A common stock offered by us if any are taken. The obligations of the underwriters under the underwriting agreement may be terminated upon the occurrence of certain stated events, including that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or this offering may be terminated.

After this initial offering of the shares of Class A common stock to the public, the offering price and other selling terms may be changed by the underwriters. Sales of shares of Class A common stock made outside of the United States may be made by affiliates of the underwriters.

We have granted the underwriters an option to buy up to an additional shares of Class A common stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. The underwriters have 30 days from the date of this prospectus to exercise this option. If any shares of Class A common stock are purchased pursuant to this option, the underwriters will severally purchase shares of Class A common stock in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares of Class A common stock are being offered.

The underwriters propose to offer the shares of Class A common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share.

The underwriting fee is equal to the public offering price per share of Class A common stock less the amount paid by the underwriters to us per share of Class A common stock. The underwriting fee is $ per share. The following tables set forth the per share and total underwriting discounts and commissions and commissions to be paid to the underwriters, assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of Class A common stock.

	Total Fees	
Paid by Us	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing, listing and printing fees, legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately $, which will be paid by us. We have agreed to reimburse the underwriters for certain expenses in connection with the qualification of the offering with the Financial Industry Regulatory Authority, Inc. ("FINRA"). Such reimbursement is deemed to be underwriting compensation by FINRA.

We, our executive officers, directors and holders of all of our Class A common stock on the date of this prospectus, have agreed with the underwriters, subject to certain limited exceptions, not to sell or transfer any of our Class A common stock, or any options or warrants to purchase any of our Class A common stock, or securities convertible into or exchangeable or exercisable for or that represent the right to receive our Class A common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Robert W. Baird & Co. Incorporated. Specifically, we and such other persons have agreed, subject to certain limited exceptions, not to:

- offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise transfer or dispose of any of our Class A common stock, or any options or warrants to purchase any of our Class A common stock, or securities convertible into or exchangeable or exercisable for or that represent the right to receive our Class A common stock; or
- enter into any swap, forward contract, hedging transaction or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Class A common stock.

The foregoing restrictions do not apply to:

- the sale of shares pursuant to this offering;
- sales of shares of common stock or other securities acquired in open market transactions after completion of this offering; provided that any such sale does not require a filing pursuant to Section 16(a) of the Exchange Act and no such filing shall be made voluntarily;
- the contribution, transfer, sale or distribution of shares of Common Stock necessary to effectuate the Transactions; and
- sales or transfers pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to holders of Class A common stock and involving a change or control of the Company; and
- other customary exceptions, including transfers of shares of common stock or any securities convertible into common stock (i) as bona fide gifts, (ii) by will or intestacy or (iii) to limited partners, members, subsidiaries, stockholders, affiliates or controlled or managed investment funds; provided that any transferee pursuant to clauses (i), (ii) or (iii) agrees to the applicable lock-up restrictions and that any such transfer does not require a filing pursuant to Section 16(a) of the Exchange Act other than on a Form 5 and no such filing shall be made voluntarily.

The underwriters do not expect sales to discretionary accounts to exceed 5% of the total number of the shares offered.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined by negotiations between us and the representative of the underwriters. In determining the initial public offering price, we and the representative of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representative;

- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- prevailing market conditions;
- our historical performance;
- estimates of our business potential and prospects for future earnings;
- consideration of the above factors in relation to market valuation and stages of developments of other companies comparable to ours; and
- other factors deemed relevant by the representative of the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for shares of Class A common stock, or that the shares of our Class A common stock will trade in the public market at or above the initial public offering price.

We have applied to have our Class A common stock approved for listing on the NASDAQ Global Market under the symbol “PETQ.”

We have agreed to indemnify the several underwriters and their controlling persons against certain liabilities, including liabilities under the Securities Act.

Stabilization, Short Positions and Penalty Bids

In connection with this offering, the underwriters may effect certain transactions in shares of our Class A common stock in the open market in order to prevent or retard a decline in the market price of our Class A common stock while this offering is in progress. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. “Covered” shorts are short positions in an amount not greater than the underwriters’ option to purchase additional shares described herein, and “naked” shorts are short positions in excess of that amount. In determining the source of shares to close out a “covered” short, the underwriters will consider, among other things, the price of shares of Class A common stock available for purchase in the open market as compared to the price at which the underwriters may purchase shares of Class A common stock through the option. A “covered” short may be covered by either exercising the underwriters’ option or purchasing shares in the open market. A naked short is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market prior to the completion of this offering and may only be closed out by purchasing shares in the open market. Stabilizing transactions consist of various bids for or purchase of our Class A common stock made by the underwriters in the open market prior to the completion of the offering.

In addition, the underwriters may, pursuant to Regulation M of the Securities Act, also impose a penalty bid, which is when a particular underwriter repays to the other underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or slowing a decline in the market price of our Class A common stock, and together with the imposition of a penalty bid, may stabilize, maintain or otherwise affect the market price of our Class A common stock. As a result, the price of the Class A common stock may be higher than

the price that otherwise might exist in the open market. If these activities are commenced by the underwriters, they may be discontinued at any time. These transactions may be effected on the NASDAQ Global Market, in the over-the-counter market or otherwise.

Electronic Distribution

In connection with this offering, certain of the underwriters may distribute prospectuses by electronic means, such as email. In addition, certain of the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers and allocate a limited number of shares for sale to its online brokerage customers. A prospectus in electronic format is being made available on the website maintained by one or more of the bookrunners of this offering and may be made available on websites maintained by the other underwriters. Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not a part of the prospectus or the registration statement, of which this prospectus forms a part.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, investment research, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may provide from time to time in the future, various financial advisory and investment banking services for us, for which they have received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, certain of the underwriters and their respective affiliates may from time to time effect transactions for their own account or the account of their customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities (including related derivative securities) and financial instruments (including bank loans), and may continue to do so in the future. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Canadian Residents

Resale Restrictions

The distribution of the shares of common stock in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the shares of common stock in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian Purchasers

By purchasing the shares of common stock in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the shares of common stock without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106—Prospectus Exemptions,
- the purchaser is a "permitted client" as defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations,
- where required by law, the purchaser is purchasing as principal and not as agent, and
- the purchaser has reviewed the text above under Resale Restrictions.

Conflicts of Interest

Canadian purchasers are hereby notified that each of Robert W. Baird & Co. Incorporated and William Blair & Company, L.L.C., is relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105 – Underwriting Conflicts from having to provide certain conflict of interest disclosure in this document.

Statutory Rights of Action

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

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of the shares of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the shares of common stock in their particular circumstances and about the eligibility of the shares of common stock for investment by the purchaser under relevant Canadian legislation.

Notice to Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares of our Class A common stock has not been made and may not be made in that Relevant Member State prior to the publication of a prospectus in

relation to the shares of our Class A common stock which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares of our Class A common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Robert W. Baird & Co. Incorporated and William Blair & Company, L.L.C. for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares of our Class A common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any shares of our Class A common stock or to whom any offer is made will be deemed to have represented, acknowledged and agreed with Robert W. Bair & Co. Incorporated and William Blair & Company, L.L.C. and us that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our Class A common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our Class A common stock to be offered so as to enable an investor to decide to purchase any shares of our Class A common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

In the case of any shares of our Class A common stock being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the shares of our Class A common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any shares of our Class A common stock to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Robert W. Baird & Co. Incorporated has been obtained to each such proposed offer or resale. We, Robert W. Baird & Co. Incorporated and William Blair & Company, L.L.C. and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified Robert W. Baird & Co. Incorporated and William Blair & Company, L.L.C. of such fact in writing may, with the prior consent of Robert W. Baird & Co. Incorporated and William Blair & Company, L.L.C., be permitted to acquire shares of our Class A common stock in the offer.

Notice to Investors in the United Kingdom

Each underwriter:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of Financial Services and Markets Act 2000, as amended (the "FSMA")) in connection with the sale or issue of common stock in circumstances in which section 21 of FSMA does not apply to such underwriter; and
- has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares of common stock in, from, or otherwise involving the United Kingdom.

This prospectus is directed solely at persons (i) who are outside the United Kingdom or (ii) in the United Kingdom, who: (A) have professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 (the "Order") (B) are high net worth entities and other persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Accordingly, by accepting delivery of this prospectus, the recipient warrants and acknowledges that it is such a relevant person. This prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to relevant persons and will be engaged in with relevant persons only.

Notice to Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the shares described herein. The shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor the Company nor the shares have been or will be filed with or approved by any Swiss regulatory authority. The shares are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the shares will not benefit from protection or supervision by such authority.

LEGAL MATTERS

The validity of the Class A common stock offered hereby will be passed upon for us by Winston & Strawn LLP, Chicago, Illinois. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, Chicago, Illinois.

EXPERTS

The consolidated financial statements of PetIQ, LLC and subsidiaries as of December 31, 2015 and December 31, 2014 and for the years ended December 31, 2015 and December 31, 2014 and the balance sheet of PetIQ, Inc. as of February 29, 2016, have been included herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the Class A common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, we will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors
PetIQ, Inc.:

We have audited the accompanying balance sheet of PetIQ, Inc. (the "Corporation") as of February 29, 2016. The balance sheet is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of PetIQ, Inc. at February 29, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boise, Idaho
March 8, 2016

PetIQ, Inc.
Balance Sheet

	February 29, 2016
Assets	$—
Commitments and Contingencies	
Stockholder's Equity	—
Common Stock, par value $0.001 per share, 1000 shares authorized, none issued and outstanding	—
	$—

See accompanying notes to the balance sheet.

Notes to Balance Sheet

1. Organization

PetIQ, Inc. (the "Corporation") was formed as a Delaware corporation on February 29, 2016. The Corporation was formed for the purpose of completing a public offering and related transactions in order to carry on the business of PetIQ, LLC, an Idaho limited liability company. The Corporation will be the sole managing member of PetIQ Holdings, LLC, a Delaware limited liability company which is the sole member of PetIQ, LLC and, through PetIQ Holdings, LLC, will operate and control all of the businesses and affairs of PetIQ, LLC and continue to conduct the business now conducted by PetIQ, LLC and its subsidiaries. The Corporation's fiscal year end is December 31.

2. Summary of Significant Accounting Policies

Basis of Accounting — The Balance Sheet is presented in accordance with accounting principles generally accepted in the United States of America. Separate statements of operations, comprehensive income, changes in stockholder's equity, and cash flows have not been presented in the financial statements because there have been no activities in this entity.

3. Stockholder's Equity

The Corporation is authorized to issue 1,000 shares of Common Stock, par value $0.001 per share, none of which have been issued or are outstanding.

PetIQ, LLC
Consolidated Condensed Balance Sheets
(Unaudited, dollars in thousands)

	March 31, 2016	December 31, 2015
Current assets		
Cash and cash equivalents	$ 1,704	$ 3,250
Accounts receivable, net of allowance for doubtful accounts	18,762	14,512
Inventories	39,132	33,685
Supplier prepayments	3,507	7,501
Other current assets	2,323	1,370
Total current assets	65,428	60,318
Property, plant and equipment, net	13,205	12,960
Restricted cash and deposits	250	7,144
Other non-current assets	753	757
Intangible assets, net of accumulated amortization	5,208	5,576
Goodwill	5,416	5,580
Total assets	$90,260	$92,335
Liabilities and member's equity		
Current liabilities		
Accounts payable	$11,703	$ 9,210
Accrued wages payable	616	1,203
Accrued interest payable	300	270
Other accrued expenses	327	329
Current portion of long-term debt and capital leases	3,034	153
Total current liabilities	15,980	11,165
Non-current liabilities		
Long-term debt	25,728	32,052
Obligations under capital leases, less current installments	409	395
Deferred acquisition liability	2,154	2,053
Other non-current liabilities	361	395
Total non-current liabilities	28,652	34,895
Commitments and contingencies		
Equity		
Member's equity	46,034	46,339
Accumulated other comprehensive loss	(385)	(42)
Total member's equity	45,649	46,297
Non-controlling interest	(21)	(22)
Total equity	45,628	46,275
Total liabilities and equity	90,260	$92,335

See accompanying notes to the condensed consolidated financial statements

PetIQ, LLC
Consolidated Condensed Statements of Operations and Comprehensive Loss
Three months ended March 31,
(Unaudited, dollars in thousands)

	2016	2015
Net sales	$52,298	$55,570
Cost of sales	42,526	43,209
Gross profit	9,772	12,361
Operating expenses		
General and administrative expenses	8,063	6,701
Operating income	1,709	5,660
Interest expense	(901)	(762)
Foreign currency (loss) gain, net	(121)	261
Loss on debt extinguishment	(993)	(1,449)
Other income, net	2	—
Total other expense, net	(2,013)	(1,950)
Net (loss) income	(304)	3,710
Net income attributable to noncontrolling interest	1	(0)
Net (loss) income attributable to member	$ (305)	$ 3,710
Comprehensive loss		
Net (loss) income	$ (304)	$ 3,710
Foreign currency translation adjustment	(343)	(540)
Comprehensive (loss) income	(647)	3,169
Comprehensive income attributable to noncontrolling interest	1	(0)
Comprehensive (loss) income attributable to member	$ (648)	$ 3,169
Unaudited pro forma financial information (Note 12)		
Historical loss before taxes		
Pro forma provision for income taxes	$	
Pro forma net income (loss)		
Pro forma net loss attributable to noncontrolling interest		
Pro forma net loss attributable to member	$	
Pro forma net loss per share		
Basic	$	
Diluted	$	
Pro forma weighted average shares of Class A common stock outstanding		
Basic		
Diluted		

See accompanying notes to the condensed consolidated financial statements

PetIQ, LLC
Consolidated Statements of Cash Flows
Three months ended March 31,
(Unaudited, dollars in thousands)

	2016	2015
Cash flows from operating activities		
Net (loss) income	$ (304)	$ 3,710
Adjustments to reconcile net (loss) income to net cash used for operating activities		
Depreciation and amortization of intangible assets and loan fees	1,276	825
Loss on disposition of property	49	—
Foreign exchange loss (gain) on liabilities	102	(330)
Changes in assets and liabilities		
Accounts receivable	(4,279)	(13,610)
Inventories	(5,447)	(7,326)
Prepaid expenses and other assets	3,085	(1,847)
Accounts payable	2,536	8,419
Accrued wages payable	(596)	141
Other accrued expenses	(16)	339
Net cash used in operating activities	(3,594)	(9,679)
Cash flows from investing activities		
Purchase of property, plant, and equipment and intangibles	(753)	(372)
Net cash used in investing activities	(753)	(372)
Cash flows from financing activities		
Proceeds from issuance of long term debt	63,952	80,296
Principal payments on long term debt	(67,737)	(61,782)
Change in restricted cash	6,894	—
Principal payments on capital lease obligations	(20)	(61)
Payment of deferred financing fees and debt discount	(218)	(1,316)
Net cash provided by financing activities	2,871	17,137
Net change in cash and cash equivalents	(1,476)	7,086
Effect of exchange rate changes on cash and cash equivalents	(70)	40
Cash and cash equivalents, beginning of period	3,250	1,370
Cash and cash equivalents, end of period	$ 1,704	$ 8,496

See accompanying notes to the condensed consolidated financial statements

PetIQ, LLC
Consolidated Statements of Cash Flows
Three months ended March 31,
(Unaudited, dollars in thousands)

	2016	2015
Supplemental cash flow		
Interest paid	$767	$337
Property, plant, and equipment acquired through accounts payable	(6)	90
Capital lease additions	27	—

See accompanying notes to the condensed consolidated financial statements

PETIQ, LLC AND SUBSIDIARIES
Notes to condensed consolidated financial statements
(dollars in thousands)

Note 1 — Principal Business Activity and Significant Accounting Policies

Principal Business Activity and Principals of Consolidation

PetIQ, LLC (formerly True Science Holdings, LLC) and Subsidiaries (the Company) is a manufacturer and wholesale distributor of over-the-counter and prescription pet medications and pet wellness products to various retail customers and distributors throughout the United States and Europe. The Company is headquartered in Eagle, Idaho and manufactures and distributes products from facilities in Florida, Texas, Utah, Indiana, and Europe.

The operating agreement of the Company limits each member's liability to the maximum extent allowed.

The accompanying unaudited consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these interim financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. All intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated financial statements as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 are unaudited. The condensed consolidated balance sheet as of December 31, 2015 has been derived from the audited financial statements at that date but does not include all of the disclosures required by U.S. GAAP. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2015 and related notes thereto included elsewhere in this prospectus. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property, plant, and equipment; allowance for doubtful accounts; the valuation of property, plant, and equipment, intangible assets and goodwill, inventories and notes receivable; and reserves for legal contingencies.

Foreign Currencies

The Company operates subsidiaries in foreign countries who use the local currency as the functional currency. The Company translates its foreign subsidiaries' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded in the cumulative translation account, a component of accumulated other comprehensive income. The Company records gains and losses from changes in exchange rates on transactions denominated in currencies other than each reporting location's functional currency in net income (loss) for each period.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an original maturity of three months or less, excluding amounts restricted for various state licensing regulations. Restricted deposits are not considered cash and cash equivalents. The Company maintains its cash accounts in various deposit accounts, the balances of which at times exceeded federal deposit insurance limits during the periods presented.

Receivables and Credit Policy

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer, net of discounts and estimated deductions. The Company does not have a policy for charging interest on overdue customer account balances. The Company provides an allowance for doubtful accounts equal to estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice.

The Company also has notes receivable due from various suppliers included in accounts receivable. The notes bear interest at 0% to 4% and are repaid based on either amortization schedules or from certain sales to third parties. Non-current portions of these notes receivable are included in other non-current assets on the consolidated balance sheet.

Accounts receivable consists of the following as of:

	March 31, 2016	December 31, 2015
Trade receivables	$18,593	$14,547
Notes receivable	881	988
	19,474	15,535
Less: Allowance for doubtful accounts	(335)	(620)
Non-current portion of receivables	(377)	(403)
Total accounts receivable, net	$18,762	$14,512

Inventories

Inventories are stated at the lower of cost or market. Cost is typically determined using the first-in first-out ("FIFO") method, however at times the Company utilizes specific identification for certain pharmaceutical products. The Company maintains reserves for estimated obsolete or unmarketable inventory based on the difference between the cost of inventory and its estimated net realizable value. In estimating the reserves, management considers factors such as excess or slow-moving inventories, product expiration dating, and market conditions. Changes in these conditions may result in additional reserves. Major components of inventories were as follows as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Raw materials and work in progress	$ 4,532	$ 4,292
Finished goods	34,600	29,393
Total inventories	$39,132	$33,685

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Expenditures for improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation and amortization is provided using the straight-line method, based on useful lives of the assets, except for leasehold improvements and capital leased assets which are depreciated over the shorter of the expected useful life or the lease term. Depreciation and amortization expense is recorded in general and administrative expenses in the consolidated statements of operations. The estimated useful lives of property, plant, and equipment are as follows:

Computer equipment and software	3 years
Buildings	33 years
Equipment	3-15 years
Leasehold improvements	3-9 years
Furniture and fixtures	8-10 years

Depreciation expense for the three months ended March 31, 2016 and 2015 was $476 and $454, respectively.

Restricted Cash and Deposits

Restricted cash consists of amounts of cash required to be held by the Company's lender in the event that normal collateral is not sufficient to allow for full borrowings on the Company's term loan. Refer to Note 4, Debt, for more information. Restricted cash as of March 31, 2016 and December 31, 2015 was $0 and $6,894, respectively.

Restricted deposits are amounts required to be held by the Company in segregated accounts for various state licensing regulations in relation to the sale of regulated prescription pet medications. Restricted deposits as of March 31, 2016 and December 31, 2015 were $250 and $250, respectively. Interest earned on restricted deposits is included in other income when earned.

Deferred Acquisition Liability

The Company has a deferred acquisition liability related to an acquisition that occurred in 2013. The liability is denominated in Euros and requires annual payments based on a percentage of gross profit from the sales of certain products, and any amounts not repaid by the annual payments will be due in June 2018. The current balance recorded as of March 31, 2016 and December 31, 2015 was $300, respectively, and is included in other accrued expenses. The non-current portion recorded as of March 31, 2016 and December 31, 2015 was $2,154 and $2,053, respectively, and is included in deferred acquisition liability.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, product has been delivered, the price is fixed or determinable and collectability is reasonably assured. The Company generally records revenues from product sales when the goods are shipped to the customer. For customers with Free on Board ("FOB") destination terms, a provision is recorded to exclude shipments estimated to be in-transit to these customers at the end of the reporting period. A sales return allowance is recorded and accounts receivable are reduced as revenues are recognized for estimated losses on credit sales due to customer claims for discounts, returned goods and other items.

The Company offers a variety of trade promotions and incentives to our customers, such as cooperative advertising programs and in-store displays. Sales are recorded net of trade promotion spending, which is recognized at the later of the date on which the Company recognizes the related revenue or the date on which the Company offers the incentive. The Company's net sales are periodically influenced by the timing, extent and amount of such trade promotions and incentives. Accruals for expected payouts under these programs are included in other accrued expenses.

Shipping and Handling Costs

Shipping and handling costs are recorded as cost of sales, and are not billed to customers.

Research and Development and Advertising Costs

Research and development and advertising costs are expensed as incurred and are included in general and administrative expenses. Research and development costs amounted to $81 and $78 and advertising costs were $364 and $378 for the three months ended March 31, 2016 and 2015, respectively.

Litigation

The Company is subject to various legal proceedings, claims, litigation, investigations and contingencies arising out of the ordinary course of business. If the likelihood of an adverse legal outcome is determined to be probable and the amount of loss is estimable, then a liability is accrued in accordance with accounting guidance for contingencies. The company consults with both internal and external legal counsel related to litigation.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases. This ASU is a comprehensive new leases standard that was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of this ASU and the transition alternatives on its financial position and results of operations.

In March 2016, the FASB issued an update to the guidance on revenue recognition. The update clarifies the implementation guidance on principal versus agent considerations, including how an entity should identify the unit of accounting for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. In April 2016, the FASB issued another update to the guidance on revenue recognition. This update clarifies the implementation guidance on identifying performance obligations and licensing, while retaining the related principles for those areas. The amendments in these updates are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. The Company is currently evaluating the impact the revenue recognition guidance, including these updates, will have on its consolidated financial statements.

Note 2 — Debt

On March 16, 2015, the Company entered into a $40,000 credit facility, comprised of $33,000 in aggregate principal amount of term loans and $7,000 revolving credit facility. The revolving credit was subject to a borrowing base of collateral comprised of a percentage of eligible accounts receivable, inventories, and machinery and equipment. In the event that the borrowing base does not represent sufficient collateral for the term loan, the Company was required to fund restricted cash in an amount to fully collateralize outstanding borrowings. The maturity date on the credit facility was March 16, 2018.

The Company refinanced its credit facility in March 2016 with a $48,000 amended and restated credit agreement (the "A&R Credit Agreement"), comprised of:

(i) $3.0 million in aggregate principal amount of term loans maturing on August 31, 2016 (the "Term B Loans");

(ii) $20.0 million in aggregate principal amount of term loans maturing on March 16, 2018 (the "Term A Loans"); and

(iii) a $25.0 million revolving credit facility maturing on March 16, 2018.

As of March 31, 2016, the Company had $20.0 million outstanding Term A Loans, $3.0 million outstanding Term B Loans and $6.2 million outstanding under the revolving credit facility and the interest rate on the Term A Loans was the LIBOR rate plus 9.75%, the interest rate on the Term B Loans was the LIBOR rate plus 3.25% and the interest rate on the revolving credit facility was the LIBOR rate plus 3.00%.

The A&R Credit Agreement contains certain covenants and restrictions including a fixed charge coverage ratio and a minimum EBITDA target and is secured by collateral consisting of a percentage of eligible accounts receivable, inventories, and machinery and equipment. As of March 31, 2016, the Company was in compliance with these covenants.

The following represents the Company's long term debt as of:

	March 31, 2016	December 31, 2015
Term A Loans	$20,000	$32,935
Revolving credit facility	6,150	—
Term B Loans	3,000	—
Net discount on debt and deferred financing fees	(452)	(785)
	28,698	32,150
Less current maturities of long-term debt	(2,970)	(98)
Total long-term debt	$25,728	$32,052

Future maturities of long term debt, excluding the net discount on debt and deferred financing fees, as of March 31, 2016 are as follows:

2016	$ 3,000
2017	—
2018	26,150

The Company incurred debt issuance costs in connection with the credit agreement during the three months ended March 31, 2015 in the amount of $316, plus $1,000 in debt discount. The 2015 debt transaction resulted in a loss on debt extinguishment of $1,449, which included write off of unamortized debt issuance costs and debt discount, early termination fees, and legal costs.

The Company incurred debt issuance costs of $218 related to the A&R Credit Agreement during the three months ended March 31, 2016. The 2016 debt transaction resulted in a loss on debt extinguishment of $993, which included the write off of unamortized debt issuance costs and debt discount, early termination fees, and legal costs.

Note 3 — Leases

The Company leases certain real estate, both office and production facilities, as well as equipment from third parties. Lease expiration dates are between 2016 and 2025. A portion of capital leases are denominated in foreign currencies. Many of these leases include renewal options and in some cases options to purchase.

Approximate annual future commitments under non-cancelable leases as of March 31, 2016 consist of the following:

	Lease Obligation	
	Operating Leases	Capital Leases
Remainder of 2016	$1,249	$ 49
2017	1,736	64
2018	1,704	64
2019	596	64
2020	44	57
Thereafter	98	175
Total minimum future obligations	$5,427	$473
Less current capital lease obligations		(64)
Long-term capital lease obligations		$409

The net book value of equipment under capital lease was $682 and $691 as of March 31, 2016 and December 31, 2015, respectively. Total operating lease expense for the three months ended March 31, 2016 and 2015 totaled $400 and $387, respectively.

Note 4 — Income Taxes

The Company is a limited liability company, and the majority of our businesses and assets are held and operated by limited liability companies, which are not subject to entity-level federal or state income taxation. The income taxes with respect to these operations are payable by our member. The Company makes cash distributions to permit the member to pay these taxes as needed by the member's tax situation. In the quarters ended March 31, 2016 and 2015, the Company did not make any cash distributions.

The Company's income tax provision generally consists of income taxes payable by our separate subsidiaries that are taxed as corporations. As of March 31, 2016 and December 31, 2015, the taxable foreign subsidiaries had $607 and $672, respectively of deferred tax assets. The deferred tax assets resulted primarily from net operating losses and were fully offset by a valuation allowance.

Note 5 — Customer Concentration

The Company has significant exposure to customer concentration. During the three months ended March 31, 2016 and 2015, three customers accounted for more than 10% of sales individually. In total the three customers accounted for 71% of sales in each period. At March 31, 2016 and December 31, 2015 these three customers accounted for 56% and 54%, respectively, of outstanding trade receivables, net and 57% and 55%, respectively, of accounts receivable, net. The three customers are customers of the domestic segment.

Note 6 — Commitments and Contingencies

Litigation Contingencies

In July 2013, Mars, Inc. (“Mars”) filed suit against the Company, a subsidiary TruRX LLC (“TruRX”) and a third party in the United States District Court for the Eastern District of Texas, alleging that the Company’s Minties and Minties Fresh products infringed on certain of its patents (Texas). In March 2014, Mars filed suit against the Company, TruRX, and a third party in the United States District Court for the Middle District of Tennessee, alleging that the Company’s Hip&Joint supplement product infringed on certain of its patents (Tennessee). In September 2014, Mars filed suit against the Company and several subsidiaries in the United States District Court for the Eastern District of Virginia, alleging that certain pet treats, including Delightibles branded treats, infringe on certain of its patents (Virginia). In each case, Mars seeks royalty damages in an amount not yet determined.

Mars may also seek an injunction against future sales by the Company. In each case, the Company believes that it has not infringed the patents-in-suit, and that the patents-in-suit are invalid. Additionally, the Company believes that it has equitable defenses in the Virginia case, due to Mars’ extended periods of inaction in enforcing the patents-in-suit. On May 6, 2016, the Company received a verdict in the Texas case. The jury found both that PetIQ did not infringe the patents-in-suit, and that the asserted claims are invalid. Therefore no accrual is required to the Company’s financial statements. Trial in the Virginia case is set for 2016 and trial in the Tennessee case is set for 2017. The Company believes that it has meritorious defenses in each case, but can provide no assurance of a favorable outcome. The Company intends to vigorously defend this litigation; however, the Company cannot reasonably predict the outcome. As such the Company has not recorded a liability for this litigation.

The Company’s legal contingencies discussed above are reasonably possible to occur, however the amount of potential losses cannot currently be estimated. The Company records a liability when a particular contingency is probable and estimable. However, the Company has not accrued for any contingency at March 31, 2016 and December 31, 2015, as the Company does not consider any contingency to be probable or estimable. The Company expenses legal costs as incurred within general and administrative expenses on the consolidated condensed statements of operations.

Note 7 — Segments

The Company has two operating segments, and thus two reportable segments, which are the procurement, packaging, and distribution of pet health and wellness products in the Domestic markets (U.S. and Canada) and in the International markets (primarily Europe). The determination of the operating segments is based on the level at which the chief operating decision maker reviews discrete financial information to assess performance and make resource allocation decisions, which is done based on these two geographic areas.

Financial information relating to the Company’s operating segments for the three months ended:

March 31, 2016	Domestic	International	Consolidated
Net sales	$51,184	$1,114	$52,298
Gross profit	9,266	506	9,772
General and administrative expenses	7,629	434	8,063
Operating income	1,637	72	1,709

March 31, 2015	Domestic	International	Consolidated
Net sales	$54,647	$923	$55,570
Gross profit	11,928	433	12,361
General and administrative expenses	6,256	445	6,701
Operating income (expense)	5,672	(12)	5,660

Note 8 — Pro forma financial information

The Company has not presented historical basic and diluted net loss per share because the historical capital structure makes the presentation of net loss per share not meaningful, as the Company does not have any shares of common stock outstanding as of March 31, 2016.

Unaudited pro forma financial information has been presented to disclose the pro forma income tax expense and Net loss attributable to PetIQ, Inc., the registrant in the accompanying Registration Statement on Form S-1 (Form S-1) to register shares of Class A common stock of PetIQ, Inc. The unaudited pro forma financial information reflects an adjustment to the provision for income taxes to reflect an effective tax rate of %, which was calculated using the U.S. federal income tax rate and the highest statutory rates applied to income apportioned to each state and local jurisdiction. This tax rate has been applied to the % portion of income before taxes that represents the economic interest in PetIQ Holdings, LLC that will be held by PetIQ, Inc. upon completion of the Merger and Reclassification disclosed in the Form S-1, but before application of the proceeds of the offering. In addition, pro forma provision for income taxes includes the historical provision for income taxes of $ related to PetIQ, LLC. The sum of these amounts represents total pro forma provision for income taxes of $.

The unaudited pro forma financial information also reflects the effects of the Contributions and Reclassification on the allocation of pro forma net loss between noncontrolling interests and PetIQ, Inc.

Because PetIQ, Inc. will manage and operate the business and control the strategic decisions and day-to-day operations of the Company and will also have a substantial financial interest in the Company. PetIQ, Inc. will consolidate the financial results of PetIQ, LLC, pursuant to the variable-interest entity (“VIE”) accounting model, and a portion of our net income (loss) will be allocated to the non-controlling interest to reflect the entitlement of Continuing LLC Owners to a portion of the Company’s net income (loss).

After the Merger and Reclassification, but prior to the completion of the offering, the noncontrolling interests of PetIQ, Inc. held by the continuing owners of PetIQ Holdings, LLC will have a % economic ownership of PetIQ Holdings, LLC, and as such, % of pro forma net loss will be attributable to the noncontrolling interests.

The pro forma unaudited net loss per share has been prepared using pro forma net loss, as set forth above, which reflects the pro forma effects on provision for income taxes and the allocation of pro forma net loss between noncontrolling interests and PetIQ, Inc., resulting from the Contributions and Reclassification, but before application of the proceeds of the offering. In addition, pro forma weighted average shares outstanding includes Class A common stock of PetIQ, Inc. that will be outstanding after the Contributions and Reclassification, but before the offering.

The supplemental pro forma information has been computed, assuming an initial public offering price of $ per share, the midpoint in the estimated price range set forth on the cover of the prospectus included in the Company’s Form S-1 Registration Statement. The computations assume there will be no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

Note 9 — Subsequent Events

Subsequent to March 31, 2016, the Company received a verdict in the Texas litigation matter. See Note 6 for more information.

Report of Independent Registered Public Accounting Firm

The Board of Managers
PetIQ, LLC:

We have audited the accompanying consolidated balance sheets of PetIQ, LLC (formerly known as True Science Holdings, LLC) and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive loss, member's equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PetIQ, LLC and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boise, Idaho
February 25, 2016

PetIQ, LLC
Consolidated Balance Sheets
December 31,
(dollars in thousands)

	2015	2014
Current assets		
Cash and cash equivalents	$ 3,250	$ 1,370
Accounts receivable, net of allowance for doubtful accounts	14,512	12,971
Inventories	33,685	23,338
Supplier prepayments	7,501	5,302
Other current assets	1,370	591
Total current assets	60,318	43,572
Property, plant and equipment, net	12,960	13,520
Restricted cash and deposits	7,144	200
Other non-current assets	757	1,429
Intangible assets, net of accumulated amortization	5,576	6,003
Goodwill	5,580	5,862
Total assets	$92,335	$70,586
Liabilities and member's equity		
Current liabilities		
Accounts payable	$ 9,210	$ 3,135
Accrued wages payable	1,203	336
Accrued interest payable	270	92
Other accrued expenses	329	243
Current portion of long-term debt and capital leases	153	452
Total current liabilities	11,165	4,258
Non-current liabilities		
Long-term debt	32,052	14,420
Obligations under capital leases, less current installments	395	504
Deferred acquisition liability	2,053	2,824
Other non-current liabilities	395	441
Total non-current liabilities	34,895	18,189
Commitments and contingencies		
Equity		
Member's equity	46,339	47,681
Accumulated other comprehensive (loss) income	(42)	473
Total member's equity	46,297	48,154
Non-controlling interest	(22)	(15)
Total equity	46,275	48,139
Total liabilities and equity	$92,335	$70,586

See accompanying notes to the consolidated financial statements

PetIQ, LLC
Consolidated Statements of Operations and Comprehensive Loss
Years ended December 31,
(dollars in thousands)

	2015	2014
Net sales	$205,687	$161,491
Cost of sales	166,529	138,754
Gross profit	39,158	22,737
Operating expenses		
General and administrative expenses	35,588	32,858
Operating income (loss)	3,570	(10,121)
Interest expense	(3,545)	(980)
Foreign currency gain, net	75	122
Loss on debt extinguishment	(1,449)	—
Other income (expense), net	—	(12)
Total other (expense), net	(4,919)	(870)
Net loss	(1,349)	(10,991)
Net loss attributable to noncontrolling interest	(7)	(6)
Net loss attributable to member	$ (1,342)	$ (10,985)
Comprehensive loss		
Net loss	$ (1,349)	$ (10,991)
Foreign currency translation adjustment	(515)	(646)
Comprehensive loss	(1,864)	(11,637)
Comprehensive loss attributable to noncontrolling interest	(7)	(6)
Comprehensive loss attributable to member	$ (1,857)	$ (11,631)
Unaudited pro forma financial information (note 12)		
Historical loss before taxes	$	
Pro forma provision for income taxes		
Pro forma net loss		
Pro forma net loss attributable to noncontrolling interest		
Pro forma net loss attributable to member	$	
Pro forma net loss per share		
Basic	$	
Diluted	$	
Pro forma weighted average shares of Class A common stock outstanding		
Basic		
Diluted		

See accompanying notes to the consolidated financial statements

PetIQ, LLC
Consolidated Statement of Member's Equity
Years ended December 31, 2015 and 2014
(dollars in thousands)

	Member's Equity	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest	Total
Balance, January 1, 2014	$ 38,307	$1,119	$ (9)	$ 39,417
Contributions	20,359	—	—	20,359
Net loss	(10,985)	—	(6)	(10,991)
Foreign currency translation adjustments	—	(646)	—	(646)
Balance, December 31, 2014	47,681	473	(15)	48,139
Net loss	(1,342)	—	(7)	(1,349)
Foreign currency translation adjustments	—	(515)	—	(515)
Balance, December 31, 2015	$ 46,339	$ (42)	$(22)	$ 46,275

See accompanying notes to the consolidated financial statements

PetIQ, LLC
Consolidated Statement of Cash Flows
Years ended December 31,
(dollars in thousands)

	2015	2014
Cash flows from operating activities		
Net loss	$ (1,349)	$ (10,991)
Adjustments to reconcile net loss to net cash used for operating activities		
Depreciation and amortization of intangible assets and loan fees	3,140	2,485
Loss on disposition of property	28	63
Bad debt expense	84	117
Foreign exchange (gain) on liabilities	(300)	(189)
Impairment of related party receivable	1,449	1,696
Inventory obsolescence charge	441	1,380
Changes in assets and liabilities		
Accounts receivable	(1,991)	(1,870)
Inventories	(10,840)	2,970
Prepaid expenses and other assets	(3,789)	(2,927)
Accounts payable	6,114	(866)
Accrued wages payable	827	59
Other accrued expenses	(229)	173
Net cash used in operating activities	(6,415)	(7,900)
Cash flows from investing activities		
Proceeds from disposition of property, plant, and equipment	12	—
Purchase of property, plant, and equipment and intangibles	(1,550)	(7,664)
Net cash used in investing activities	(1,538)	(7,664)
Cash flows from financing activities		
Proceeds from issuance of long term debt	236,981	169,906
Principal payments on long term debt	(218,532)	(175,790)
Increase in restricted cash and deposits	(6,944)	—
Principal payments on capital lease obligations	(382)	(273)
Payment of deferred financing fees and debt discount	(1,316)	—
Member contributions	—	20,359
Net cash provided by financing activities	9,807	14,202
Net change in cash and cash equivalents	1,854	(1,362)
Effect of exchange rate changes on cash and cash equivalents	26	25
Cash and cash equivalents, beginning of year	1,370	2,707
Cash and cash equivalents, end of year	$ 3,250	$ 1,370

See accompanying notes to the consolidated financial statements

PetIQ, LLC
Consolidated Statement of Cash Flows
Years ended December 31,
(dollars in thousands)

	2015	2014
Supplemental cash flow		
Interest paid	$2,997	$ 688
Property, plant, and equipment acquired through accounts payable	24	(233)
Capital lease additions	—	477
Non cash acquisition of intangibles	350	—

See accompanying notes to the consolidated financial statements

PETIQ, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(dollars in thousands)

Note 1 — Principal Business Activity and Significant Accounting Policies

Principal Business Activity and Principals of Consolidation

PetIQ, LLC (formerly True Science Holdings, LLC) and Subsidiaries (the Company) is a manufacturer and wholesale distributor of over-the-counter and prescription pet medications and pet related products to various retail chains throughout the United States and Europe. The Company is headquartered in Eagle, Idaho and manufactures and distributes products from facilities in Florida, Texas, Utah, Indiana, and Europe.

The operating agreement of the Company limits each member's liability to the maximum extent allowed.

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property, plant, and equipment; allowance for doubtful accounts; the valuation of property, plant, and equipment, intangible assets and goodwill, inventories and notes receivable; and reserves for legal contingencies.

Foreign Currencies

The Company operates subsidiaries in foreign countries who use the local currency as the functional currency. The Company translates its foreign subsidiaries' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded in the cumulative translation account, a component of accumulated other comprehensive income. The Company records gains and losses from changes in exchange rates on transactions denominated in currencies other than each reporting location's functional currency in net income (loss) for each period.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an original maturity of three months or less, excluding amounts restricted for various state licensing regulations. Restricted deposits are not considered cash and cash equivalents. The Company maintains its cash accounts in various deposit accounts, the balances of which at times exceeded federal deposit insurance limits during the year presented.

Receivables and Credit Policy

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivables are stated at the amount billed to

the customer, net of discounts and estimated deductions. The Company does not have a policy for charging interest on overdue customer account balances. The Company provides an allowance for doubtful accounts equal to estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice.

The Company also has notes receivable due from various suppliers included in accounts receivable. The notes bear interest at 0% to 4% and are repaid based on either amortization schedules or from certain sales to third parties. Non-current portions of these notes receivable are included in other non-current assets on the consolidated balance sheet.

Accounts receivable consists of the following at December 31:

	2015	2014
Trade receivables	$14,547	$12,677
Notes receivable	988	1,674
	15,535	14,351
Less: Allowance for doubtful accounts	(620)	(354)
Non-current portion of receivables	(403)	(1,026)
Total accounts receivable, net	$14,512	$12,971

Inventories

Inventories are stated at the lower of cost or market. Cost is typically determined using the first-in first-out ("FIFO") method, however at times the Company utilizes specific identification for certain pharmaceutical products. The Company maintains reserves for estimated obsolete or unmarketable inventory based on the difference between the cost of inventory and its estimated net realizable value. In estimating the reserves, management considers factors such as excess or slow-moving inventories, product expiration dating, and market conditions. Changes in these conditions may result in additional reserves. Major components of inventories were as follows at December 31:

	2015	2014
Raw materials and work in progress	$ 4,292	$ 3,738
Finished goods	29,393	19,600
Total inventories	$33,685	$23,338

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Expenditures for improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation and amortization is provided using the straight-line method, based on useful lives of the assets, except for leasehold improvements and capital leased assets which are depreciated over the shorter of the expected useful life or the lease term. Depreciation and amortization expense is recorded in general and administrative expenses in the consolidated statements of operations. The estimated useful lives of property, plant, and equipment are as follows:

Computer equipment and software	3 years
Buildings	33 years
Equipment	3-15 years
Leasehold improvements	3-9 years
Furniture and fixtures	8-10 years

The Company reviews the carrying value of property, plant, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset or asset group may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment during the years ended December 31, 2015 and 2014.

Restricted Cash and Deposits

Restricted cash consists of amounts of cash required to be held by the Company's lender in the event that normal collateral is not sufficient to allow for full borrowings on the Company's term loan. Refer to Note 4, Debt, for more information. Restricted cash as of December 31, 2015 and 2014 was $6,894 and $0, respectively.

Restricted deposits are amounts required to be held by the Company in segregated accounts for various state licensing regulations in relation to the sale of regulated prescription pet medications. Restricted deposits as of December 31, 2015 and 2014 were $250 and $200, respectively. Interest earned on restricted deposits is included in other income when earned.

Intangible Assets

Indefinite lived intangible assets consist primarily of trademarks. Trademarks represent costs paid to legally register phrases and graphic designs that identify and distinguish products sold by the Company. Trademarks are not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the book value of trademarks are greater than their fair value. No impairment charge was recorded for the years ended December 31, 2015 and 2014.

Definite-lived intangible assets consist of a distribution agreement, production certifications, patents and processes, customer relationships, and brand names. The assets are amortized on either a straight-line basis over the expected useful life or proportionately to the benefits derived from those relationships. Useful lives vary by asset type and are determined based on the period over which the intangible asset is expected to contribute directly or indirectly to the company's future cash flows. Useful lives range from 2 to 15 years.

Goodwill

Goodwill is the excess of the consideration paid over the fair value of specifically identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets, which are not capable of being individually identified and separately recognized.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment annually in the Company's fourth quarter or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Company utilizes the two-step impairment test. Step one in the test compares book value of net assets to the fair value of the reporting unit, if fair value is less than book value, the Company would then perform the second step. The company utilized an income approach (discounted cash flow analysis) and a market approach to estimate the fair value of the Company. The Company determined that the fair value of the reporting units exceeded book value, thus a second step to compute the amount of impairment was not performed. No impairment charge was recorded during the years ended December 31, 2015 and 2014.

Goodwill impairment analysis and measurement is a process that requires significant judgment. If there are significant changes in market conditions or a future downturn in our business, or a future annual goodwill impairment test indicates an impairment of our goodwill, the Company may have to recognize impairment of its goodwill.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the member. However, the Company consolidates taxable subsidiaries. For these subsidiaries, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2015 and 2014, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Company is not subject to Federal and State tax examinations by tax authorities for years before 2010, the year of inception.

Fair Value of Financial Instruments

The Company measures the fair value of its financial instruments in accordance with ASC 820, "Fair Value Measurements and Disclosures." The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes the following hierarchy that prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, accrued expenses approximate fair value due to the short-term nature of these instruments. The Company's debt approximates fair value due to the variable interest rate.

Deferred Acquisition Liability

The Company has a deferred acquisition liability related to an acquisition that occurred in 2013. The liability is denominated in Euros and requires annual payments based on a percentage of gross profit from the sales of certain products, and any amounts not repaid by the annual payments will be due in June 2018. The current balance recorded as of December 31, 2015 and 2014 was $300 and $102, respectively, and is included in other accrued expenses. The non-current portion recorded as of December 31, 2015 and 2014 was $2,053 and $2,824, respectively, and is included in deferred acquisition liability.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, product has been delivered, the price is fixed or determinable and collectability is reasonably assured. A sales return allowance is recorded and accounts receivable are reduced as revenues are recognized for estimated losses on credit sales due to customer claims for discounts, returned goods and other items.

The Company offers a variety of trade promotions and incentives to our customers, such as cooperative advertising programs and in-store displays. Sales are recorded net of trade promotion spending, which is recognized at the later of the date on which the Company recognizes the related revenue or the date on which the Company offers the incentive. The Company's net sales are periodically influenced by the timing, extent and amount of such trade promotions and incentives. Accruals for expected payouts under these programs are included in other accrued expenses.

Shipping and Handling Costs

Shipping and handling costs are recorded as cost of sales, and are not billed to customers.

Research and Development and Advertising Costs

Research and development and advertising costs are expensed as incurred and are included in general and administrative expenses. Research and development costs amounted to $380 and $1,141 and advertising costs were $6,077 and $5,494 for the years ended December 31, 2015 and 2014, respectively.

Litigation

The Company is subject to various legal proceedings, claims, litigation, investigations and contingencies arising out of the ordinary course of business. If the likelihood of an adverse legal outcome is determined to be probable and the amount of loss is estimable, then a liability is accrued in accordance with accounting guidance for contingencies. The company consults with both internal and external legal counsel related to litigation.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09 Revenue Recognition, replacing guidance currently codified in Subtopic 605-10 Revenue Recognition-Overall with various SEC Staff Accounting Bulletins providing interpretive guidance. The guidance establishes a new five step principle based framework in an effort to significantly enhance comparability of revenue recognition practices across entities, industries,

jurisdictions, and capital markets. ASU No. 2014-09 is effective for annual and interim reporting periods beginning after December 15, 2017. The Company is in the process of evaluating this guidance, method of adoption and impact on Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, followed by ASU 2015-15 *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* in August 2015. These updates change the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. ASU 2015-15 allows a company to elect to carry debt issuance costs related to line of credit arrangements as an asset. Amortization of the costs will continue to be reported as interest expense. The Company elected to early adopt ASU 2015-03 and ASU 2015-15 as of December 31, 2015, and retrospectively reclassified $197 of debt issuance costs associated with the Company's line of credit to other noncurrent assets from long term debt as of December 31, 2014.

Note 2 — Property, Plant, and Equipment

Property, plant, and equipment consists of the following at December 31:

	2015	2014
Leasehold improvements	$ 6,533	$ 6,506
Equipment	7,993	6,843
Computer equipment and software	839	1,062
Buildings	691	767
Furniture and fixtures	436	1,714
Construction in progress	125	436
	16,617	17,328
Less accumulated depreciation	(3,657)	(3,808)
Total property, plant, and equipment, net	$12,960	$13,520

Depreciation and amortization expense related to these assets totaled $1,842 and $1,456 for the years ended December 31, 2015 and 2014.

Note 3 — Intangible Assets and Goodwill

Intangible assets consist of the following at December 31:

	Useful lives	2015	2014
Amortizable intangibles			
Distribution agreement	2 years	$ 3,021	$ 3,021
Certification	7 years	350	—
Customer relationships	12 years	1,312	1,379
Patents and processes	10 years	2,155	2,245
Brand names	15 years	1,016	1,067
Less accumulated amortization		$(2,691)	$(1,997)
Total net amortizable intangibles		5,163	5,715
Non-amortizable intangibles			
Trademarks and other		413	288
Intangible assets, net of accumulated amortization		$ 5,576	$ 6,003

Certain intangible assets are denominated in currencies other than the U.S. Dollar; therefore, their gross and net carrying values are subject to foreign currency movements. Amortization expense for the year ended December 31, 2015 and 2014 was $735 and $842, respectively.

Estimated future amortization expense for each of the following years is as follows:

Years Ending December 31,	
2016	$1,100
2017	1,100
2018	440
2019	440
2020	440
Thereafter	1,643

The following is a summary of the changes in the carrying value of goodwill for the years ended December 31, 2015 and 2014.

	Reporting Unit		
	Domestic	International	Total
Goodwill as of January 1, 2014	$5,807	$400	$6,207
Foreign currency translation	(323)	(23)	(346)
Goodwill as of December 31, 2014	5,484	377	5,861
Foreign currency translation	(263)	(18)	(281)
Goodwill as of December 31, 2015	$5,221	$359	$5,580

Note 4 — Debt

On December 27, 2012, the Company entered into a three year revolving line of credit with a commercial bank. The agreement provided for available borrowings of $35,000. The Company amended the agreement on November 1, 2013 to increase the available borrowings to $70,000 and extend the term to November 1, 2016. During 2014 the Company executed the third and fourth amendments to the facility to adjust the covenant calculations, increase the interest rate, and reduce the available borrowings to $50,000. Borrowings under the line of credit bear interest at LIBOR plus 2.0% to 5.25%. (5.43% at December 31, 2014). Additionally the Company paid between 0.25% and 0.375% on the unutilized portion of the line of credit. All borrowings were collateralized by inventory and trade receivables of the Company.

Borrowings under the line of credit were subject to certain covenants on indebtedness. The Company was not in compliance with certain of these covenants at December 31, 2014. The Company executed a forbearance agreement wherein the lenders forbear from exercising their rights and remedies under the financing agreement with respect to the existing events of default. The Company continued to execute extensions of the forbearance agreement until the line of credit was refinanced in 2015, as described below.

On March 16, 2015, management secured a new credit agreement with an alternative financial institution. The $40,000 credit facility, comprised of a $33,000 term loan and $7,000 revolver, is subject to a borrowing base of collateral comprised of a percentage of eligible accounts receivable, inventories, and machinery and equipment. In the event that the borrowing base does not represent sufficient collateral for the term loan, the Company is required to fund restricted cash in an amount to fully collateralize outstanding borrowings. The maturity date on the

credit facility is March 16, 2018. Monthly principal payments of $8 plus accrued interest, with the remaining balance due at maturity. The interest rate of the facility is 3-month LIBOR plus an initial margin of 9.00%. Borrowings under the agreement are subject to certain covenants and restrictions including a fixed charge coverage ratio and a minimum EBITDA target, both measured on a quarterly basis beginning in the first quarter of 2015. As of December 31, 2015, the Company was in compliance with these covenants.

As of December 31, 2014, the line of credit was classified as a noncurrent liability due to this subsequent refinancing, except for normal amortizing payments.

The following represents the Company's long term debt as of December 31:

	2015	2014
Term loan	$32,935	$ —
Revolver	—	—
Line of credit	—	14,486
Net discount on debt and deferred financing fees	(785)	—
	32,150	14,486
Less current maturities of long-term debt	(98)	(66)
Total long-term debt	$32,052	$14,420

Future maturities of long term debt, excluding the net discount on debt and deferred financing fees, as of December 31, 2015 are as follows:

2016	$ 98
2017	98
2018	32,739

The Company incurred debt issuance costs in connection with the new credit agreement in the amount of $316, plus $1,000 in debt discount, during the year ended December 31, 2015. As noted in Note 1, the Company early adopted ASU 2015-03 and ASU 2015-15, which allows the Company to present debt issuance costs on the consolidated balance sheets related to the term note as a direct deduction from the principal amount. Net discount on debt and deferred financing fees related to the term loan were $1,085, net of amortization of $301. The remaining $230 debt issuance cost and discount relates to the revolver. This portion is shown in the consolidated balance sheet as a deferred charge in other non-current assets, net of amortization of $64 as of December 31, 2015. Deferred charges related to the company's former line of credit were $486, net of amortization of $289 as of December 31, 2014.

Note 5 — Leases

The Company leases certain real estate, both office and production facilities, as well as equipment from third parties. Lease expiration dates are between 2016 and 2025. A portion of capital leases are denominated in foreign currencies. Many of these leases include renewal options and in some cases options to purchase.

Future minimum lease payments to be made by the Company for noncancellable operating and capital leases as of December 31, 2015 consist of the following:

Years ending December 31,	Lease Obligation	
	Operating Leases	Capital Leases
2016	$1,627	$ 55
2017	1,709	55
2018	1,676	55
2019	577	55
2020	27	55
Thereafter	114	175
Total minimum future obligations	$5,730	$450
Less current capital lease obligations		(55)
Long-term capital lease obligations		$395

The net book value of equipment under capital lease was $691 and $1,186 as of December 31, 2015 and 2014, respectively. Total operating lease expense for the year ended December 31, 2015 and 2014 totaled $1,627 and $1,650, respectively.

Note 6 — Income Taxes

The Company is a limited liability company, and the majority of our businesses and assets are held and operated by limited liability companies, which are not subject to entity-level federal or state income taxation. The income taxes with respect to these operations are payable by our member. The Company makes cash distributions to permit the member to pay these taxes. In 2015 and 2014, the Company did not make any cash distributions.

The Company's income tax provision generally consists of income taxes payable by our separate subsidiaries that are taxed as corporations. For the years ended December 31, 2015 and 2014, income tax expense was zero. Additionally, in 2015, the Company dissolved its sole taxable subsidiary in the United States.

At December 31, 2015 and 2014, the foreign subsidiaries had $672 and $772, respectively of deferred tax assets. The deferred tax assets resulted primarily from net operating losses and were fully offset by a valuation allowance. In 2015 and 2014, the Company paid no income taxes and received no refunds.

Note 7 — Related Party Transactions

Consulting Fees

As disclosed in Note 9, the Company has consulting agreements with equity holders. The Company incurred expenses of $462 and $521 under those agreements for the years ended December 31, 2015 and 2014, respectively.

Additionally, as part of the 5th amendment to the line of credit agreement, a board member executed a pledge agreement in favor of the Company's lender, which was effectively a guarantee related to $2,200 of the line of credit collateralized by an account funded by the board member. Subsequent to that agreement, the board member, through an affiliate, procured inventory of a corresponding $2,200 and sold the inventory to the Company. For its guarantee and related services, the Company paid loan fees, legal fees, and interest of approximately $260 to the board member, total payments to the board member and their affiliate were approximately $2,460 ($2,200 of inventory and $260 of fees and interest).

Note Receivable from Related Party

The Company purchased products from a supplier, who is a related party due to a common minority owner, under a sourcing agreement. During 2013, the Company entered into a note with the supplier to repay past pricing and quantity differences. This note was to be repaid by July 31, 2017 from net available cash flow and did not bear interest. Upon termination of the sourcing agreement with this supplier, any remaining balance outstanding on this note receivable would be forgiven without recourse.

The supplier did not earn available cash flow during 2014. Therefore no repayments were made. Accordingly, the Company recorded an allowance for doubtful accounts for the full balance of the note during the year ended December 31, 2014. During the year ended December 31, 2015, the Company terminated the sourcing agreement.

Additionally, the Company advanced funds for the normal purchase of inventory to this supplier, these advances totaled zero and $1,684 as of December 31, 2015 and 2014, respectively, and are included in supplier prepayments on the consolidated balance sheets. Subsequent to the termination of the agreement on October 1, 2015, the supplier failed to deliver on prepaid inventories. The remaining balance of supplier prepayments in the amount of $1,449 was fully reserved in 2015 due to the significant uncertainty as to the collectability of the amount. The supplier has ceased providing inventory to the Company, has not refunded any of the prepayments, and there is no underlying collateral. The Company intends to litigate to attempt to collect the supplier prepayment; any amounts collected will be recorded as a gain in the period in which the contingency is resolved.

Total purchases from the related party for the years ended December 31, 2015 and 2014 were approximately $6,677 and $12,193, respectively.

Note 8 — Customer Concentration

The Company has significant exposure to customer concentration. During the years ended December 31, 2015 and 2014, three customers accounted for more than 10% of sales individually. In total the three customers accounted for 74% and 83% of sales, respectively. At December 31, 2015 and 2014 these three customers accounted for 54% and 73%, respectively, of outstanding trade receivables, net or 55% and 69%, respectively, of accounts receivable, net. The three customers are customers of the domestic segment.

Note 9 — Commitments and Contingencies

Commitments

The Company has entered into management consulting services agreements with members of its parent. The services are related to proposed financial transactions and other senior management matters related to business administration. Those agreements provide for the Company to pay annual management fees of $460 plus expenses, payable quarterly. These expenses are recorded in general and administrative expenses on the consolidated statements of operations.

The Company entered into a marketing license agreement on January 1, 2012, with Nicklaus Brands, LLC, wherein a product royalty is paid on 1% of adjusted gross sales for certain products. Royalty expense related to this agreement was $172 and $240 for the years ended December 31, 2015, and 2014, respectively. The agreement ends in 2027 unless terminated earlier. Royalty expenses are recorded in general and administrative expenses on the consolidated statements of operations.

The Company entered into a license agreement on December 13, 2011 and amended the agreement in May 2015, with Ecto Development Corporation, wherein a per unit royalty is paid on sales of certain products. Royalty expense related to this agreement was $192 and $699 for the years ended December 31, 2015 and 2014, respectively. The agreement terminates on May 11, 2020 and may be renewed with the written consent of both parties. Royalty expenses are recorded in general and administrative expenses on the consolidated statements of operations.

Litigation Contingencies

In July 2013, Mars, Inc. ("Mars") filed suit against the Company, a subsidiary TruRX LLC ("TruRX") and a third party in the United States District Court for the Eastern District of Texas, alleging that the Company's Minties and Minties Fresh products infringed on certain of its patents. In March 2014, Mars filed suit against the Company, TruRX, and a third party in the United States District Court for the Middle District of Tennessee, alleging that the Company's Hip&Joint supplement product infringed on certain of its patents. In September 2014, Mars filed suit against the Company and several subsidiaries in the United States District Court for the Eastern District of Virginia, alleging that certain pet treats, including Delightibles branded treats, infringe on certain of its patents. In each case, Mars seeks lost profits or royalty damages in an amount not yet determined.

Mars may also seek an injunction against future sales by the Company. In each case, the Company believes that it has not infringed the patents-in-suit, and that the patents-in-suit are invalid. Additionally, the Company believes that it has equitable defenses in the Texas and Virginia cases, due to Mars' extended periods of inaction in enforcing the patents-in-suit. Trials in the Texas and Virginia cases are set for 2016. Trial in the Tennessee case is set for 2017. The Company believes that they have meritorious defenses in each case, but can provide no assurance of a favorable outcome. The Company intends to vigorously defend this litigation; however, the Company cannot reasonably predict the outcome. As such the Company has not recorded a liability for this litigation.

The Company's legal contingencies discussed above are reasonably possible to occur, however the amount of potential losses cannot currently be estimated. The Company records a liability when a particular contingency is probable and estimable. However, the Company has not accrued for any contingency at December 31, 2015 and 2014, as the Company does not consider any contingency to be probable or estimable. The Company expenses legal costs as incurred within general and administrative expenses on the consolidated statements of operations.

Note 10 — Segments

The Company has two operating segments, and thus two reportable segments, which are the procurement, packaging, and distribution of pet health and wellness products in the Domestic markets (U.S. and Canada) and in the International markets (primarily Europe). The determination of the operating segments is based on the level at which the chief operating decision maker reviews discrete financial information to assess performance and make resource allocation decisions, which is done based on these two geographic areas.

Financial information relating to the Company's operating segments for the years ended December 31:

2015	Domestic	International	Consolidated
Net sales	$202,092	$3,595	$205,687
Gross profit	37,582	1,576	39,158
General and administrative expenses	33,926	1,662	35,588
Operating income (expense)	3,656	(86)	3,570
Interest expense			3,545
Other income (expense), net			—
Loss on debt extinguishment			1,449
Foreign currency gain, net			75
Identifiable assets	$ 86,531	$5,804	$ 92,335
Depreciation expense	$ 1,800	$ 42	$ 1,842
Amortization expense	$ 330	$ 405	$ 735
Capital expenditures	$ 1,479	$ 71	$ 1,550

2014	Domestic	International	Consolidated
Net sales	$157,407	$4,084	$161,491
Gross profit	20,857	1,880	22,737
General and administrative expenses	30,939	1,919	32,858
Operating income (expense)	(10,082)	(39)	(10,121)
Interest expense			980
Other income (expense), net			(12)
Loss on debt extinguishment			—
Foreign currency gain, net			122
Identifiable assets	$ 64,404	$6,182	$ 70,586
Depreciation expense	$ 1,408	$ 48	$ 1,456
Amortization expense	$ 408	$ 434	$ 842
Capital expenditures	$ 7,579	$ 85	$ 7,664

Note 11 — Correction of Immaterial Errors

In connection with the preparation of the consolidated financial statements, the Company determined that certain costs related to royalties and commission expense, which were previously included in cost of sales, should instead be reflected as general and administrative expenses. The Company evaluated the impact of the error on prior year's financial statements and concluded that it was immaterial for the year ended December 31, 2014. While the amounts included in prior year were considered to be immaterial, the Company elected to revise the presentation of previously reported amounts to be consistent with the presentation for the year ended December 31, 2015. The effect of this immaterial change on the consolidated statements of operations for the year ended December 31, 2014 is as follows:

	As reported	Adjustment	As Restated
Cost of Sales	140,443	(1,689)	138,754
Gross Profit	21,048	1,689	22,737
General and Administrative	31,169	1,689	32,858

Note 12 — Pro forma financial information (unaudited)

The Company has not presented historical basic and diluted net loss per share because the historical capital structure makes the presentation of net loss per share not meaningful, as the Company does not have any shares of common stock outstanding as of December 31, 2015.

Unaudited pro forma financial information has been presented to disclose the pro forma income tax expense and net loss attributable to PetIQ, Inc., the registrant in the accompanying Registration Statement on Form S-1 (Form S-1) to register shares of Class A common stock of PetIQ Inc. The unaudited pro forma financial information reflects an adjustment to the provision for income taxes to reflect an effective tax rate of %, which was calculated using the U.S. federal income tax rate and the highest statutory rates applied to income apportioned to each state and local jurisdiction. This tax rate has been applied to the % portion of income before taxes that represents the economic interest in PetIQ Holdings, LLC that will be held by PetIQ Inc. upon completion of the Merger and Reclassification disclosed in the Form S-1, but before application of the proceeds of the offering. In addition, pro forma provision for income taxes includes the historical provision for income taxes of $ related to PetIQ, LLC. The sum of these amounts represents total pro forma provision for income taxes of $.

The unaudited pro forma financial information also reflects the effects of the Contributions and Reclassification on the allocation of pro forma net loss between noncontrolling interests and PetIQ, Inc. After the Merger and Reclassification, but prior to the completion of the offering, the noncontrolling interests of PetIQ, Inc. held by the continuing owners of PetIQ Holdings, LLC will have a % economic ownership of PetIQ Holdings, LLC, and as such, % of pro forma net loss will be attributable to the noncontrolling interests.

The pro forma unaudited net loss per share has been prepared using pro forma net loss, as set forth above, which reflects the pro forma effects on provision for income taxes and the allocation of pro forma net loss between noncontrolling interests and PetIQ, Inc., resulting from the Contributions and Reclassification, but before application of the proceeds of the offering. In addition, pro forma weighted average shares outstanding includes Class A common stock of PetIQ, Inc. that will be outstanding after the Contributions and Reclassification, but before the offering.

The supplemental pro forma information has been computed, assuming an initial public offering price of $ per share, the midpoint in the estimated price range set forth on the cover of the prospectus included in the Company’s Form S-1 Registration Statement. The computations assume there will be no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

Class A Common Stock

Shares

PetIQ, Inc.

Prospectus

Baird William Blair

Through and including , 2016 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth all expenses to be paid by the registrant, other than estimated underwriting discounts and commissions, in connection with our initial public offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the listing fee:

SEC registration fee	$ *
FINRA filing fee	650
listing fee	*
Printing expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be filed by amendment

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law, or DGCL, authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

As permitted by Section 102(b)(7) of the DGCL, the registrant's certificate of incorporation to be in effect upon the closing of this offering includes provisions that eliminate the personal liability of its directors for monetary damages for breach of their fiduciary duty as directors, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit.

In addition, as permitted by Section 145 of the DGCL, the bylaws of the registrant to be effective upon completion of this offering provide that:

- The registrant shall indemnify its directors and officers for serving the registrant in those capacities or for serving other business enterprises at the registrant's request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- The registrant may, in its discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- The registrant is required to advance expenses, as incurred, to its directors and officers in connection with defending a proceeding, except that such director or officer shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

- The registrant will not be obligated pursuant to the bylaws to indemnify a person with respect to proceedings initiated by that person, except with respect to proceedings authorized by the registrant's board of directors or brought to enforce a right to indemnification.
- The rights conferred in the bylaws are not exclusive, and the registrant is authorized to enter into indemnification agreements with its directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- The registrant may not retroactively amend the bylaw provisions to reduce its indemnification obligations to directors, officers, employees and agents.

The registrant will enter into separate indemnification agreements with each of its directors and officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the DGCL and certain additional procedural protections. The registrant will also maintain directors and officers insurance to insure such persons against certain liabilities.

These indemnification provisions and the indemnification agreements entered into between the registrant and its officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors or executive officers, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement provides for indemnification by the underwriters of the registrant and its officers and directors for certain liabilities arising under the Securities Act and otherwise.

Item 15. Recent Sales of Unregistered Securities

In connection with the recapitalization transactions described in the accompanying prospectus, the registrant will issue shares of Class A common stock to certain entities affiliated with Eos Partners, L.P. and certain entities affiliated with Highland Consumer Partners. In addition, the registrant will issue shares of Class B common stock to owners of PetIQ Holdings, LLC prior to the consummation for this offering. The shares of Class A common stock and Class B common stock described above will be issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act of 1933 on the basis that the transaction will not involve a public offering. No underwriters will be involved in the transaction.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

Item 16. Exhibits and Financial Statement Schedules

(3) *Exhibits.* The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1*	Form of Amended and Restated Certificate of Incorporation of PetIQ, to be effective upon the closing of this offering
3.2*	Form of Bylaws of PetIQ, to be effective upon the closing of this offering
4.1*	Specimen Stock Certificate evidencing the shares of Class A common stock
5.1*	Form of opinion of Winston & Strawn LLP
10.2*	Form of Registration Rights Agreement, to be effective upon the closing of this offering
10.3	Fifth Amended and Restated Limited Liability Company Agreement of True Science Delaware Holdings, LLC, as currently in effect
10.4*	Form of Sixth Amended and Restated LLC Agreement of PetIQ Holdings, LLC, to be effective upon the closing of this offering
10.5*	Form of Contribution Agreement, to be effective upon the closing of this offering
10.6*	Form of Preference Notes, to be effective upon the closing of this offering
10.7*	Form of Recapitalization Agreement, to be effective upon the closing of this offering
10.8+	Employment and Non-Competition Agreement, dated May 31, 2012, between True Science Holdings, LLC and Scott Adcock.
10.9+	Employment and Non-Competition Agreement, dated May 31, 2012, between True Science Holdings, LLC and McCord Christensen.
10.10+	Offer Letter, dated March 6, 2014, between True Science and John Newland.
10.11*+	PetIQ, Inc. Omnibus Incentive Plan
10.12*+	Form of Award Agreement under PetIQ, Inc. Omnibus Incentive Plan
10.13*+	Form of Indemnification Agreement for Directors and Officers
10.14	Amended and Restated Credit Agreement, dated March 24, 2016, among PetIQ, LLC, the other credit parties thereto, Crystal Financial LLC and the other lenders party thereto.
21.1*	List of subsidiaries of PetIQ
23.1	Consent of KPMG LLP
23.3*	Consent of Winston & Strawn LLP (included in Exhibit 5.1)
24.1*	Powers of Attorney (included in signature pages of this registration statement)

\+ Indicates exhibits that constitute management contracts or compensatory plans or arrangements

* Indicates to be filed by amendment.

(b) *Financial Statement Schedules.* All financial statement schedules are omitted because they are not applicable or the information is included in the registrant's consolidated financial statements or related notes.

Item 17. Undertakings

(1) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(2) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(3) The undersigned registrant hereby undertakes that:

(A) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(B) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(4) The undersigned Registrant hereby undertakes that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) The undersigned Registrant hereby undertakes that, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(1) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(2) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(3) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(4) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in Eagle, Idaho on this day of , 2016.

PetIQ, Inc.

By: _____

Name:

Title:

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints McCord Christensen and John Newland and each of them, as his true and lawful attorney in fact and agent with full power of substitution, for him in any and all capacities, to sign any and all amendments to this registration statement (including post effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney in fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney in fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
McCord Christensen	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	
John Newland	Chief Financial Officer and Corporate Secretary (Principal Financial Officer Principal Accounting Officer)	
Scott Adcock	President and Director	
Mark First	Director	
Gary Michael	Director	
James Clarke	Director	
Ronald Kennedy	Director	
David Krauser	Director	

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EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1*	Form of Amended and Restated Certificate of Incorporation of PetIQ, to be effective upon the closing of this offering
3.2*	Form of Bylaws of PetIQ, to be effective upon the closing of this offering
4.1*	Specimen Stock Certificate evidencing the shares of Class A common stock
5.1*	Form of opinion of Winston & Strawn LLP
10.2*	Form of Registration Rights Agreement, to be effective upon the closing of this offering
10.3	Fifth Amended and Restated Limited Liability Company Agreement of True Science Delaware Holdings, LLC, as currently in effect
10.4*	Form of Sixth Amended and Restated LLC Agreement of PetIQ Holdings, LLC, to be effective upon the closing of this offering
10.5*	Form of Contribution Agreement, to be effective upon the closing of this offering
10.6*	Form of Preference Notes, to be effective upon the closing of this offering
10.7*	Form of Recapitalization Agreement, to be effective upon the closing of this offering
10.8+	Employment and Non-Competition Agreement, dated May 31, 2012, between True Science Holdings, LLC and Scott Adcock.
10.9+	Employment and Non-Competition Agreement, dated May 31, 2012, between True Science Holdings, LLC and McCord Christensen.
10.10+	Offer Letter, dated March 6, 2014, between True Science and John Newland.
10.11*+	PetIQ, Inc. Omnibus Incentive Plan
10.12*+	Form of Award Agreement under PetIQ, Inc. Omnibus Incentive Plan
10.13*+	Form of Indemnification Agreement for Directors and Officers
10.14	Amended and Restated Credit Agreement, dated March 24, 2016, among PetIQ, LLC, the other credit parties thereto, Crystal Financial LLC and the other lenders party thereto.
21.1*	List of subsidiaries of PetIQ
23.1	Consent of KPMG LLP
23.3*	Consent of Winston & Strawn LLP (included in Exhibit 5.1)
24.1*	Powers of Attorney (included in signature pages of this registration statement)

\+ Indicates exhibits that constitute management contracts or compensatory plans or arrangements

* Indicates to be filed by amendment

Exhibit 10.3

EXECUTION VERSION

TRUE SCIENCE DELAWARE HOLDINGS, LLC

FIFTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

December 8, 2014

THE UNITS REPRESENTED BY THIS FIFTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH UNITS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM.

THE UNITS REPRESENTED BY THIS FIFTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THIS AGREEMENT AND, IF APPLICABLE, THE CLASS P UNIT GRANT AGREEMENT, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH UNITS UNTIL SUCH RESTRICTIONS HAVE BEEN SATISFIED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH RESTRICTIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.

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EXHIBITS

FIFTH AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

TRUE SCIENCE DELAWARE HOLDINGS, LLC

This FIFTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, dated as of December 8, 2014 (this "Agreement"), is adopted, executed and agreed to, for good and valuable consideration, by and among True Science Delaware Holdings, LLC, a Delaware limited liability company (the "Company"), and each of the Equity Owners listed on the signature pages hereto.

WHEREAS, the Company was formed under the Delaware Act pursuant to a certificate of formation filed with the Secretary of State of the State of Delaware on May 25, 2012 (the "Certificate");

WHEREAS, the Company has been governed since August 7, 2014 by that certain Fourth Amended and Restated Limited Liability Company Agreement of the Company, dated as of August 7, 2014 (the "Amended Agreement");

WHEREAS, the Eos Members, the Highland Members, Labore Et Honore LLC, Ron Kennedy and Christensen Class F, LLC are party to that certain Securities Purchase Agreement, dated as of the date hereof (as amended from time to time, the "Purchase Agreement"), by and among the Eos Members, Highland Members, Labore Et Honore LLC, Ron Kennedy, Christensen Class F, LLC and the Company, pursuant to which the Eos Members, the Highland Members, Labore Et Honore LLC, Ron Kennedy and Christensen Class F, LLC purchased Class F Units from the Company;

WHEREAS, immediately upon consummation of the transactions contemplated by the Purchase Agreement, and in accordance with the terms contained therein and herein, the Members own the number and class of Units set forth opposite each Members' name on the Schedule of Equity Owners attached hereto as Exhibit A; and

WHEREAS, the Members desire to amend and restate the Amended Agreement in its entirety on the terms of this Agreement.

NOW, THEREFORE, the Members hereby amend and restate the Amended Agreement, which is replaced and superseded in its entirety by this Agreement as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the following meanings:

"Accredited Investors" has the meaning set forth in Rule 501 of the Securities Act.

"Additional Class A Unit" means a Class A Unit that, upon fully vesting under Section 4.1(d), has the rights and obligations specified with respect to Class A Units in this Agreement; *provided*, *however,* that no Additional Class A Unit shall have any Class A Capital.

"Additional Class B Unit" means a Class B Unit that has the rights and obligations specified with respect to Class B Units in this Agreement and shall for all purposes be considered Class B Units; *provided*, *however,* that no Additional Class B Unit shall have any Class B Capital or be entitled to any Class B Return.

"Additional Equity Securities" has the meaning set forth in Section 3.3.

"Additional Member" means a Person admitted to the Company as a Member pursuant to Section 9.1.

"Adjusted Capital Account" means with respect to any Capital Account as of the end of any Taxable Year (or other relevant period), the balance in such Capital Account after:

(a) reducing it for any items described in Treasury Regulation Section 1.704-l(b)(2)(ii)(d)(4), (5) and (6); and

(b) increasing it for any amount such Person is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(1) and 1.704-2(i) (relating to minimum gain).

This definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1 (b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Equity Owner, the deficit balance, if any, in such Equity Owner's Adjusted Capital Account as of the end of the Taxable Year (or other relevant period).

"Affiliate" of any particular Person means (a) any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise, (b) if such Person is a partnership, any general partner thereof, (c) if such Person is a limited liability company, any member thereof and (d) if such Person is an entity, any manager, director, officer or employee of such Person.

"Agreement" has the meaning set forth in the introductory paragraph.

"Amended Agreement" has the meaning set forth in the Recitals.

"Applicable Class P Unit" has the meaning set forth in the definition of "In-the-Money Class P Unit."

"Applicable Securities" means all Equity Securities other than Class P Units.

"Applicable Tax Rate" means the highest effective income Tax rate (taking into account the assumed deductibility of state income tax from federal taxable income) applicable to any Equity Owner based on the Equity Owner's state and city of residence for the relevant Fiscal Year, provided that the state and city of residence for all Class B Members shall be deemed to be New York, New York.

"Approved Sale" has the meaning set forth in Section 9.5(a).

"Board" has the meaning set forth in Section 5.1.

"Board Expansion Option" has the meaning set forth in Section 5.3(a).

"Board Nominee" has the meaning set forth in Section 9.5(c).

"Books and Records" has the meaning set forth in Section 10.1.

"Business Day" means any day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are not required to be open.

"Catch-Up Net Taxable Income" for any Taxable Year shall equal the Company's Net Taxable Income for such Taxable Year computed assuming that the net taxable losses of the Company for the year ended December 31, 2012 that were allocated to the Original Member equaled $2,418,801 rather than $3,955,132.

"Catch-Up Tax Distribution" for any Taxable Year (other than a Taxable Year including or following a Liquidity Event) shall, subject to the next sentence, equal (i) the Catch-Up Net Taxable Income allocated to the Original Member for such Taxable Year *multiplied* by (ii) forty-five percent (45%). The aggregate Catch-Up Distribution for all Taxable Years shall not exceed $691,349.

"Capital Account" means the capital account maintained for an Equity Owner pursuant to Section 3.5.

"Capital Contributions" means, with respect to any Equity Owner, the amount of cash and the Fair Market Value (as determined for purposes of determining Gross Asset Value) of any property (other than cash) (net of liabilities secured by such property that the Company is considered to assume or take subject to under Code Section 752) that any Equity Owner contributes (or is deemed to contribute) to the Company pursuant to Section 3.2.

"Cause" has the meaning set forth in any employment, consulting or other agreement between the Company, any of its Subsidiaries or any of their respective Affiliates, on the one hand, and the applicable Person, on the other hand, and if such an agreement does not exist, shall have the meaning determined by the Board.

"Certificate" has the meaning set forth in the Recitals.

"Certificated Units" has the meaning set forth in Section 9.8.

"Class A Capital" means, $6.8925 for every Class A Unit; subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units; *provided, however*, that the Class A Capital for each Additional Class A Unit issued under Section 4.1(d)(ii) shall be zero dollars.

"Class A Majority" means Class A Members holding a majority of the then-outstanding Class A Units.

"Class A Member" means a holder of Class A Units.

"Class A Percentage" means, as to any Class A Member, a percentage equal to the number of Class A Units owned by such Class A Member *divided by* all of the then-outstanding Class A Units.

"Class A Unit" means a Unit having the rights and obligations specified with respect to Class A Units in this Agreement.

"Class A/D/E/F/P Percentage" means, as to any Class A Member, Class D Member, Class E Member, Class F Member and Class P Unit Holder, a percentage equal to the number of Class A Units, Class D Units, Class E Units, Class F Units and vested Class P Units owned by such Class A Member, Class D Member, Class E Member, Class F Member or Class P Unit Holder *divided by* all of the then-outstanding combined Class A Units, Class D Units, Class E Units, Class F Units and vested Class P Units.

"Class B Capital" means $10 for every Class B Unit, subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units; *provided*, *however*, the Class B Capital for each Additional Class B Unit issued under Section 4.1(d)(i) shall be zero dollars.

"Class B Hurdle" means aggregate Distributions (other than Tax Distributions) with respect to Class B Units (including any Additional Class B Units), exceeding the product of (a) $30 and (b) the number of Class B Units (other than Additional Class B Units), in each case subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Class B Majority" means Class B Members holding a majority of the then-outstanding Class B Units.

"Class B/C Majority" means Class B Members and/or Class C Members holding a majority of the then-outstanding combined Class B Units and Class C Units.

"Class B Member" means a holder of Class B Units.

"Class B Percentage" means, as to any Class B Member, a percentage equal to the number of Class B Units owned by such Class B Member *divided by* all of the then-outstanding Class B Units.

"Class B/C Percentage" means, as to any Class B Member and Class C Member, a percentage equal to the number of Class B Units and Class C Units owned by such Class B Member or Class C Member *divided by* all of the then-outstanding combined Class B Units and Class C Units.

"Class B Return" means the amount accruing on a daily basis at 10% per annum, compounded quarterly, from the Original Closing Date on the Unpaid Class B Capital for such Class B Unit.

"Class B Unit" means a Unit having the rights and obligations specified with respect to Class B Units in this Agreement.

"Class C Capital" means, $11.53846376 for every Class C Unit; subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Class C Member" means a holder of Class C Units.

"Class C Return" means the amount accruing on a daily basis at 10% per annum, compounded quarterly, from the date hereof on the Unpaid Class C Capital for such Class C Unit.

"Class C Unit" means a Unit having the rights and obligations specified with respect to Class C Units in this Agreement.

"Class D Capital" means, $6.89 for every Class D Unit; subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Class D Majority" means Class D Members holding a majority of the then-outstanding Class D Units.

"Class D Member" means a holder of Class D Units.

"Class D Percentage" means, as to any Class D Member, a percentage equal to the number of Class D Units owned by such Class D Member *divided by* all of the then-outstanding Class D Units.

"Class D Return" means the greater of (x) the amount accruing on a daily basis at 12% per annum, compounded quarterly, from the date of issuance on the Unpaid Class D Capital for such Class D Unit or (y) the amount of Class D Capital for such Class D Unit *multiplied* by a factor of 0.75.

"Class D Unit" means a Unit having the rights and obligations specified with respect to Class D Units in this Agreement.

"Class E Capital" means, $6.89 for every Class E Unit; subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Class E Majority" means Class E Members holding a majority of the then-outstanding Class E Units.

"Class E Member" means a holder of Class E Units.

"Class E Percentage" means, as to any Class E Member, a percentage equal to the number of Class E Units owned by such Class E Member *divided by* all of the then-outstanding Class E Units.

"Class E Return" means the greater of (x) the amount accruing on a daily basis at 12% per annum, compounded quarterly, from the date of issuance on the Unpaid Class E Capital for such Class E Unit or (y) the amount of Class E Capital for such Class E Unit *multiplied* by a factor of 1.50.

"Class E Unit" means a Unit having the rights and obligations specified with respect to Class E Units in this Agreement.

"Class F Capital" means, $6.89 for every Class F Unit; subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Class F Majority" means Class F Members holding a majority of the then-outstanding Class F Units.

"Class F Member" means a holder of Class F Units.

"Class F Premium" means, for each applicable period set forth in the table below, the amount set forth opposite such period:

Period	Class F Premium
Through and including October 31, 2015	0.50
From November 1, 2015 through and including November 30, 2015	0.60
From December 1, 2015 through and including December 31, 2015	0.70
From January 1, 2016 through and including January 31, 2016	0.80
From February 1, 2016 through and including February 28, 2016	0.90
From March 1, 2016 through and including March 31, 2016	1.00
From April 1, 2016 through and including April 30, 2016	1.10
From May 1, 2016 through and including May 31, 2016	1.20
From June 1, 2016 through and including June 30, 2016	1.30
From July 1, 2016 through and including July 31, 2016	1.40
Any time following August 1, 2016	1.50

"Class F Percentage" means, as to any Class F Member, a percentage equal to the number of Class F Units owned by such Class F Member *divided by* all of the then-outstanding Class F Units.

"Class F Return" means the greater of (x) the amount accruing on a daily basis at 12% per annum, compounded quarterly, from the date of issuance on the Unpaid Class F Capital for such Class F Unit or (y) the amount of Class F Capital for such Class F Unit *multiplied* by the applicable Class F Premium.

"Class F Unit" means a Unit having the rights and obligations specified with respect to Class F Units in this Agreement.

"Class P Unit" means a Unit having the rights and obligations specified with respect to Class P Units in this Agreement and the Class P Unit Grant Agreements.

"Class P Unit Grant Agreement" has the meaning set forth in Section 3.9(b).

"Class P Unit Holder" means a holder of Class P Units.

"Co-Sale Notice" has the meaning set forth in Section 9.3(a).

"Co-Sale Pro Rata Amount" means, with respect to any Other Member, a fraction, expressed as a percentage, (a) the numerator of which is the total number of Units held by such Other Member that are the same class of Units as the Units that are the subject of the Co-Sale Notice, and (b) the denominator of which is the total number of the class of Units that are the subject of such Co-Sale Notice then outstanding.

"Co-Sale Transferee" has the meaning set forth in Section 9.3(a).

"Co-Sale Transferor" has the meaning set forth in Section 9.3(a).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Committee" has the meaning set forth in Section 5.5(a).

"Company" has the meaning set forth in the introductory paragraph.

"Company Asset Sale" has the meaning set forth in the definition of "Sale of the Company".

"Company Indemnified Party" has the meaning set forth in Section 8.5(b).

"Company Minimum Gain" means "partnership minimum gain" as set forth and defined in Treasury Regulation Section 1.704-2(b)(2) and 1.704-2(d).

"Confidential Information" has the meaning set forth in Section 7.2(b).

"Conversion Event" means any of the following: (a) a determination by the Board to effect a Public Offering (in which case the conversion to corporate form shall occur reasonably in advance of such Public Offering), (b) a written proposal by a bona fide third party to provide equity or debt financing that has been approved by the Board, but that has been made conditional by the proposing party upon a conversion of the Company to corporate form (in which case the conversion to corporate form shall be conditioned upon the consummation of such financing), (c) an affirmative vote or written consent from: (i) the Voting Majority; and (ii) the Class B Majority, in each case to convert the Company to corporate form, or (d) any acquisition or divestiture that has been approved by the Board that requires a conversion to corporate form (in which case the conversion to corporate form shall be conditioned upon the consummation of such acquisition or divestiture).

"Corporation Election" has the meaning set forth in Section 11.3(c).

"Covered Person" has the meaning set forth in Section 5.12(a).

"Delaware Act" means the Delaware Limited Liability Company Act, 6 Del. L. § 18-101, *et seq.*, as it may be amended from time to time, and any successor to the Delaware Act.

"Demand Registration" has the meaning set forth in Section 8.1(a).

"Demanding Members" has the meaning set forth in Section 8.1(a).

"Depreciation" means, for each Taxable Year (or other relevant period), an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Taxable Year (or other relevant period), except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such

Taxable Year (or other relevant period), Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Taxable Year (or other relevant period) bears to such beginning adjusted tax basis; *provided*, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year (or other relevant period) is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board, and that is permitted under the Code and Treasury Regulations.

"Distribution" means any distribution made by the Company to an Equity Owner in respect of such Equity Owner's Units, including Distributions pursuant to Section 4.1(a), Tax Distributions and Realization Event Distributions, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided*, that none of the following shall be a Distribution: (a) any redemption or repurchase by the Company of any Equity Securities in accordance with the terms hereof; (b) any recapitalization, exchange or conversion of Equity Securities; (c) any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units; (d) any fees or remuneration paid to any Equity Owner in such Equity Owner's capacity as an employee, officer, consultant, advisor, manager, board member or other provider of services to the Company or any of its Subsidiaries; or (e) any reimbursements of expenses or costs to or on behalf of the Board and/or any Equity Owner by or on behalf of the Company and/or any of its Subsidiaries.

"EBITDA" means, for purposes of calculating the amount of Net Cash Flow consolidated net earnings (or loss), plus (a) interest expense, (b) income taxes, (c) depreciation, (d) amortization and (e) any management fees paid to the Eos Management Entity, Highland Members, or Labore or any of their Affiliates pursuant to the Eos Management Agreement, Highland Management Agreement or the Labore Management Agreement for the applicable period, in each case determined in accordance with GAAP; provided that EBITDA attributable to the M&C Acquisition shall only be included in the definition of EBITDA to the extent earned from the M&C Closing Date through and including the date of determination.

"ECP IV" means Eos Capital Partners IV, L.P.

"ECP IV Entity" means ECP IV TS Investor Co.

"Eos Manager" has the meaning set forth in Section 5.3(b)(i).

"Eos Management Agreement" means that certain Management Consulting Agreement, dated as of the Original Closing Date, by and between the Eos Management Entity and True Science.

"Eos Management Entity" means Eos Management, L.P.

"Eos Members" means, collectively, the ECP IV Entity and the Eos Partners Entity.

"Eos Observers" has the meaning set forth in Section 5.9(a).

"Eos Partners" means Eos Partners, L.P.

"Eos Partners Entity" means Eos TS Investor Co.

"Eos Partners Manager" has the meaning set forth in Section 5.3(b)(i)(B).

"Equity Owner" means a Member, Class P Unit Holder or any other holder of Units who is not admitted as a Member.

"Equity Securities" means all equity securities or other interests of the Company, including the Units and Additional Equity Securities, including any unit appreciation or similar rights, contractual or otherwise.

"Estimated Tax Distribution" has the meaning set forth in Section 4.1(b)(ii).

"Excess Amount" has the meaning set forth in Section 4.1(b)(iii).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Exchange Act shall be deemed to include any corresponding provisions of future law.

"Excluded Securities" means: (a) Class P Units; (b) Equity Securities issued by the Company in a Public Offering; (c) Equity Securities issued after the date hereof to give effect to any Distribution, equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units; and (d) Equity Securities, the issuance of which are approved by the Original Member and a Class B Majority.

"Fair Market Value" with respect to all non-cash (or non-cash equivalent) assets shall mean the fair value for such assets as would be determined between a willing buyer and a willing seller in an arm's-length transaction occurring on the date of valuation as determined by the Board in its good faith discretion, taking into account all relevant factors determinative of value; *provided, however,* that to the extent applicable, the Fair Market Value of any publicly-traded security on any particular date of valuation shall mean the arithmetic average of the closing prices of such security's sales on the principal national securities exchange or automated quotation system on which the shares of such publicly-traded securities may at the time be listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange or automated quotation system, the average of the last reported bid and asked prices on such date of valuation in the over-the-counter market as furnished by the Financial Industry Regulatory Authority, Inc., in each such case averaged over a period of five (5) trading days consisting of the day immediately prior to the day as of which valuation is being determined and the four (4) consecutive Business Days subsequent to such day; *provided, further,* that the aggregate Fair Market Value of the Company's assets as of the date hereof shall equal an amount such that the aggregate Fair Market Value, less the liabilities of the Company, shall equal the aggregate Capital Accounts of the holders of Class F Units, Class E Units, Class D Units, Class C Units, Class B Units and Class A Units as set forth on Exhibit A. The Board, at its option, may select an investment banking or valuation firm of national reputation to assist in its determination of Fair Market Value.

"Financing Documents" means any third party credit facility of the Company (or its Subsidiaries), including the U.S. Bank Credit Agreement, and any subsequent refinancing thereof.

"Fiscal Quarter" means each calendar quarter ending March 31, June 30, September 30 and December 31, or such other quarterly period as may be established by the Board.

"Fiscal Year" has the meaning set forth in Section 10.2.

"Front 4" means Front 4, Inc., a Delaware corporation.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession).

"Governmental Authority" means any United States or non-United States federal, state, municipal or local government, or political subdivision thereof, or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any arbitrator or arbitral body, and includes any contractor acting on behalf of any of the foregoing.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) the aggregate Gross Asset Value of the assets held by the Company as of the date hereof shall be adjusted such that it is equal to (i) the Capital Accounts of the Class A Members, Class B Members, Class C Members, Class D Members, Class E Members and Class F Members and (ii) the liabilities of the Company; *provided*, *however*, that if there is an adjustment to the Class A Capital as provided for in Section 4.1(d), there will be an appropriate adjustment to the aggregate Gross Asset Value of the assets of the Company.

(b) the initial Gross Asset Value of any asset contributed by an Equity Owner to the Company after the date hereof shall be the Fair Market Value of such asset at the time it is accepted by the Company, unreduced by any liability secured by such asset;

(c) in addition to the adjustments provided for in the proviso of (a), the Gross Asset Values of all Company assets shall be adjusted after the date hereof to equal their respective Fair Market Values, unreduced by any liabilities secured by such assets, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Equity Owner in exchange for more than a *de minimis* Capital Contribution or the grant of other than a *de minimis* interest for services; (ii) the distribution by the Company to an Equity Owner of more than a *de minimis* amount of cash or other property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); *provided*, that an adjustment described in clauses (i) and (ii) of this paragraph shall be made only if the Tax Matters Member reasonably determines that such an adjustment is necessary or appropriate to reflect the relative economic interests of the Equity Owners of the Company;

(c) the Gross Asset Value of any Company asset distributed to any Equity Owner shall be adjusted to equal the Fair Market Value of such asset, unreduced by any liability secured by such asset, on the date of distribution as determined by the Board; and

(d) the Gross Asset Value of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b); but only to the extent that such adjustments are taken into account in determining Capital Accounts.

If the Gross Asset Value of an asset of the Company is different than its adjusted tax basis, the Gross Asset Value shall be adjusted appropriately by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Grossed-Up Distribution Amount" means, for any Distribution pursuant to Section 4.1(a)(ix) or Section 4.1(c)(x), the sum of (a) the amount of the Distribution under Section 4.1(a)(ix) or Section 4.1(c)(x), as the case may be, *plus* (b) the aggregate Participation Thresholds for In-the-Money Class P Units with respect to such Distribution.

"Group" means:

(a) in the case of any Member who is an individual: (i) such Member, the spouse, domestic partner, parent, sibling or lineal descendants of such Member; (ii) all trusts for the benefit of such Member or any of the foregoing; (iii) all Persons principally owned by and/or organized or operating for the benefit of any of the foregoing; and (iv) all Affiliates of such Member;

(b) in the case of any Member that is a partnership: (i) such Member, its limited, special and general partners or any of the Persons described in clause (a) with respect to such partners; and (ii) all Affiliates and employees of and consultants to, such Member; and

(c) in the case of any Member that is a corporation or a limited liability company: (i) such Member; (ii) its stockholders or members, as the case may be, or any of the Persons described in clause in clause (a) with respect to such stockholders or members; and (iii) all Affiliates of such Member.

"HCF – TS Blocker" means HCF – TS Blocker Corp., a Delaware corporation.

"Highland Consumer Entrepreneurs Fund I" means Highland Consumer Entrepreneurs Fund I Limited Partnership, a Delaware limited partnership.

"Highland Consumer Fund I" means Highland Consumer Fund I Limited Partnership, a Delaware limited partnership.

"Highland Consumer Fund I-B" means Highland Consumer Fund I-B Limited Partnership, a Delaware limited partnership.

"Highland Management Agreement" means that certain Management Consulting Agreement, dated as of the Original Closing Date, by and among Highland Consumer Entrepreneurs Fund I, HCF – TS Blocker, Highland Consumer Fund I and True Science.

"Highland Manager" has the meaning set forth in Section 5.3(b)(ii).

"Highland Members" means, collectively, Highland Consumer Entrepreneurs Fund I, Highland Consumer Fund I and HCF – TS Blocker.

"Highland Observer" has the meaning set forth in Section 5.9(b).

"Holder Indemnified Party" has the meaning set forth in Section 8.5(a).

"Indebtedness" has the meaning set forth in the Original Purchase Agreement.

"Independent Manager" has the meaning set forth in Section 5.3(b)(iv).

"Information" has the meaning set forth in Section 8.4(i).

"Initial Subscribing Investor" has the meaning set forth in Section 9.4(f).

"Inspectors" has the meaning set forth in Section 8.4(i).

"In-the-Money Class P Unit" means, with respect to a Distribution pursuant to Section 4.1(a)(ix) or Section 4.1(c)(x), each Class P Unit (the "Applicable Class P Unit") that has a Participation Threshold that is less than the quotient obtained from dividing (a) the hypothetical Grossed-Up Distribution Amount with respect to such Distribution (assuming, for purposes of calculating such hypothetical Grossed-Up Distribution Amount, that the number of In-the-Money Class P Units equals the number of outstanding Class P Units (including the Applicable Class P Unit) having a Participation Threshold less than or equal to the Participation Threshold of the Applicable Class P Unit), by (b) the sum of the number of (1) Class F Units outstanding, (2) Class E Units outstanding, (3) Class D Units outstanding, (4) Class C Units outstanding, (5) Class B Units outstanding, (6) Class A Units outstanding and (7) Class P Units (including the Applicable Class P Unit) outstanding that have Participation Thresholds that are less than or equal to the Participation Threshold of the Applicable Class P Unit.

"Investment Bank" has the meaning set forth in Section 9.6(a).

"Investor Nominee" has the meaning set forth in Section 9.6(d).

"Joinder Agreement" has the meaning set forth in Section 9.1.

"Liquidity Event" means the closing of: (a) a Sale of the Company; (b) a QIPO; or (c) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary (other than any liquidation, dissolution, or winding up in connection with any reincorporation of the Company in another jurisdiction).

"Labore" means Labore et Honore LLC, a Utah limited liability company.

"Labore Management Agreement" means that certain Management Consulting Agreement, dated as of the Original Closing Date, by and between Labore and True Science.

"Losses" means the Company's net losses as determined by the Company for purposes of maintaining the Equity Owners' Capital Account pursuant to Section 3.5.

"M&C Acquisition" means the acquisition of all of the shares of Mark & Chappell Limited by True Science pursuant to that certain Share Purchase Agreement.

"M&C Closing Date" means the date of the consummation of the M&C Acquisition.

"Managers" means each of the individuals elected as a Manager pursuant to and in accordance with the terms of this Agreement.

"Member" means each Person listed on the Schedule of Equity Owners, attached hereto as Exhibit A (as such Exhibit A is amended, supplemented and modified from time to time), as a Class A Member, Class B Member, Class C Member, Class D Member, Class E Member or Class F Member and any Person admitted to the Company as an Additional Member; but only so long as such Person is a Class A Member, Class B Member, Class C Member, Class D Member, Class E Member or Class F Member.

"Member Nonrecourse Debt" has the meaning of "partner nonrecourse debt" as set forth in Treasury Regulation Section 1.704-2(b)(4).

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

"Member Nonrecourse Deductions" has the meaning of "partner nonrecourse deductions" set forth in Treasury Regulation Section 1.704-2(i)(1) and 1.704-2(i)(2).

"Net Cash Flow" means, with respect to any period of determination, EBITDA; *plus* (A) (i) non-cash losses or expenses during such period (less cash used to make acquisitions) and (ii) any decrease in working capital during such period *minus* (B) (i) unfinanced Capital Expenditures (as defined in the U.S. Bank Credit Agreement) during such period; (ii) non-cash income or gain during such period; (iii) Tax Distributions made by the Company during such period; (iv) interest expense paid or required to be paid in cash by the Company and its Subsidiaries during such period, (v) principal payments made or required to be made on all Indebtedness (as defined in the U.S. Bank Credit Agreement) during such period and (vi) any increase in working capital during such period.

"Net Taxable Income" means for any Equity Owner the amount of net taxable income allocated to an Equity Owner for any Fiscal Year (less the amount of taxable losses allocated to such Equity Owner for prior Fiscal Years that have not reduced the computation of Net Taxable Income for a prior Fiscal Year and which were previously utilized or, under applicable law, are still available to be utilized); provided, however, Net Taxable Income for a Fiscal Year for any Member shall be reduced, but not below zero, by the amount of Profit (or items of income) allocated to a Member for such Fiscal Year under Section 4.2(a)(i) or Section 4.2(a)(ii). Net Taxable Income for any Equity Owner shall be based on the amounts of taxable income, gain, loss, deduction and expenses shown on the IRS Form K-1 with respect to such Equity Owner for the Fiscal Year.

"New Securities" means all Equity Securities other than Excluded Securities.

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(3).

"Observers" has the meaning set forth in Section 5.9(b).

"Original Closing Date" means May 31, 2012.

"Original Member" means True Science Founders, LLC, a Delaware limited liability company.

"Original Member Managers" has the meaning set forth in Section 5.3(b)(iii).

"Original Purchase Agreement" means that certain Securities Purchase Agreement, dated as of the Original Closing Date by and among the Original Member, the Company, the Eos Members, the Highland Members and Front 4, pursuant to which the Eos Members, the Highland Members and Front 4 purchased Class B Units from the Original Member and the Company.

"Other Accredited Member" has the meaning set forth in Section 9.4(f).

"Other Holders" has the meaning set forth in Section 8.1(a).

"Other Members" has the meaning set forth in Section 9.3(a).

"Participation Threshold" means the amount as follows, with respect to each Class P Unit:

(a) the initial Participation Threshold for any newly granted Class P Unit shall be determined by the Board and set forth in the applicable Class P Grant Agreement; *provided*, that if the Class P Unit is to constitute a "profits interests" as defined in Revenue Procedure 93-27 and Revenue Procedure 2001-43, the initial Participation Threshold with respect to such newly granted Class P Unit shall at least equal the amount that would be distributed with respect to each Class A Unit (immediately prior to the issuance of such Class P Unit) pursuant to Section 4.1(c)(x) if the Company sold its assets at the then Fair Market Value (as determined in good faith by the Board), repaid its liabilities in accordance with their terms, and distributed any remaining proceeds under Section 4.1(c); and

(b) the Participation Threshold of any Class P Unit shall be adjusted as follows: (i) if a Distribution is made under Section 4.1(a)(ix) or Section 4.1(c)(x) with respect to a Class A Unit (excluding any Tax Distribution with respect to such Class A Unit), the Participation Threshold (as determined immediately prior to the Distribution) for each outstanding Class P Unit (including an unvested Class P Unit) will be reduced, but not below zero, by the amount of the Distribution made under Section 4.1(a)(ix) or Section 4.1(c)(x) to each Class A Unit; (ii) upon the occurrence of a Sale of the Company or a Conversion Event or any similar event designated by the Board, the Board may immediately prior to such transaction, but is not required to, adjust the Participation Threshold for any Class P Unit such that it is equal to zero; *provided, however,* that if the Board makes any adjustment to the Participation Threshold with respect to any Class P Unit pursuant to this clause (ii), the number of Class P Units held by the Class P Unit Holder holding such Class P Unit shall be reduced such that the holder would receive the same amount (including, if required, zero) in a distribution under Section 4.1(a) or Section 4.1(c) (assuming the Company sold all of its assets at Fair Market Value (as determined in good faith by the Board), used the proceeds to pay all of its liabilities in accordance with their terms, and distributed the remaining hypothetical proceeds under Section 4.1) immediately before and immediately after the reduction in the Participation Threshold and the Class P Units; and (iii) in the event of any adjustments to the capital structure of the Company (including Unit splits and combinations), the Participation Threshold shall be appropriately adjusted to reflect such adjustment (as determined in good faith by the Board) so as to ensure that a holder of a Class P Unit is not inequitably advantaged or disadvantaged by such change in capital structure.

"Permitted Transfer" means any Transfer (a) by any Member to a member of such Member's Group; (b) by a Member that is a trust to one or more beneficiaries of such trust; or (c) approved in writing by the Board (including at least one (1) Eos Manager).

"Permitted Transferee" means any Person to whom a Permitted Transfer is made.

"Person" shall be construed as broadly as possible and shall include an individual or natural person, a partnership (including a limited liability partnership), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

"Preemptive Offer" has the meaning set forth in Section 9.4(a).

"Preemptive Offer Notice" has the meaning set forth in Section 9.4(a).

"Preemptive Offer Number" has the meaning set forth in Section 9.4(b).

"Preemptive Offer Period" has the meaning set forth in Section 9.4(a).

"Profits" means the Company's net income as determined by the Company for purposes of maintaining the Equity Owners' Capital Accounts pursuant to Section 3.5.

"Pro Rata Amount" means, with respect to any Member, a fraction, expressed as a percentage, (a) the numerator of which is the total number of Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and Class F Units held by such Member, and (b) the denominator of which is the total number of Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and Class F Units then outstanding, in each case taking into account any vesting of the Additional Class A Units pursuant to Section 3.1(b) and any vesting of the Additional Class B Units pursuant to Section 3.1(c).

"Public Offering" means an offering of Equity Securities (or any successor-in-interest of the foregoing), listed on a national securities exchange, which is made pursuant to an effective registration statement under the Securities Act.

"Public Sale" means any sale of securities to the public pursuant to a Public Offering or to the public through a broker, dealer or market maker pursuant to the provisions of Rule 144 adopted under the Securities Act (or any similar provision then in force).

"Purchase Notice" has the meaning set forth in Section 9.4(b).

"Qualified Sale" means any Sale of the Company prior to the date that is five (5) years from the Original Closing Date that results in the Class B Members receiving cash Distributions or payments upon the closing of such Sale of the Company equal to or greater than an amount necessary to achieve the Class B Hurdle which are not subject to any type of clawback *(e.g.*, purchase price adjustment, indemnity or escrow).

"QIPO" means a firm commitment underwritten Public Offering of the Equity Securities of the Company (or any Subsidiary of or corporate successor to the Company), underwritten by a nationally recognized underwriter, in an offering with (a) aggregate net proceeds to the Company (or any Subsidiary of or corporate successor to the Company) of not less than $100,000,000, and (b) a price per Class B Unit reflective of at least $30, subject to adjustment for any equity split, reverse equity split or combination or other similar *pro rata* recapitalization event affecting any class or series of Units.

"Realization Event" has the meaning set forth in Section 9.6(a).

"Realization Event Committee" has the meaning set forth in Section 5.5(b).

"Realization Event Distributions" means the Distribution made upon a Realization Event.

"Realization Investor Notice" has the meaning set forth in Section 9.6(a).

"Realization Member Notice" has the meaning set forth in Section 9.6(a).

"Recapture Gain" has the meaning set forth in Section 4.5(c).

"Records" has the meaning set forth in Section 8.4(i).

"Registrable Units" means all Equity Securities (other than Class P Units) that have not theretofore been sold to the public pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or any successor rule thereto or any complementary rule thereto (such as Rule 144A).

"Registration Expenses" has the meaning set forth in Section 8.7.

"Registration Losses" has the meaning set forth in Section 8.5(a).

"Regulatory Allocations" has the meaning set forth in Section 4.3(i).

"Requesting Investor" has the meaning set forth in Section 9.6(a).

"Required Tax Distribution Amount" has the meaning set forth in Section 4.1(b)(i).

"Sale of the Company" means (a) the Transfer (in one or a series of related transactions) of all or substantially all of the Company's assets to a Person or a group of Persons acting in concert (a "Company Asset Sale"), (b) the Transfer (in one or a series of related transactions) of all or substantially all of the outstanding Units (whether directly or indirectly through the sale of a Member) to a Person or a group of Persons acting in concert or (c) the merger or consolidation of the Company with or into another Person that is not: (i) an Affiliate of the Company; or (ii) a Member, in each case in clauses (b) and (c) above, under circumstances in which the holders of a majority in voting power of the outstanding Equity Securities, immediately prior to such transaction, own less than a majority in voting power of the outstanding Equity Securities or the surviving or resulting Person immediately following such transaction; *provided, however,* that a conversion from a limited liability company to a corporation shall not be deemed to be a Sale of the Company.

"Securities" means any form of common or preferred equity of any Person, including the Equity Securities (including warrants, rights, put and call options and other options relating thereto or any combination thereof, and any notes, bonds, debentures, trust receipts and other obligations, instruments or evidences of Indebtedness, choices in action, other property or interests commonly regarded as securities, interests in real property, whether improved or unimproved, and interests in personal property of all kinds, tangible or intangible (including cash and bank deposits).

"Securities Act" means the Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future law.

"Sellers' Counsel" has the meaning set forth in Section 8.4(b).

"Shortfall Amount" has the meaning set forth in Section 4.1(b)(iii).

"Subsequent Committee Meeting" has the meaning set forth in Section 5.5(a).

"Subsequent Meeting" has the meaning set forth in Section 5.7(a).

"Subsequent Member Meeting" has the meaning set forth in Section 6.2.

"Subscribing Members" has the meaning set forth in Section 9.4(a).

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (a) if a corporation, at least fifty percent (50%) of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (b) if a limited liability company, partnership, association or other business entity (other than a corporation), at least fifty percent (50%) of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity. For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"Tag-Along Notice" has the meaning set forth in Section 9.3(d).

"Tax" or "Taxes" means any federal, state, county, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties (civil or criminal) or additions to tax or additional amounts in respect of the foregoing.

"Tax Distribution" has the meaning set forth in Section 4.1(b)(vi).

"Tax Matters Member" means the Original Member.

"Taxable Year" means the tax year of the Company determined under Section 11.1.

"Transfer" means any sale, transfer, assignment, pledge, mortgage, exchange, grant of a security interest or other direct or indirect disposition or encumbrance of an interest (legal or beneficial) whether with or without consideration, whether voluntarily or involuntarily or by operation of law or the acts thereof. The terms "Transferee," "Transferred," and other forms of the word "Transfer" shall have correlative meanings.

"Treasury Regulations" means the income tax regulations promulgated under the Code and effective as of the date hereof.

"Triggering Event" means (i) the Board's failure to adopt, approve, implement and execute any Realization Event for any reason within ninety (90) days following delivery of a Realization Investor Notice or (ii) any action by the Board indicating its unwillingness to effect a Realization Event for any reason following delivery of a Realization Investor Notice (including failure to hire the Investment Bank within thirty (30) days following delivery of a Realization Investor Notice), as determined by the Class B Majority.

"True Science" means True Science Holdings, LLC, an Idaho limited liability company.

"Underwriters' Maximum Number" means, for any registration of Equity Securities under the Securities Act which is an underwritten offering pursuant to an effective registration statement, that number of Equity Securities (including the Units) to which such registration should, in the opinion of the managing underwriters of such registration in the light of marketing and other relevant factors (including pricing), be limited.

"Unit" means a unit of an Equity Owner or Transferee in the Company representing a fractional part of interests in Profits, Losses and Distributions of the Company held by all Equity Owners and Transferees and shall include Class F Units, Class E Units, Class D Units, Class C Units, Class B Units, Class A Units and Class P Units; *provided*, that any class, series or group of Units issued shall have relative rights, powers and duties set forth in this Agreement.

"Unpaid Class A Capital" means, on any date, with respect to any Class A Unit, an amount equal to the excess of (a) Class A Capital for such Class A Unit reduced (but not below zero dollars) by (b) the aggregate amount of all Distributions made by the Company with respect to such Class A Unit pursuant to Section 4.1(c)(ix).

"Unpaid Class B Capital" means, on any date, with respect to any Class B Unit, an amount equal to the excess of (a) the Class B Capital for such Class B Unit reduced (but not below zero) by (b) the aggregate amount of all Distributions made by the Company with respect to such Class B Unit pursuant to Section 4.1(c)(viii).

"Unpaid Class B Return" means, on any date, with respect to any Class B Unit, an amount equal to the excess, if any, of (a) the aggregate Class B Return accrued on such Class B Unit for all periods prior to the date of determination reduced (but not below zero) by (b) the aggregate amount of all prior Distributions with respect to such Class B Unit made by the Company pursuant to Sections 4.1(a)(vii) or 4.1(c)(vii).

"Unpaid Class C Capital" means, on any date, with respect to any Class C Unit, an amount equal to the excess of (a) the Class C Capital for such Class C Unit reduced (but not below zero) by (b) the aggregate amount of all Distributions made by the Company with respect to such Class C Unit pursuant to Section 4.1(c)(viii).

"Unpaid Class C Return" means, on any date, with respect to any Class C Unit, an amount equal to the excess, if any, of (a) the aggregate Class C Return accrued on such Class C Unit for all periods prior to the date of determination reduced (but not below zero) by (b) the aggregate amount of all prior Distributions with respect to such Class C Unit made by the Company pursuant to Sections 4.1(a)(vii) or 4.1(c)(vii).

"Unpaid Class D Capital" means, on any date, with respect to any Class D Unit, an amount equal to (x) the Class D Capital *minus* (y) any amounts distributed pursuant to Section 4.1(a)(vi) or Section 4.1(c)(vi).

"Unpaid Class D Return" means, on any date, with respect to any Class D Unit, an amount equal to the excess, if any, of (a) the aggregate Class D Return accrued or payable on such Class D Unit for all periods prior to the date of determination reduced (but not below zero) by (b) the aggregate amount of all prior Distributions with respect to such Class D Unit made by the Company pursuant to Sections 4.1(a)(v) or 4.1(c)(v).

"Unpaid Class E Capital" means, on any date, with respect to any Class E Unit, an amount equal to (x) the Class E Capital *minus* (y) any amounts distributed pursuant to Section 4.1(a)(iv) or Section 4.1(c)(iv).

"Unpaid Class E Return" means, on any date, with respect to any Class E Unit, an amount equal to the excess, if any, of (a) the aggregate Class E Return accrued or payable on such Class E Unit for all periods prior to the date of determination reduced (but not below zero) by (b) the aggregate amount of all prior Distributions with respect to such Class E Unit made by the Company pursuant to Sections 4.1(a)(iii) or 4.1(c)(iii).

"Unpaid Class F Capital" means, on any date, with respect to any Class F Unit, an amount equal to (x) the Class F Capital *minus* (y) any amounts distributed pursuant to Section 4.1(a)(ii) or 4.1(c)(ii).

"Unpaid Class F Return" means, on any date, with respect to any Class F Unit, an amount equal to the excess, if any, of (a) the aggregate Class F Return accrued or payable on such Class F Unit for all periods prior to the date of determination reduced (but not below zero) by (b) the aggregate amount of all prior Distributions with respect to such Class F Unit made by the Company pursuant to Sections 4.1(a)(i) or 4.1(c)(i).

"U.S. Bank Credit Agreement" means that certain Financing Agreement, dated as of December 27, 2012, by and among the Company, True Science, and U.S. Bank National Association as Agent, the Lenders from time to time party thereto, and the credit parties identified therein, as may be amended from time to time.

"Voting Majority" means Class A Members, Class B Members and Class C Members holding a majority of the then-outstanding combined Class A Units, Class B Units and Class C Units.

ARTICLE II
ORGANIZATIONAL MATTERS

2.1. Amendment and Restatement. The Members hereby amend and restate the Amended Agreement and continue that certain limited liability company governed thereby upon the terms and conditions set forth in this Agreement. The Equity Owners hereby execute this Agreement for the purposes of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act.

2.2. Certificate. The Certificate was filed with the Secretary of State of the State of Delaware. The Equity Owners hereby agree to execute, file and record all certificates and documents, including amendments to the Certificate, and to do such other acts as may be appropriate to comply with all requirements for the continuation and operation of the Company, the ownership of property and the conduct of business under the laws of the State of Delaware and any other jurisdiction in which the Company may own property or conduct business. The Board shall take any and all other actions reasonably necessary to maintain the status of the Company under the laws of the State of Delaware.

2.3. Name. The name of the limited liability company governed hereby shall be "True Science Delaware Holdings, LLC." The Board may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all Members. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Board. The Company shall hold all of its property in the name of the Company and not in the name of any Manager, officer of the Company or Member.

2.4. Purpose. The purpose and business of the Company shall be to engage in any lawful act or activity which may be conducted by a limited liability company formed pursuant to the Delaware Act and engaging in all activities necessary or incidental to the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company organized under the laws of the State of Delaware. Subject to the Delaware Act, the provisions of this Agreement (including requirements for approval set forth in Section 6.3) and the other agreements contemplated hereby: (a) the Company may, with the approval of the Board, enter into and perform under any and all documents, agreements and instruments, all without any further act, vote or approval of any Member; and (b) the Board may authorize any Person (including any Manager, Member or officer of the Company) to enter into and perform under any document, agreement or instrument on behalf of the Company.

2.5. Limited Liability Company Agreement. The Equity Owners hereby agree that during the term of the Company set forth in Section 2.7, the rights and obligations of the Equity Owners with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and, except where the Delaware Act provides that such rights and obligations specified in the Delaware Act shall apply "unless otherwise provided in a limited liability company agreement" or words of similar effect and such rights and obligations are not set forth in this Agreement, the Delaware Act; *provided*, that notwithstanding the foregoing, the rights under Section 18-210 of the Delaware Act ("Contractual Appraisal Rights") have not been elected and are not available to the Members; *provided, further*, that Section 18-305(a) of the Delaware Act ("Access to and Confidentiality of Information; Records") shall not apply to or be incorporated into this Agreement (it being understood that this proviso will not affect the obligations of the Company or the rights of the Members pursuant to Section 10.3).

2.6. Principal Office; Registered Office. The principal office of the Company shall be located at such place as the Board may from time to time designate, and all business and activities of the Company shall be deemed to have occurred at its principal office. The Company may maintain offices at such other place or places as the Board deems advisable. Notification of any such change in the location of the principal office of the Company shall be given to all Members. The address of the registered office of the Company in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by applicable law, and the registered agent for service of process on the Company in the State of Delaware at such registered office shall be the registered agent named in the Certificate or such Person or Persons as the Board may designate from time to time in the manner provided by applicable law.

2.7. Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in existence until termination and dissolution thereof in accordance with the provisions of Article XIII.

2.8. No State-Law Partnership. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. Nothing in this Section 2.8 shall control with respect to the income Tax treatment of the Company.

ARTICLE III
UNITS; CAPITAL CONTRIBUTIONS

3.1. Units.

(a) Each Equity Owner's interest in the Company shall be represented by the Units owned by such Equity Owner. No Units issued hereunder shall be Certificated Units unless otherwise determined by the Board. The Company may issue fractional Units. So long as any such Units are owned by or on behalf of the Company, such Units will not be considered outstanding for any purpose. All Class A Units (other than the Additional Class A Units), all Class B Units (including all Additional Class B Units), all Class C Units, all Class D Units, all Class E Units and all Class F Units are fully vested.

(b) The Additional Class A Units shall fully vest automatically and shall have the voting rights of Class A Units pursuant to this Agreement, without further act or deed of any other Person, immediately upon the occurrence of the Class B Hurdle.

(c) The Additional Class B Units are fully vested and have the voting rights of Class B Units pursuant to this Agreement.

3.2. Schedule of Equity Owners; Additional Capital Contributions.

(a) Each Class F Member listed on the Schedule of Equity Owners has received that number of Class F Units specified thereon with such Units being designated as Class F Units. Each Class E Member listed on the Schedule of Equity Owners has received that number of Class E Units specified thereon with such Units being designated as Class E Units. Each Class D Member listed on the Schedule of Equity Owners has received that number of Class D Units specified thereon with such Units being designated as Class D Units. Each Class C Member listed on the Schedule of Equity Owners has received that number of Class C Units specified thereon with such Units being designated as Class C Units. Each Class B Member listed on the Schedule of Equity Owners has received that number of Class B Units specified thereon with such Units being designated as Class B Units or Additional Class B Units. Each Class A Member listed on the Schedule of Equity Owners has received that number of Class A Units specified thereon with such Units being designated as Class A Units or Additional Class A Units. Each Class P Unit Holder listed on the Schedule of Equity Owners has received that number of Class P Units specified thereon (to the extent issued). The Capital Contribution attributable to each Unit is set forth on the Schedule of Equity Owners. As of the date hereof, no other Units are issued or outstanding. Any reference in this Agreement to the Schedule of Equity Owners shall be deemed a reference to the Schedule of Equity Owners as amended and in effect from time to time in accordance with this Agreement.

(b) No Member shall be required to make any additional Capital Contributions to the Company, except as otherwise required by a subsequent agreement entered into between the Company and such Member.

3.3. Issuance of Additional Units. Subject to compliance with Sections 6.3 and 9.4, and except as otherwise expressly provided in this Agreement, the Board shall have the right to cause the Company to create and/or issue: (a) additional Units or other interests in the Company (including Class P Units pursuant to Section 3.9 or other classes, groups or series thereof having different rights, powers and/or obligations); (b) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable into Units or other

Equity Securities in the Company; and (c) warrants, options or other rights to purchase or otherwise acquire Units or other interests in the Company (collectively, "Additional Equity Securities"). In such event, subject to compliance with Sections 6.3 and 9.4: (i) all Equity Owners shall be diluted in an equal manner with respect to such issuance, subject to differences in rights and preferences of different classes, groups and series of Equity Securities; and (ii) the Board shall have the power to amend this Agreement and/or the Schedule of Equity Owners to reflect such additional issuances and dilution and to make any such other amendments as it deems necessary or desirable to reflect such additional issuances (including amending this Agreement to increase the number of Equity Securities of any class, group or series, to create and authorize a new class, group or series of Equity Securities and to add the terms of such new class, group or series including economic and governance rights which may be different from, senior to or more favorable than the other existing Equity Securities).

3.4. New Members. Subject to compliance with the terms and conditions herein (including Article IX), any Person who acquires Equity Securities from the Company may be admitted to the Company as a Member. After the date hereof, except with respect to Class P Units, each Person who acquires Units shall in exchange for such Units make a Capital Contribution to the Company.

3.5. Capital Accounts. A separate capital account (each, a "Capital Account") for each Equity Owner shall be established on the Books and Records of the Company in compliance with Section 704(b) of the Code and the Treasury Regulations. The Capital Account of each Equity Owner as of the date hereof is set forth on Exhibit A. This Section 3.5 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulation.

3.6. Negative Capital Accounts. No Equity Owner shall be required to pay to any other Equity Owner or the Company any deficit or negative balance which may exist from time to time in such Equity Owner's Capital Account (including upon and after dissolution of the Company).

3.7. No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contributions, or Capital Account or to receive any Distribution from the Company, except as expressly provided herein.

3.8. Loans From Equity Owners. Loans by Equity Owners to the Company shall not be considered Capital Contributions unless otherwise agreed to by the Board. If any Equity Owner shall loan funds to the Company in excess of the amounts required hereunder to be contributed by such Equity Owner to the capital of the Company, the making of such loans shall not result in any increase in the amount of the Capital Account of such Equity Owner. The amount of any such loans shall be a debt of the Company to such Equity Owner and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.

3.9. Class P Units.

(a) Subject to compliance with Section 6.3, the Board shall have the right to cause the Company to issue Class P Units to (x) an employee of, (y) consultant to or (z) Independent Manager of, the Company or any Subsidiary in exchange for services performed or to be performed for the Company or one of its Subsidiaries by such Person, rather than in exchange for Capital Contributions made to the Company by such Person.

(b) The Company shall issue each Class P Unit pursuant to and in accordance with a grant agreement (each such agreement, a "Class P Unit Grant Agreement"), approved by the Board, between the Company and the recipient of such Class P Unit. Each Class P Unit Grant Agreement may provide for, among other matters, the vesting and forfeiture of, transfer restrictions relating to, or repurchase by the Company of, such Class P Unit.

(c) At the time of its issuance, the Company shall determine and record on the Schedule of Equity Owners and in the applicable Class P Unit Grant Agreement the initial Participation Threshold of such Class P Unit.

(d) Unless otherwise provided in the Class P Unit Grant Agreement, no Class P Unit shall be entitled to receive any Distributions under Article IV (other than Tax Distributions provided for in Section 4.1(b)) until such Class P Unit is fully vested, and no unvested Class P Unit that is not entitled to share in a Distribution under Section 4.1(a) or Section 4.1(c) shall, unless otherwise determined by the Board, be included for purposes of determining the Participation Thresholds of any newly issued Class P Units or In-the-Money Class P Units with respect to any Distribution.

(e) A Person shall be awarded the Class P Units and, to the extent not already a Class P Unit Holder, shall become a Class P Unit Holder of the Company, upon the execution of the Class P Unit Grant Agreement and the Joinder Agreement and, if any Class P Units are unvested on grant, the timely filing of an election under Code Section 83(b) with respect to such Class P Unit.

(f) Notwithstanding anything to the contrary contained herein or in any Class P Unit Grant Agreement, all Class P Units outstanding on the date hereof shall be adjusted so that the applicable Participation Threshold is equal to $0. Any Class P Units issued after the date hereof shall require a capital contribution (paid in cash or a fully recourse note) of the prospective Class P Unit Holder equal to the amount that would be distributed with respect to an equal number of Class A Units pursuant to Section 4.1(c) if the Company sold its assets at the then Fair Market Value (as determined in good faith by the Board), repaid its liabilities in accordance with their terms, and distributed any remaining proceeds under Section 4.1(c); *provided* that such amount shall not be less than $0.

ARTICLE IV
DISTRIBUTIONS AND ALLOCATIONS

4.1. Distributions Generally.

(a) Subject to the provisions of this Article IV and Section 6.3, the Board shall have the authority to determine the timing and the aggregate amount of any Distributions to the Equity Owners. Other than with respect to Tax Distributions and distributions under Section 4.1(c) and Section 13.2, the Company, with the written consent of the Class B/C Majority, shall make all Distributions to the Equity Owners as follows (with each determination made as of the time of the Distribution):

(i) First, to each Class F Member, *pro rata* in accordance with such Member's aggregate Unpaid Class F Return, until the Unpaid Class F Return with respect to each Class F Unit has been reduced to zero;

(ii) Second, to each Class F Member, *pro rata* in accordance with such Member's Class F Percentage, until the Unpaid Class F Capital with respect to each Class F Unit has been reduced to zero;

(iii) Third, to each Class E Member, *pro rata* in accordance with such Member's aggregate Unpaid Class E Return, until the Unpaid Class E Return with respect to each Class E Unit has been reduced to zero;

(iv) Fourth, to each Class E Member, *pro rata* in accordance with such Member's Class E Percentage, until the Unpaid Class E Capital with respect to each Class E Unit has been reduced to zero;

(v) Fifth, to each Class D Member, *pro rata* in accordance with such Member's aggregate Unpaid Class D Return, until the Unpaid Class D Return with respect to each Class D Unit has been reduced to zero;

(vi) Sixth, to each Class D Member, *pro rata* in accordance with such Member's Class D Percentage, until the Unpaid Class D Capital with respect to each Class D Unit has been reduced to zero;

(vii) Seventh, to each Class B Member and Class C Member, *pro rata* in accordance with such Member's Unpaid Class B Return and Unpaid Class C Return, until the Unpaid Class B Return with respect to each Class B Unit and the Unpaid Class C Return with respect to each Class C Unit has been reduced to zero;

(viii) Eighth, to each Class A Member, *pro rata* in accordance with such Member's Class A Percentage, until the amount of Distributions under this Section 4.1(a)(viii) for a Fiscal Year equals the amount of cash previously distributed under Section 4.1(a)(vii) during the same Fiscal Year;

(ix) Ninth, the remaining amount available for Distribution shall be distributed as follows:

A. To each Member holding Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and/or Class F Units, an amount equal to (1) the Grossed-Up Distribution Amount *divided by* (2) the aggregate number of Class A Units, Class B Units, in each case after taking into account the vesting of any Additional Class A Units under Section 3.1(b) and the vesting of all of the Additional Class B Units under Section 3.1(c), Class C Units, Class D Units Class E Units, Class F Units and In-the-Money Class P Units, in each case outstanding as of the date of the applicable Distribution *multiplied by* (3) the aggregate number of Class A and/or Class B Units (in each case after taking into account the vesting of any Additional Class A Units under Section 3.1(b) and the vesting of all of the Additional Class B Units under Section 3.1(c)), Class C Units, Class D Units, Class E Units and Class F Units held by such Member to the extent applicable.

B. To each Equity Owner holding In-the-Money Class P Units, an amount equal to (1)(i) the Grossed-Up Distribution Amount *divided by* (ii) the aggregate number of Class A Units and Class B Units (in each case after taking into account the vesting of any Additional Class A Units under Section 3.1(b) and the vesting of all of the Additional Class B Units under Section 3.1(c)), Class C Units, Class D Units, Class E Units, Class F Units and In-the-Money Class P Units, in each case outstanding as of the date of the applicable Distribution *multiplied by* (iii) the number of In-the-Money Class P Units held by such Equity Owner *less* (2) the aggregate Participation Threshold (as determined immediately prior to the Distribution) with respect to the In-the-Money Class P Units held by such Equity Owner;

For the avoidance of doubt and notwithstanding anything to the contrary, no Distribution may be made in respect of Section 4.1(a)(viii) or (ix) while there is any Unpaid Class B Return or any Unpaid Class C Return or Unpaid Class D Return or Unpaid Class E Return or Unpaid Class F Return.

(b) Tax Distributions.

(i) Notwithstanding the provisions of Section 4.1(a) and 4.1(c), the Company shall, in accordance with this Section 4.1(b), make Distributions for each Fiscal Year such that each Equity Owner has received an amount of cash that is equal to (a) the Net Taxable Income of such Equity Owner for such Fiscal Year *multiplied by* (b) the Applicable Tax Rate (the "Required Tax Distribution Amount"); *provided*, *however*, that, for a Fiscal Year in which there is a Sale of the Company, the Required Tax Distribution Amount shall be limited to Estimated Tax Distributions made during such Fiscal Year prior to the Sale of the Company. The Required Tax Distribution Amount of any Equity Owner for a Fiscal Year shall be appropriately adjusted to reflect any Tax credits (or Tax credits recapture) relating to the Company or any of its Subsidiaries allocated to such Equity Owner for such Fiscal Year under this Agreement, the Code or other applicable Tax law.

(ii) The Company shall estimate the Required Tax Distribution Amount for each Equity Owner for each Fiscal Year and such estimates shall be made assuming no Sale of the Company shall occur during the Fiscal Year (the estimated amounts distributed shall be referred to as the "Estimated Tax Distributions"). The Company shall make Estimated Tax Distributions at any time or times reasonably determined by the Board; *provided*, that for each Fiscal Year that is twelve (12) months, the Company shall distribute to each Equity Owner one quarter of each Equity Owner's Estimated Tax Distribution for such Fiscal Year on or about April 1, June 1, September 1 and December 15 of such Fiscal Year. If based on the estimates provided for under Section 11.2, it is anticipated that an Equity Owner shall have a Shortfall Amount, the Company shall make a further Distribution to such Equity Owner on or about the date the estimate is required to be provided under Section 11.2 equal to the estimated Shortfall Amount. Distributions under the immediately preceding sentence shall be treated as an Estimated Tax Distribution for the Fiscal Year with respect to the estimates.

(iii) If, based on the items shown on the IRS Form(s) K-1 for any Equity Owner for a Fiscal Year or on actual Applicable Tax Rates, the Required Tax Distribution Amount for such Equity Owner for such Fiscal Year is greater than the Estimated Tax Distributions (computed without regard to the application of Excess Amounts) such Equity Owner received for such Fiscal Year (the amount by which the Required Tax Distribution Amount exceeds the Estimated Tax Distributions shall be referred to as the "Shortfall Amount"), the Company shall distribute to such Equity Owner (and to all other Equity Owners with a Shortfall Amount, *pro rata* in accordance with their Shortfall Amounts) an amount of cash equal to such Equity Owner's Shortfall Amount. If, based on the items shown on the IRS Form(s) K-1 for any Equity Owner for a Fiscal Year or on actual Applicable Tax Rates, the Required Tax Distribution Amount for such Equity Owner for such Fiscal Year is less than the Estimated Tax Distributions (computed without regard to the application of Excess Amounts) such Equity Owner received for such Fiscal Year (the amount by which the Required Tax Distribution Amount is less than the Estimated Tax Distributions shall be referred to as the "Excess Amount"), subsequent Estimated Tax Distributions shall be reduced until the amount of reductions equals such Excess Amount.

(iv) If at the time of a Sale of the Company any Equity Owner has a Shortfall Amount (including for the Fiscal Year of the Sale of the Company) with respect to which Distributions have not been made, the amount of proceeds from the Sale of the Company shall, prior to any Distributions under Section 4.1(c), be distributed among the Equity Owners, *pro rata* in accordance with the Shortfall Amounts, until each Equity Owner has received a Distribution equal to its Shortfall Amount. If at the time of a Sale of the Company an Equity Owner has an Excess Amount (including for the Fiscal Year of the Sale of the Company), such Excess Amount shall appropriately reduce proceeds payable to such Equity Owner on a dollar for dollar basis. If at the time of a Sale of the Company, the Company does not have all of the necessary information to determine an Equity Owner's Shortfall Amount or Excess Amounts, the Company and the Equity Owners shall cooperate in good faith to estimate such amounts and to agree to subsequent adjustments once the necessary information to compute the actual Shortfall Amount and Excess Amounts is available.

(v) The Company shall (A) at the times reasonably requested by an Eos Member or a Highland Member, make a Distribution to such Eos Member or such Highland Member, as the case may be, equal to any reasonable out of pocket expenses that such Eos Member or such Highland Member, as the case may be, is required to pay to maintain its corporate existence (or to otherwise operate); and (B) at the times reasonably requested by an Equity Owner, make a Distribution to such Equity Owner in an amount equal to such Tax penalties or interest that such Equity Owner incurs (other than interest or penalties that result from such Equity Owner's delay or failure to file a Tax return or to use Tax Distributions to timely pay a Tax that such Equity Owner was informed it was required to file based on the information it was actually provided under Section 11.2, except to the extent such delay or failure is attributable to not receiving a Tax Distribution that is timely or sufficient to allow such Equity Owner to timely pay its Tax obligations (including estimated Taxes) as required pursuant to applicable Tax laws).

(vi) Any Distributions actually made to an Equity Owner under this Section 4.1(b) shall be referred to as a "Tax Distribution." The amount of Tax Distributions received by an Equity Owner shall not be treated as an advance with respect to (or otherwise affect) the right to receive Distributions by any Equity Owner under Sections 4.1(a) or 4.1(c).

(vii) In addition to obtaining the approval required under Section 16.1, no amendment shall be made to this Section 4.1(b) or 4.1(e) without the prior written consent of the Class B Majority.

(c) Realization Event Distributions; Other Operating Distributions. Notwithstanding the provisions of Sections 4.1(a) and 4.1(b), the Company shall, in accordance with this Section 4.1(c), make Distributions as follows (A) upon the consummation of a Realization Event or (B) at such other times as determined by the Board, if the Class B/C Majority does not consent to Distributions being made pursuant to Section 4.1(a):

(i) First, to each Class F Member, *pro rata* in accordance with such Member's aggregate Unpaid Class F Return, until the Unpaid Class F Return with respect to each Class F Unit has been reduced to zero;

(ii) Second, to each Class F Member, *pro rata* in accordance with such Member's Class F Percentage, until the Unpaid Class F Capital with respect to each Class F Unit has been reduced to zero;

(iii) Third, to each Class E Member, *pro rata* in accordance with such Member's aggregate Unpaid Class E Return, until the Unpaid Class E Return with respect to each Class E Unit has been reduced to zero;

(iv) Fourth, to each Class E Member, *pro rata* in accordance with such Member's Class E Percentage, until the Unpaid Class E Capital with respect to each Class E Unit has been reduced to zero;

(v) Fifth, to each Class D Member, *pro rata* in accordance with such Member's aggregate Unpaid Class D Return, until the Unpaid Class D Return with respect to each Class D Unit has been reduced to zero;

(vi) Sixth, to each Class D Member, *pro rata* in accordance with such Member's Class D Percentage, until the Unpaid Class D Capital with respect to each Class D Unit has been reduced to zero;

(vii) Seventh, to each Class B Member and Class C Member, *pro rata* in accordance with such Member's Unpaid Class B Return and Unpaid Class C Return, until the Unpaid Class B Return with respect to each Class B Unit and the Unpaid Class C Return with respect to each Class C Unit has been reduced to zero;

(viii) Eighth, to each Class B Member and Class C Member, *pro rata* in accordance with such Member's Class B/C Percentage, until the Unpaid Class B Capital with respect to each Class B Unit and the Unpaid Class C Capital with respect to each Class C Unit has been reduced to zero;

(ix) Ninth, to each Class A Member, Class D Member, Class E Member, Class F Member and Class P Unit Holder, *pro rata* in accordance with such Member's Class A/D/E/F/P Percentage, until the Unpaid Class A Capital with respect to each Class A Unit is reduced to zero;

(x) Tenth, the remaining amount available for Distribution shall be distributed as follows:

A. To each Member holding Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and/or Class F Units, an amount equal to (1) the Grossed-Up Distribution Amount *divided by* (2) the aggregate number of Class A Units and Class B Units (in each case after taking into account the vesting of any Additional Class A Units under Section 3.1(b) and the vesting of all of the Additional Class B Units under Section 3.1(c)), Class C Units, Class D Units, Class E Units, Class F Units and In-the-Money Class P Units, in each case outstanding as of the date of the applicable Distribution *multiplied by* (3) the number of Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and/or Class F Units held by such Member.

B. To each Equity Owner holding In-the-Money Class P Units, an amount equal to (1)(i) the Grossed-Up Distribution Amount *divided by* (ii) the aggregate number of Class A Units and Class B Units (in each case after taking into account the vesting of any Additional Class A Units under Section 3.1(b) and the vesting of all of the Additional Class B Units under Section 3.1(c)), Class C Units, Class D Units, Class E Units, Class F Units and In-the-Money Class P Units, in each case outstanding as of the date of the applicable Distribution *multiplied by* (iii) the number of In-the-Money Class P Units held by such Equity Owner *less* (2) the aggregate Participation Threshold (as determined immediately prior to the Distribution) with respect to the In-the-Money Class P Units held by such Equity Owner;

For the avoidance of doubt and notwithstanding anything to the contrary, no Distribution may be made in respect of Sections 4.1(c)(ix) or (x) while there is any Unpaid Class B Return or Unpaid Class B Capital or any Unpaid Class C Return or Unpaid Class C Capital or Unpaid Class D Return or Unpaid Class D Capital or Unpaid Class E Return or Unpaid Class E Capital or Unpaid Class F Return and Unpaid Class F Capital.

For avoidance of doubt, to the extent that the Realization Event also constitutes a sale of assets in connection with the liquidation of the Company governed by Section 13.2, the provisions of Section 13.2 shall control how proceeds are distributed among the various Equity Owners.

(d) Certain Adjustments on Achievement of Class B Hurdle. If the Class B Hurdle is satisfied, the Additional Class A Units shall vest and each future Distribution made under Section 4.1(a)(ix) and 4.1(c)(x) after the Class B Hurdle is satisfied will be computed taking into account the Additional Class A Units.

(e) Designation of Distributions. To the extent that the Company makes a Distribution (other than with respect to a Realization Event) under this Agreement, the Company shall designate such Distribution as being made under Section 4.1(a) or Section 4.1(b); *provided*, that the Company shall not designate a Distribution as being made under Section 4.1(a) for any Fiscal Year until each Equity Owner has received for such Fiscal Year

all Distributions required under Section 4.1(b). For avoidance of doubt, for a year including a Sale of the Company, the designation of a Distribution as an Estimated Tax Distribution shall be binding for all purposes provided such Estimated Tax Distributions were computed in good faith and made in accordance with past practice of the Company.

(f) Distributions In Kind. The Company may make Distributions in property other than United States dollars. For all purposes of maintaining Capital Accounts, (i) any property (other than United States dollars) distributed in kind to one or more Equity Owners shall be deemed sold for cash (denominated in United States dollars) equal to its Fair Market Value (net of any relevant liabilities secured by such property) and (ii) subject to Section 4.1(a), (b) and (c), any unrealized Profit or Loss inherent in such property shall be treated as recognized gain or loss for purposes of determining Profits and Losses of the Company for the Taxable Year of the Distribution.

(g) Draws. To the extent an Equity Owner would be distributed, during a Fiscal Year, an amount in excess of the maximum amount which could be distributed to an Equity Owner without causing the Equity Owner otherwise to recognize gain under Code Section 731(a), such distribution shall, to the extent possible pursuant to Treasury Regulation Section 1.731-1(a)(1)(ii), be treated as an advance or draw against such Equity Owner's allocation of Profits (or items of income or gain) for the Fiscal Year in which the Distribution is made.

(h) Withholding Taxes. If the Company is required by law to pay any Tax that is specifically attributable to any Equity Owner (or direct or indirect shareholder, member, or other owner of such Equity Owner), including withholding Taxes, and state unincorporated business Taxes, then such Equity Owner shall indemnify and reimburse the Company for such Tax (and any related interest and penalties). The Company may offset Distributions (including Tax Distributions) and other amounts which any Equity Owner is otherwise entitled to receive under this Agreement against an Equity Owner's indemnification obligations under this Section 4.1(h) and, to the extent offset, such amount shall for all purposes of this Agreement (other than as necessary to properly maintain Capital Accounts or to properly determine the allocations of Profits and Losses) be treated as distributed or otherwise paid to such Equity Owner for all purposes of this Agreement. An Equity Owner's obligation to pay or indemnify for a Tax (and related interest and penalties) shall survive the Equity Owner selling or otherwise disposing of its interest in the Company and the termination, dissolution, liquidation, or winding up of the Company. Any indemnity or payment pursuant to this Section 4.1(h) shall not be treated as a Capital Contribution but shall, to the extent necessary to properly maintain Capital Accounts, increase an Equity Owner's Capital Account.

(i) Limitations on Distributions. Notwithstanding any other provision of this Section 4.1, (i) no Distribution (including a Tax Distribution) shall be made if it would violate any law, rule, regulation, order or directive of any Governmental Authority then applicable to the Company and (ii) no Distribution (other than a Tax Distribution) shall be made if, following the Distribution, the Company and its Subsidiaries would not have sufficient cash to operate in the ordinary course of business or such Distribution otherwise would jeopardize its ability to satisfy any obligation or liability of the Company or such Subsidiary to a third party.

(j) No Limitation On Other Provisions. Nothing in this Section 4.1 shall preclude the Company from making: (i) "guaranteed payments" to Equity Owners that provide services to the Company in exchange for such services in the ordinary course of business consistent with past practices; (ii) redeeming any Unit; (iii) reimbursing an Equity Owner for expenses incurred on behalf of the Company or otherwise indemnifying an Equity Owner as provided for in this Agreement; or (iv) otherwise making a payment to any Equity Owner that does not constitute a Distribution.

(k) Catch-Up Tax Distribution. No later than ninety (90) days following the last date of a Taxable Year of the Company (other than a Taxable Year including or following a Liquidity Event) or, if a Liquidity Event is to occur within such ninety (90) day period, no later than the day immediately prior to such Liquidity Event, the Company shall make a Distribution to the Original Member equal to the Catch-Up Tax Distribution. Any Catch-Up Tax Distributions shall be treated as an advance on (and, without duplication, subsequently reduce) amounts otherwise distributable to the Original Member under Section 4.1(a), Section 4.1(c), or Section 13.6.

4.2. Allocations of Profits and Losses.

(a) Subject to, and after the application of, the allocation rules in Section 4.3 and 4.4, Profits and Losses, or items thereof, for a Taxable Year (or other relevant period), other than a Taxable Year (or other relevant period) in which the Company makes a liquidating Distribution under Section 13.2, shall be allocated among the Equity Owners for such Taxable Year (or other relevant period) so as to produce, as nearly as possible, an Adjusted Capital Account balance for each Equity Owner (determined without regard to reductions for distributions made to the Equity Owner during the Taxable Year (or other relevant period)) equal to the following:

(i) the sum of the cash and Fair Market Value of property actually distributed to the Equity Owner under Section 4.1(a)(i), (iii), (v), (vii) and (viii) within such Taxable Year (or other relevant period), plus

(ii) the sum of any other cash and the Fair Market Value of other property actually distributed to the Equity Owner under Section 4.1(a)(ix), plus

(iii) the hypothetical cash that would be distributed to such Equity Owner (or contributed by such Equity Owners) if (1) each of the Company's assets were sold for an amount of hypothetical cash equal to the sum of (A) the Gross Asset Values of the assets at the end of such Taxable Year (or other relevant period), plus (B) the aggregate Company Minimum Gain and Member Nonrecourse Debt Minimum Gain at the end of such Taxable Year (or other relevant period); (2) the Company paid all of its liabilities in accordance with their terms up to the amount of the hypothetical cash; and (3) the remaining hypothetical cash from such deemed sale were immediately distributed under Section 4.1(c)(ii), (iv), (vi), (viii), (ix) and (x).

(b) Subject to, and after the application of, the allocation rules in Section 4.3 and 4.4, Profits and Losses, or items thereof, for a Taxable Year (or other relevant period), in which the Company makes a distribution under Section 13.2 (including Profit and Loss, and items thereof, resulting from the write up or down of any assets or upon the sale of disposition in connection with, or in anticipation of, such liquidation) shall be allocated among the Equity

Owners for such Taxable Year (or other relevant period) so as to produce, as nearly as possible, an Adjusted Capital Account balance for each Equity Owner (determined without regard to reductions for distributions made to the Equity Owner during the Taxable Year (or other relevant period)) equal to the following:

(i) the sum of the cash and Fair Market Value of property actually distributed to the Equity Owner within such Taxable Year (or other relevant period), plus

(ii) the hypothetical cash that would be distributed to such Equity Owner (or contributed by such Equity Owners) if (1) each of the Company's assets were sold for an amount of hypothetical cash equal to the sum of (A) the Gross Asset Values of the assets at the end of such Taxable Year (or other relevant period), plus (B) the aggregate Company Minimum Gain and Member Nonrecourse Debt Minimum Gain at the end of such Taxable Year (or other relevant period); (2) the Company paid all of its liabilities in accordance with their terms up to the amount of the hypothetical cash; and (3) the remaining hypothetical cash from such deemed sale were immediately distributed under Section 4.1(c).

The intent of this Section 4.2(b) is that each Equity Owner's positive balance in each Member's Capital Account (after taking into account the allocations of Profit or Loss, or items thereof) is as close as possible to the balance a Member would have if each Member's Capital Account were equal to the amount it would be entitled to if liquidating distributions under Section 13.2 were made in accordance with Section 4.1(c) and shall be interpreted consistently with such intent.

4.3. Special Allocations. Any allocation pursuant to Section 4.2 will, however, be subject to any adjustment required to comply with Treasury Regulation Sections 1.704-1 and 1.704-2, including the following adjustments and special allocations which shall be made in the following order of priority and prior to any allocation under Section 4.2:

(a) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(f), notwithstanding any other provision of this Article IV, if there is a net decrease in Company Minimum Gain during any Taxable Year (or other relevant period), each Equity Owner shall be specifically allocated items of Company income and gain for such Taxable Year (or other relevant period) (and, if necessary, subsequent Taxable Year (or other relevant period)) in an amount equal to such Equity Owner's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Equity Owner in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 4.3(a) is intended to comply with the minimum gain chargeback requirements in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), notwithstanding any other provision of this Article IV, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Taxable Year (or other relevant period), each Equity Owner who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(5), shall be specifically allocated items of Company income and gain for such

Taxable Year (or other relevant period) (and, if necessary, subsequent Taxable Year (or other relevant period)) in an amount equal to such Equity Owner's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Equity Owner pursuant thereto. The items to be allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 4.3(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. If any Equity Owner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-l(b)(2)(ii)(d)(4), (5) or (6) resulting in, or increasing, an Adjusted Capital Account Deficit for such Equity Owner, items of Company income and gain shall be specially allocated to each such Equity Owner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Equity Owner as quickly as possible; *provided*, that an allocation pursuant to this Section 4.3(c) shall be made only if and to the extent that such Equity Owner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.3(c) were not in this Agreement.

(d) Gross Income Allocation. In addition, if any Equity Owner has an Adjusted Capital Account Deficit at the end of any Taxable Year (or other relevant period), each such Equity Owner shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible; *provided;* that an allocation pursuant to this Section 4.3(d) shall be made only if and to the extent that such Equity Owner would have an Adjusted Capital Account Deficit in excess of such sum after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.3(d) were not in this Agreement.

(e) Stop Loss. Notwithstanding the foregoing provisions of Section 4.2, the Losses (or items of expense or deduction or loss) allocated pursuant to Section 4.2 shall not exceed the maximum amount that can be so allocated without causing any Equity Owner to have an Adjusted Capital Account Deficit at the end of any Taxable Year (or other relevant period). In the event some but not all of the Equity Owners would have an Adjusted Capital Account Deficit as a consequence of an allocation of Losses pursuant to Section 4.2, the limitation set forth in this Section 4.3(e) shall be applied on an Equity Owner by Equity Owner basis so as to allocate the maximum permissible Losses to each Equity Owner under Treasury Regulation Section 1.704-1(b)(2)(ii)(d). All Losses (or items of expense or deduction or loss) in excess of the limitation set forth in this Section 4.3(e) shall be allocated to other Equity Owners in accordance with the positive balances in such Equity Owners' Adjusted Capital Accounts so as to allocate the maximum permissible Losses to each Equity Owner under Treasury Regulation Section 1.704-1(b)(2)(ii)(d).

(f) Nonrecourse Deductions. Nonrecourse Deductions for any Taxable Year (or other relevant period) shall be specially allocated in a manner permitted under Treasury Regulation Section 1.704-2(e) and selected by the Board.

(g) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Taxable Year (or other relevant period) shall be specially allocated to the Equity Owners in accordance with Treasury Regulation Section 1.704-2(i).

(h) Section 754 Adjustments. Items of income, gain, loss, and deductions shall be specifically allocated to the Equity Owners to comply with Treasury Regulation Section 1.704-l(b)(2)(iv)(m).

(i) Regulatory Allocations. The allocations set forth in Sections 4.3(a), 4.3(b), 4.3(c), 4.3(d), 4.3(e), 4.3(f), 4.3(g) and 4.3(h) (collectively, the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the parties to this Agreement that, to the extent possible, all Regulatory Allocations will be offset in the current Taxable Year or future Taxable Years either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.3(i).

4.4. Other Allocation Rules.

(a) In the event Members are admitted to the Company pursuant to this Agreement or Equity Owners receive Units on different dates, the Company items of income, gain, loss, deduction and credit allocated to the Equity Owners for each Taxable Year during which Members are so admitted and Equity Owners receive Units shall be allocated among the Equity Owners in proportion to their respective interests during such Taxable Year using any reasonable convention permitted by Section 706 of the Code and selected by the Board.

(b) In the event an Equity Owner transfers its Units during a Taxable Year, the allocation of Company items of income, gain, loss, deduction and credit allocated to such Equity Owner and its transferee for such Taxable Year shall be made between such Equity Owner and its transferee in accordance with Section 706 of the Code using any reasonable convention permitted by Section 706 of the Code and selected by the Board.

(c) If, and to the extent that, any Equity Owner is deemed to recognize any item of income, gain, deduction, or loss as a result of any transaction between the Equity Owner and the Company pursuant to Sections 83, 482 or 7872 of the Code, or a similar provision now or hereafter in effect, the Company shall use reasonable efforts to allocate the corresponding item of Profit or Loss to the Equity Owner who recognizes such item in order to reflect the Equity Owner's economic interest in the Company.

(d) For purposes of determining the allocations under this Article IV, all outstanding Class P Units shall be treated as vested and as having the right to share in any distribution under Section 4.1.

4.5. Tax Allocations; Code Section 704(c).

(a) Except as otherwise provided in this Section 4.5, all items of Company income, gain, loss and deduction for income tax purposes shall be allocated among the Equity Owners in the same manner as they share correlative items of Profit and Loss for the relevant Taxable Year (or other period).

(b) In accordance with Code Section 704(c) and the Treasury Regulations, items of income, gain, loss and deduction with respect to any property of the Company shall, solely for income Tax purposes, be allocated among the Equity Owners so as to take account of any variation between the adjusted tax basis of such property and its initial Gross Asset Value.

(c) If any portion of gain recognized from the disposition of assets by the Company represents the "recapture" of previously allocated deductions by virtue of the application of Code Section 1245 or 1250 (the "Recapture Gain"), such Recapture Gain shall be allocated, solely for income Tax purposes in accordance with Treasury Regulation Sections 1.1245-1(e)(2) and (3) and 1.1250-1(f).

(d) Tax credits and Tax credit recapture shall be allocated among the Equity Owners in accordance with any reasonable method selected by the Board that is permitted by applicable Tax laws.

(e) Unless otherwise provided in this Section 4.5, any elections or other decisions relating to allocations for income Tax purposes, including selecting any allocation method under Treasury Regulation Section 1.704-3, shall be made by the Board; *provided*, that the Board shall cause the Company to use the "traditional method" as defined in Treasury Regulation Section 1.704-3(b) for purposes of the application of Code Section 704(c) to the difference as of the date hereof between the Gross Asset Value of any of the Company's or Subsidiary's assets and the adjusted tax basis.

(f) Allocations pursuant to this Section 4.5 are solely for income Tax purposes and shall not affect or in any way be taken into account in computing any Equity Owner's Capital Account.

4.6. Allocations of Liabilities. The liabilities of the Company shall be allocated to the Equity Owners in any manner permitted under Code Section 752 and Treasury Regulation promulgated thereunder and as selected by the Board.

4.7. Compliance with Tax Laws. The allocation rules set forth in Sections 4.2, 4.3, 4.4, 4.5 and 4.6 are intended to comply with the Code and Treasury Regulations and to ensure that all allocations under this Article IV are respected for United States federal income tax purposes. Subject to the following sentence, if for any reason the Board determines that any provision of Section 4.2, 4.3, 4.4, 4.5 or 4.6 does not comply with the Code or Treasury Regulations or that any of the allocations under Article IV may not be respected for United States federal income tax purposes or that the provisions of Section 4.2, 4.3, 4.4, 4.5, or 4.6 are inconsistent with the intent of Section 4.2(b), the Board shall take all reasonable actions, including amending this Article IV or adjusting an Equity Owner's Capital Account or how Capital Accounts are maintained, in each case, in a manner consistent with the Code or Treasury Regulations, to ensure compliance with the Code and Treasury Regulations and that the allocations provided for in this Article IV shall be respected for United States federal income tax purposes and that the intent of Section 4.2(b) is satisfied. Nothing in this Section 4.7 shall permit any changes to provisions that determine how amounts are to be distributed or otherwise paid to the Equity Owners under this Agreement.

ARTICLE V
MANAGEMENT

5.1. Management by the Board. In managing the business and affairs of the Company and exercising their powers, the Managers shall be members of and shall act as a Board of Managers (the "Board"). The Board may act (a) through meetings and written consents pursuant to Sections 5.7 and 5.8, (b) through committees pursuant to Section 5.5 and (c) through any Manager or other individuals to whom authority and duties have been delegated pursuant to Section 5.11.

5.2. Authority of the Board. Subject to any approval of the Members or any specific Member(s) or Manager(s) required by the terms of this Agreement (including Section 6.3), which approval(s) shall be in addition to Board approval, and further subject to the provisions of this Article V, the Board shall have the exclusive and complete charge of the management of the Company.

5.3. Number; Board Composition.

(a) Subject to Sections 5.3(b) and 6.3, the Board may set the number of Managers to serve thereon. The Board shall initially consist of seven (7) Managers; provided, that ECP IV shall have the right to expand the Board and nominate an individual to the Board if, upon a Triggering Event, there is only one Eos Manager on the Board (the "Board Expansion Option").

(b) As of the date hereof, the Board shall be comprised as follows:

(i) ECP IV Entity shall be entitled, subject to the Board Expansion Option and Section 5.3(b)(ii): (1) to nominate one (1) individual to the Board (the "Eos Manager") until his or her successor is elected and qualified; (2) to nominate each successor to any Eos Manager; and (3) to direct the removal from the Board of any individual nominated under the foregoing clauses (1) or (2); the Eos Manager shall initially be Mark L. First;

(ii) so long as any of the Highland Members or any member of a Highland Members' Group collectively beneficially own at least twenty percent (20%) of the Class B Units held collectively by the Highland Members as of the Original Closing Date, Highland Consumer Fund I-B shall be entitled: (1) to nominate one (1) individual to the Board (the "Highland Manager") until his or her successor is elected and qualified; (2) to nominate each successor to the Highland Manager; and (3) to direct the removal from the Board of any individual nominated under the foregoing clauses (1) or (2); the Highland Manager shall initially be David L. Krauser; *provided, however,* that, if, at any time, the Highland Members or any member of a Highland Members' Group collectively cease to own at least twenty percent (20%) of the Class B Units collectively held by the Highland Members as of the Original Closing Date, the right of Highland Consumer Fund I-B under this Section 5.3(b)(ii) to nominate a Manager to the Board shall be automatically transferred to ECP IV Entity and such Manager shall be deemed to be an Eos Manager pursuant to Section 5.3(b)(i) for all purposes hereunder;

(iii) the Original Member shall be entitled: (A) to nominate four (4) individuals to the Board (collectively, the "Original Member Managers") until their respective successors are elected and qualified; (B) to nominate each successor to any Original Member Manager; and (C) to direct the removal from the Board of any individual nominated under the foregoing clauses (A) or (B); the Original Member Managers shall initially be McCord Christensen, Scott Adcock, James Clarke and Ron Kennedy; and

(iv) the Original Member shall be entitled: (A) to nominate one (1) individual with relevant industry experience that is not an Affiliate of any Member or employees of the Company or any of its Affiliates or members of any Member's Group (the "Independent Manager"); *provided*, that no such individual shall become a Manager without the prior written consent of the Class B Majority, which consent shall not be unreasonably withheld, delayed or conditioned; (B) to nominate each successor to the Independent Manager with the prior written consent of the Class B Majority, which consent shall not be unreasonably withheld, delayed or conditioned; and (C) to direct the removal from the Board of any individual nominated under the foregoing clauses (A) or (B).

(c) Each nomination to the Board of, or any proposal to remove from the Board, any Manager shall be made by delivering to the Company and each other Manager a notice signed by the party or parties entitled to such nomination or proposal. As promptly as practicable, but in any event within ten (10) days, after delivery of such notice, the Company shall take or cause to be taken such actions as may be reasonably required to cause the election or removal proposed in such notice. Such actions may include calling a meeting or soliciting a written consent of the Board, or calling a meeting or soliciting a written consent of the Members.

5.4. Voting Agreement.

(a) Each Member covenants and agrees to vote all Units held by such Member for the election to the Board of all individuals nominated in accordance with Section 5.3 and for the removal from the Board of all Managers proposed to be removed in accordance with Section 5.3, and in each case shall take all actions required on its behalf to give effect to the agreements set forth in this Article V. Each Member shall use its respective best efforts to cause each individual originally nominated by such Member to vote for the election to the Board of all individuals nominated in accordance with Section 5.3.

(b) Pursuant to this Section 5.4, each Member hereby approves and votes all of its Units in favor of the election to the Board of each of the initial designees named pursuant to Section 5.3 above.

5.5. Committees; Subsidiaries.

(a) General Committees. Other than as it relates to the Realization Event Committee, the number and composition of any committee of the Board (a "Committee") shall be determined from time to time by the Board; *provided*, that each Committee shall include at least one (1) Eos Manager. At every meeting of any such Committee (other than a Realization Event Committee), the presence of a majority of the members thereof (including at least one (1) Eos Manager) shall constitute a quorum, and subject to Section 6.3, the affirmative vote of a majority of the members present shall be necessary for the adoption of any resolution; *provided*, *however*, that if there is no Eos Manager present at a meeting of any Committee (other than a Realization Event Committee) of which the Eos Manager received prior written notice in accordance with Section 5.7, such meeting shall be adjourned until such time as determined by the managers so present at such meeting, which time shall be set forth in the notice of a special meeting of such Committee (in each case, a "Subsequent Committee Meeting") required to be delivered in accordance herewith, and if an Eos Manager is not present at such Subsequent Committee Meeting, the presence of a majority of the members of

such Committee shall constitute a quorum of such Committee and, subject to Section 6.3, the affirmative vote of a majority of the members present shall be necessary for the adoption of any resolution. Subject to Section 6.3, any such Committee, to the extent provided in such resolution or in this Agreement, shall have and may exercise all of the authority of the Board. Other than as it relates to the Realization Event Committee, the Board may dissolve any Committee at any time unless otherwise provided in this Agreement.

(b) Realization Event Committee. Upon a Triggering Event, a committee will be formed automatically, without any action by the Company, any Member or Manager except for notice to the Company from the Class B Majority, and tasked to take all corporate actions as may be required or necessary to pursue and to effect a Realization Event in accordance with Section 9.6 (the "Realization Event Committee"). The Realization Event Committee shall consist of two (2) Eos Managers and one (1) representative appointed by the Original Member. The Realization Event Committee shall be empowered with sole and exclusive power and control of the Company in respect of the negotiation and execution of, and to take any and all actions in respect of or related to (including consummating and effecting a Realization Event on behalf of the Company), a Realization Event. In furtherance of the foregoing, the Realization Event Committee shall have the full and absolute authority to cause the Company to take all actions in order to consummate a Realization Event (including the authority to engage counsel and other advisers on behalf of the Company as it determines necessary to carry out its duties), and the preceding authority and the Eos Managers of the Realization Event Committee may not be removed without the express written consent of the Class B Majority.

(c) Subsidiaries. A Class B Majority and a Class A Majority each shall have the right (but not the obligation) to cause the Company and each Member to take, and each Member shall use its commercially reasonable efforts to cause each Manager originally nominated by such Member to take, such actions as may be reasonably required to ensure that the composition of the board of directors (or similar governing body) of all direct and indirect Subsidiaries of the Company is identical to the composition of the Board.

5.6. Vacancies and Removal.

(a) The Managers designated in Section 5.3 will be elected at any annual or special meeting of the Members (or by written consent in lieu of a meeting of the Members) and will serve until their successors are duly elected and qualified or until their earlier resignation or removal.

(b) The Company shall notify each Member of the occurrence of any vacancy in any seat of the Board. Subject to the foregoing regarding the appointment of the Managers, in the event a vacancy is created on the Board by reason of the death, removal for any reason or resignation of any Manager, each of the Members hereby agrees that: (i) such vacancy shall be filled in accordance with the procedures set forth in this Section 5.6; and (ii) no Member shall have the ability to fill any vacancy to the extent that the ability to appoint such Member is specifically granted to other Members pursuant to this Section 5.6. No Member shall have the ability to remove a Manager to the extent that such Manager was not nominated by such Member or any Affiliate thereof (other than in the case where a Manager is removed as a result of being terminated by the Company).

(c) No Person may serve as a Manager if: (i) such Person's employment or service has been terminated by the Company (or its Subsidiaries, as the case may be) for Cause; (ii) such Person's service as a Manager would adversely affect the Company's or its Subsidiaries' ability to conduct their respective businesses from a legal or regulatory perspective; or (iii) a Governmental Authority has prohibited such Person, or such Person has been disbarred, from working or being affiliated with the business conducted by the Company or its Subsidiaries.

5.7. Board Meetings.

(a) Board Action. A majority of the total number of Managers fixed by, or in the manner provided in, this Agreement shall constitute a quorum for the transaction of business of the Board and, subject to Section 6:3, the act of a majority of the Managers present at a meeting of the Board at which a quorum is present shall be the act of the Board; *provided, however,* that, notwithstanding the foregoing, the presence of at least one (1) Eos Manager is required to constitute a quorum of the Board; *provided, further, however,* that, if there is no Eos Manager present at a meeting of which the Eos Manager received reasonable prior written notice, such meeting shall be adjourned until such time as determined by the managers so present at such meeting, which time shall be set forth in the notice of a special meeting of the Board (in each case, a "Subsequent Meeting") required to be delivered in accordance herewith, and if an Eos Manager is not present at such Subsequent Meeting, the presence of a majority of the total number of Managers fixed by, or in the manner provided in, this Agreement shall constitute a quorum and, subject to Section 6.3, the act of a majority of the Managers present at a meeting of the Board at which a quorum is present shall be the act of the Board. At all meetings of the Managers, each Manager shall have one vote.

(b) Regular Meetings. Regular meetings of the Board shall be held at least quarterly. Meetings of the Board may be held at such place or places as shall be determined from time to time by resolution of the Board. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by resolution of the Managers. Attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Notice of such meeting shall be provided to each Manager at least three (3) Business Days prior to such meeting. Such notice shall state the purpose or purposes of, and the business to be transacted at, such meeting. In connection with any annual meeting of Members at which Managers were elected, the Managers may, if a quorum is present, hold a first meeting for the transaction of business immediately after and at the same place as such annual meeting of the Members.

(c) Special Meetings. Special meetings of the Board may be called by any two (2) Managers on at least three (3) Business Days' prior notice to each other Manager (or such shorter notice as to which all of the then current Managers may agree). Such notice shall state the purpose or purposes of, and the business to be transacted at, such meeting.

5.8. Action by Written Consent or Telephone Conference. Subject to the limitations set forth herein, any action permitted or required by the Delaware Act or this Agreement to be taken at a meeting of the Board or any Committee designated by the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed

unanimously by the Board or such Committee, as the case may be. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Delaware, and the execution of such consent shall constitute attendance or presence in person by such person executing such consent at a meeting of the Board or any such Committee, as the case may be. Subject to the requirements of the Delaware Act or this Agreement for notice of meetings, the Managers or the members of any Committee designated by the Board may participate in and hold a meeting of the Board or any Committee, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person by such person participating at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5.9. Non-Voting Observers.

(a) So long as any of the Eos Members beneficially own any Units, they shall be entitled to appoint two (2) non-voting observers (the "Eos Observers").

(b) So long as any of the Highland Members beneficially own any Units, they shall be entitled to appoint two (2) non-voting observers (together with the Eos Observers, the Observers").

(c) The Observers shall be entitled to be present at all meetings of the Board and committees thereof; and, with respect to committees of the Board, an Observer may be a then-current Manager. The Company reserves the right to withhold any information and to exclude any Observer from any meeting or portion thereof if access to such information or attendance at such meeting would adversely affect the attorney-client privilege between the Company and its counsel, result in disclosure of trade secrets if at such time such Observer is not an employee of the Company and is not bound by a confidentiality agreement with the Company or result in a conflict of interest as determined by counsel to the Company.

5.10. Delegation of Authority and Duties. Subject to Sections 6.1 and 6.3, the Board may, from time to time, delegate to one or more Persons (including any Manager or officer of the Company) such authority and duties as the Board may deem advisable. In addition, the Board may assign titles (including Chairman, Chief Executive Officer, President, Vice President, Secretary, Assistant Secretary, Controller, Treasurer and Assistant Treasurer) to any Manager or other individuals and delegate to such Managers or other individuals certain authority and duties. Any number of titles may be held by the same Manager or other individual. Subject to Section 6.3, any delegation pursuant to this Section 5.10 may be revoked at any time by the Board. Any Person dealing with the Company, other than an Equity Owner, may rely on the authority of any officer in taking any action in the name of the Company without inquiry into the provisions of this Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Agreement.

5.11. Fiduciary Duties; Limitation of Liability. The Managers shall be subject to, and bound by, the fiduciary duties imposed on directors of a Delaware corporation by the Delaware General Corporation Law, except that: (i) the limitations on liability permitted by Section 102(b)(7) thereof shall apply; and (ii) in no event shall any Manager be deemed to have violated any applicable fiduciary duties by failing to approve any matter which requires approval pursuant to Section 6.3.

5.12. Indemnification.

(a) Right to Indemnification. Except as otherwise required by law or by this Agreement, the Company shall indemnify and hold harmless each Person (each, a "Covered Person") to the fullest extent permitted under the Delaware Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against any losses, liabilities, damages and expenses (including amounts paid for attorneys' fees, judgments, settlements, fines, excise taxes or penalties in connection with any threatened, pending or completed action, suit or proceeding) incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person: (i) is or was serving as a Manager or officer of the Company or any of its Subsidiaries (and any Person that is or was serving as an employee or agent of the Company or its Subsidiaries or is or was serving at the request of the Company or its Subsidiaries as a representative, officer, director, principal, member, employee or agent of another partnership, corporation, joint venture, limited liability company, trust or other enterprise); or (ii) is or was a Member, but only to the extent not prohibited by applicable law; *provided*, that (unless the Board otherwise consents) no such Person shall be indemnified for any losses, liabilities, damages or expenses suffered that are attributable to such Person's fraud, willful misconduct or gross negligence. The Company shall pay the expenses incurred by any such Covered Person indemnifiable hereunder, as such expenses are incurred, in connection with any proceeding in advance of the final disposition, so long as the Company receives an undertaking by such Covered Person to repay the full amount advanced if there is a final determination that such Covered Person failed the applicable standards set forth above or that such Covered Person is not entitled to indemnification as provided herein for other reasons.

(b) Non-Exclusive Right. The right to indemnification and the advancement of expenses conferred in this Section 5.12 shall not be exclusive of any other right which any Covered Person may have or hereafter acquire under any statute, agreement, by-law, vote of the Board or otherwise.

(c) Insurance. The Company shall maintain insurance, at its or any of its Subsidiaries' expense, to protect any Covered Person against any loss, liability, damage or expense described in Section 5.12(a) above whether or not the Company would have the power to indemnify such Covered Person against such loss, liability, damage or expense under the provisions of this Section 5.12.

(d) No Personal Liability. Notwithstanding anything contained herein to the contrary (including in this Section 5.12), any indemnity by the Company relating to the matters covered in this Section 5.12 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing or is found in a final decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company.

(e) Severability. If this Section 5.12 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 5.12 to the fullest extent permitted by any applicable portion of this Section 5.12 that shall not have been invalidated and to the fullest extent permitted by applicable law.

5.13. Expenses; Fees. The Company shall reimburse: (i) each Manager; and (ii) the Observers, in each case, for his or her reasonable out-of-pocket expenses (including travel) incurred in connection with the attendance of meetings of the Board or any committee thereof or such Person's pursuit of Company-related endeavors with the consent of the Board.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS

6.1. Members Right to Act.

(a) Authority of Members. Except for a Person who is a Member and also a Manager or officer of the Company and except as otherwise provided in this Agreement (including this Section 6.1 and Section 6.3), no Member shall be entitled to participate in or vote in matters involving the management or the business of the Company, all such authority being vested in the Board and the officers of the Company. The Class P Unit Holders shall only have the rights of an assignee of a membership interest under the Delaware Act who has not been admitted as a Member, shall only have the rights expressly set forth in this Agreement and shall not have any voting rights, any right to otherwise participate in the management of the business and affairs of the Company or the right to inspect Company books and records solely by virtue of their ownership of Class P Units. The Members shall be entitled to exercise only those rights specifically granted to them in this Agreement or to vote on such matters as may be submitted to them by the Board in its discretion or as is otherwise required by this Agreement or applicable law. Subject to Article V, the Members shall be entitled to vote for the election of the Board at such times as determined pursuant to this Agreement. Such Members who are not also Managers (acting as members of the Board) or officers of the Company, shall have no authority, express or implied, to bind the Company.

(b) Member Action. Subject to Section 6.3, for situations for which the approval of the Members is required by this Agreement or by applicable law, only the holders of Class A Units, Class B Units and Class C Units shall be entitled to vote on matters requiring a vote of the Members, and each Class A Unit, Class B Unit and Class C Unit shall be entitled to one (1) vote and shall vote together as a single class on matters requiring a vote of the Members. Holders of Class P Units shall have no voting rights. The Class D Members shall have no voting rights, except for those required by unwaivable provisions of applicable law and as provided for in Section 6.3(c). The Class E Members shall have no voting rights, except for those required by unwaivable provisions of applicable law and as provided for in Section 6.3(d). The Class F Members shall have no voting rights, except for those required by unwaivable provisions of applicable law and as provided for in Section 6.3(c). Such vote of the Class A Members, the Class B Members and the Class C Members may be taken at an annual or special meeting of the Members in accordance with the provisions of this Article VI. The Voting Majority including at least one Eos Member represented in person or by proxy, shall constitute a quorum for the transaction of business of the Members; *provided, however,* that, if there is no Eos Member present at a meeting of which the Eos Members received prior

written notice in accordance with this Section 6.1, such meeting shall be adjourned until such time as determined by the Board, which time shall be set forth in the notice of a special meeting of the Members (in each case, a "Subsequent Member Meeting") required to be delivered in accordance herewith, and the presence of the Voting Majority shall constitute a quorum at such Subsequent Member Meeting even if an Eos Member is not present at such meeting. The vote of the Voting Majority represented at a meeting of the Members at which a quorum is present shall be the act of the Members (subject to Section 6.3)

(c) Meetings Generally. Meetings of the Members may be held at such place or places as shall be determined from time to time by resolution of the Board. At all meetings of the Members, business shall be transacted in such order as shall from time to time be determined by resolution of the Board. Attendance by a Member at a meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Notice of such meeting shall be provided to each Member at least three (3) Business Days prior to such meeting. Such notice shall state the purpose or purposes of, and the business to be transacted at, such meeting.

(d) Annual Meeting. An annual meeting of the Members may be held on such date and at such time as may be designated by the Board from time to time for the transaction of such business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding Business Day.

(e) Special Meetings. Special meetings of the Members may be called by a Class A Majority, a Class B Majority or a Class B/C Majority, on at least three (3) Business Days' notice to each Member. Such notice shall state the purpose or purposes of, and the business to be transacted at, such meeting.

6.2. Action by Written Consent or Telephone Conference. Subject to the limitations set forth herein, any action permitted or required by the Delaware Act or this Agreement to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by such of the Members as shall be required to authorize, approve, ratify or otherwise consent to such action under the Delaware Act and this Agreement (which may be less than all of the Members, in which event a copy thereof shall be sent to each of the Members who did not sign the consent). Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Delaware, and the execution of such consent shall constitute attendance or presence in person by such person executing such consent at a meeting of the Members. Subject to the requirements of the Delaware Act or this Agreement for notice of meetings, the Members may participate in and hold a meeting of the Members by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person by such person participating at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.3. Special Approvals for Certain Company Actions.

(a) Notwithstanding anything contained herein to the contrary, without the prior written approval of the Class A Majority (in their sole discretion) and Class B/C Majority (in their sole discretion), the Company shall not:

(i) (A) (1) incur any Indebtedness or amend, modify, waive or terminate any agreement, contract or arrangement reflecting the terms of such Indebtedness (including any Financing Documents) other than (i) any Indebtedness that does not exceed $2,000,000 in the aggregate in any year; (ii) an amendment or amendments to the existing Financing Documents which increases the line of credit up to a maximum of $60,000,000; *provided*, that any such amendment shall amend no other term of the existing Financing Documents; and (iii) ordinary course extensions of credit pursuant to the Financing Documents in place as of the date hereof, as may be amended pursuant to clause (ii) above; or (B) grant any liens or encumbrances on the Company's or its Subsidiaries' assets, except for (1) liens or encumbrances in connection with Indebtedness that does not exceed $2,000,000 in the aggregate in any year and (2) liens or encumbrances in connection with ordinary course revolving credit draws pursuant to the existing Financing Documents;

(ii) take any action that contravenes, conflicts with or would otherwise have a discriminatory effect on the rights, powers, preferences or privileges of the Class B Units or Class C Units;

(iii) amend, alter or change any organizational documents (including the Certificate, this Agreement and the Schedule of Equity Owners), by merger or otherwise, other than pursuant to the Corporation Election;

(iv) authorize or issue any Equity Securities or equity-linked Securities having rights, preferences or privileges senior to or on parity with the Class B Units or Class C Units, including any rights to Units and similar securities;

(v) in any manner, directly or indirectly, and whether in cash, Securities, dividends or other property, pay, declare or set apart for payment, any dividends or make any other Distributions with respect to any Equity Securities (including by purchasing or redeeming any Equity Securities) except for (A) Tax Distributions required to be made under this Agreement; (B) dividends or Distributions in connection with a Realization Event or the dissolution and winding up of the Company; and (C) dividends or Distributions on an annual basis that do not exceed 25% of the preceding year's Net Cash Flow; provided that after giving effect to such dividends or Distributions, the Company has sufficient working capital and liquidity available to operate and grow the existing and contemplated business in the ordinary course;

(vi) enter into any (or modify any existing) transaction or agreement, the effect of which would be to prohibit or restrict the Company's ability to make Tax Distributions as contemplated hereby;

(vii) initiate a process with respect to, or effect any Realization Event or a Conversion Event, except: (1) pursuant to a Qualified Sale, an Approved Sale or in accordance with Section 9.6; or (2) any Realization Event that qualifies as a QIPO;

(viii) other than pursuant to Section 5.3, (A) make any changes in the size or composition of the Board or (B) other than pursuant to Section 5.5, delegate any authority of the Board (to any Committee or otherwise to any other Person);

(ix) (A) sell or otherwise dispose of any business, Subsidiary, equity interests or other asset of the Company or its Subsidiaries, except pursuant to an Approved Sale or Section 9.6, (B) acquire any ownership interest in any Person, or (C) effect any Company Asset Sale (or any merger that has the same tax effects as a Company Asset Sale);

(x) settle or make any payments with respect to any litigation or other legal proceeding to the extent that any such settlement or payments have not been approved by the Board; or

(xi) agree to take any of the foregoing actions.

(b) Notwithstanding anything contained herein to the contrary, without the prior written approval of at least one (1) Original Member Manager and at least one Eos Manager, the Company shall not:

(i) repurchase, prepay or redeem any Indebtedness;

(ii) enter into any (or modify any existing) transaction or agreement (other than customary employment arrangements with officers and employees) with any Affiliate, Member, Manager, officer or employee of the Company or any of its Subsidiaries, or any Affiliate, officer, equityholder, manager or employee of any of the foregoing, other than any transactions, agreements and/or Company policies that are approved by a majority of the disinterested Managers;

(iii) authorize or issue more than 650,000 Class P Units;

(iv) (A) approve the termination (other than for Cause), change material employment terms (including a change in responsibilities or compensation, which shall include employee bonuses) or hire any members of the Company's or any of its Subsidiaries' executive management team or any other employee with an aggregate compensation package in excess of $250,000; or (B) create an employee bonus plan or other incentive-based compensation plan;

(v) make any change in the Company's or its Subsidiaries' auditors;

(vi) make any change in tax or accounting methods or policies in any material respect (other than as required by GAAP), other than pursuant to the Corporation Election;

(vii) enter into any joint venture or partnership, establish any non-wholly owned Subsidiary, or make any investment in any Person (in the form of debt, equity or otherwise);

(viii) adopt an annual budget or strategic plan, including, without limitation, any capital expenditure budget set forth therein;

(ix) engage in a line of business other than the Company's and its Subsidiaries' existing and currently contemplated businesses (as of the date hereof) or related lines of businesses and reasonable extensions thereof or materially change the current and existing lines of business;

(x) license or grant exclusive rights to any of the Company's material intellectual property other than in the ordinary course of business;

(xi) enter into or modify any of the Company's material contracts having a value in excess of the lesser of $250,000 per year or $1,000,000 in the aggregate;

(xii) pursue a liquidation of assets, or judicial or administrative dissolution; or

(xiii) agree to take any of the foregoing actions.

(c) Notwithstanding anything contained herein to the contrary, without the prior written approval of the Class D Majority (in their sole discretion), the Company shall not:

(i) amend, alter or change any organizational documents (including the Certificate, this Agreement and the Schedule of Equity Owners), by merger or otherwise, in a manner that would have an adverse effect on the Class D Members;

(ii) authorize or issue any Equity Securities or equity-linked Securities having rights, preferences or privileges senior to or on parity with the Class D Units, including any rights to Units and similar securities;

(iii) until the Unpaid Class D Return and Unpaid Class D Capital with respect to each Class D Unit has been reduced to zero, in any manner, directly or indirectly, and whether in cash, Securities, dividends or other property, pay, declare or set apart for payment, any dividends or make any other Distributions with respect to any Equity Securities (including by purchasing or redeeming any Equity Securities) except for Tax Distributions required to be made under this Agreement; or

(iv) agree to take any of the foregoing actions.

(d) Notwithstanding anything contained herein to the contrary, without the prior written approval of the Class E Majority (in their sole discretion), the Company shall not:

(i) amend, alter or change any organizational documents (including the Certificate, this Agreement and the Schedule of Equity Owners), by merger or otherwise, in a manner that would have an adverse effect on the Class E Members;

(ii) authorize or issue any Equity Securities or equity-linked Securities having rights, preferences or privileges senior to or on parity with the Class E Units, including any rights to Units and similar securities;

(iii) until the Unpaid Class E Return and Unpaid Class E Capital with respect to each Class E Unit has been reduced to zero, in any manner, directly or indirectly, and whether in cash, Securities, dividends or other property, pay, declare or set apart for payment, any dividends or make any other Distributions with respect to any Equity Securities (including by purchasing or redeeming any Equity Securities) except for Tax Distributions required to be made under this Agreement; or

(iv) agree to take any of the foregoing actions.

(e) Notwithstanding anything contained herein to the contrary, without the prior written approval of the Class F Majority (in their sole discretion), the Company shall not:

(i) amend, alter or change any organizational documents (including the Certificate, this Agreement and the Schedule of Equity Owners), by merger or otherwise, in a manner that would have an adverse effect on the Class F Members;

(ii) authorize or issue any Equity Securities or equity-linked Securities having rights, preferences or privileges senior to or on parity with the Class F Units, including any rights to Units and similar securities;

(iii) until the Unpaid Class F Return and Unpaid Class F Capital with respect to each Class F Unit has been reduced to zero, in any manner, directly or indirectly, and whether in cash, Securities, dividends or other property, pay, declare or set apart for payment, any dividends or make any other Distributions with respect to any Equity Securities (including by purchasing or redeeming any Equity Securities) except for Tax Distributions required to be made under this Agreement; or

(iv) agree to take any of the foregoing actions.

(f) At any time that the Company has any Subsidiary or Committee, it shall not permit such Subsidiary or Committee, as the case may be, to take, directly or indirectly, any of the foregoing actions set forth in Section 6.3 (with all references to the Company deemed to be references to such Subsidiary or Committee) without obtaining the approval of the applicable Managers or Members as if such action were subject to Section 6.3.

(g) The Highland Members shall be notified of any written approvals granted in connection with any of the foregoing actions in accordance with the notice provisions contained in Section 16.9.

6.4. Limitation of Liability. Except as otherwise provided by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being or acting as a Member of the Company; *provided*, that a Member shall be required to return to the Company any Distribution made to it in a clear and manifest accounting error or similar error. The immediately preceding sentence shall constitute a compromise to which all Members have consented within the meaning of the Delaware Act. Notwithstanding anything contained herein to the contrary, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

6.5. Lack of Authority. Unless delegated such power in accordance with Section 5.10 or as otherwise expressly provided in this Agreement, no Equity Owner has the authority or power to act for or on behalf of the Company in any manner, to do any act that would be (or could be construed as) binding on the Company or to make any expenditures on behalf of the Company, and the Members hereby consent to the exercise by the Board of the powers conferred upon them by law and this Agreement.

6.6. No Right of Partition. No current or former Equity Owner shall have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular or individual assets of the Company.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES; COVENANTS

7.1. Investment Representations. By executing this Agreement (or, after the date hereof, any counterpart or Joinder Agreement) and in connection with the issuance of Equity Securities to such Equity Owner, each Equity Owner represents and warrants to the Company as follows:

(a) The Equity Securities being acquired by such Person pursuant to this Agreement or otherwise will be acquired for such Person's own account and not with a view to, or intention of, distribution thereof in violation of the Securities Act or any applicable state securities laws, the Equity Securities were not offered to such Person by means of general solicitation or general advertising and the Equity Securities will not be disposed of in contravention of the Securities Act or any applicable state securities laws.

(b) Such Person is sophisticated in financial matters and is able to evaluate the risks and benefits of decisions respecting the investment in the Equity Securities and is an Accredited Investor.

(c) Such Person is able to bear the risk of its investment in the Equity Securities for an indefinite period of time and is aware that transfer of the Equity Securities may not be possible because: (i) such transfer is subject to contractual restrictions on transfer set forth in this Agreement; and (ii) the Equity Securities have not been registered under the Securities Act or any applicable state securities laws and, therefore, cannot be sold unless subsequently registered under the Securities Act and such applicable state securities laws or an exemption from such registration is available.

(d) Such Person has had an opportunity to ask questions and receive answers concerning the terms and conditions of the offering of the Equity Securities and has had access to such other information concerning the Company and its respective Subsidiaries and Affiliates and the Equity Securities as such Person may have requested and that in making its decision to invest in the Equity Securities being acquired such Person is not in any way relying on the fact that any other Person has decided to be an Equity Owner hereunder or to invest in the Equity Securities.

(e) Such Person has received and carefully read a copy of this Agreement. This Agreement and each of the other agreements contemplated hereby to be executed by such Person constitute the legal, valid and binding obligation of such Person, enforceable in accordance with their terms, and the execution, delivery and performance of this Agreement and such other agreements do not and will not conflict with, violate or cause a breach of any agreement, contract or instrument to which such Person is a party or any law, regulation, judgment, order or decree to which such Person is subject.

(f) To the extent applicable, the execution, delivery and performance of this Agreement have been duly authorized by such Person and do not require such Person to obtain any consent or approval that has not been obtained.

(g) Such Person has been given the opportunity to consult with independent legal counsel regarding his, her or its rights and obligations under this Agreement and has consulted with such independent legal counsel regarding the foregoing (or, after carefully reviewing this Agreement, has freely decided not to consult with independent legal counsel),
fully understands the terms and conditions contained herein and therein and intends for such terms to be binding upon and enforceable against him, her or it.

(h) The determination of such Equity Owner to purchase the Equity Securities has been made by such Equity Owner independent of any other Equity Owner and independent of any statements or opinions as to the advisability of such purchase, which may have been made or given by any other Equity Owner or by any agent or employee of any other Equity Owner (including any Managers or officer of the Company).

7.2. Non-Disparagement; Confidentiality.

(a) Non-Disparagement. Each Equity Owner hereby agrees to refrain from making any negative or derogatory statements concerning any Equity Owner, any Affiliate of any Equity Owner, the Company or any of its Subsidiaries (including each of their respective products, services, customers, suppliers, employees and agents).

(b) Confidentiality. Each Equity Owner recognizes and acknowledges that such Equity Owner has and may in the future receive certain confidential and proprietary information or documents and trade secrets of the Company and its Subsidiaries, including this Agreement (or any of the terms and conditions of this Agreement), supplier or customer lists, terms of contracts, pricing information, marketing information or sales techniques, financial information and confidential information of the Company and its Subsidiaries regarding identifiable, specific and discrete business opportunities being pursued by the Company or its Subsidiaries (the "Confidential Information"). Each Equity Owner (on behalf of such Equity Owner and any of such Equity Owner's directors, officers, shareholders, partners, employees, agents and members) agrees that it will not, during or after the term of this Agreement, whether directly or indirectly through an Affiliate or otherwise, disclose Confidential Information to any Person for any reason or purpose whatsoever, except: (i) to directors, officers, representatives, agents and employees of the Company or its Subsidiaries and as otherwise may be proper in the course of performing such Equity Owner's obligations, or enforcing such Equity Owner's rights, under this Agreement and the agreements expressly contemplated hereby; (ii) to such Equity Owner's auditors, attorneys or other agents; or (iii) as is required to be disclosed by order of any Governmental Authority, or by subpoena, summons or legal process, or by law, rule or regulation (*provided*, that the Equity Owner required to make such disclosure shall provide to the Board prompt notice of such disclosure so that the Company may seek an appropriate protective order or other applicable remedy or waive compliance with the provisions of this Section 7.2(b)). Notwithstanding the foregoing, (i) the Eos Members and the Highland Members may disclose the Confidential Information to their respective Affiliates (and their respective equity holders, limited partners, advisors, members, prospective investors or other investors and financing sources) and (ii) the Original Member may not disclose Confidential Information to any Person (including any of their respective equity holders) (x) who directly or indirectly competes with the Company or any of the Company's Subsidiaries, or (y) whose employment with the Company or any of its Subsidiaries has terminated for any reason. If, in the absence of such protective order or other remedy or the receipt of a waiver hereunder, such Equity Owner believes in good faith, after consulting with counsel, that it is legally compelled to disclose any such information to the tribunal, such Equity Owner may disclose such information, to the minimum extent possible, to the tribunal; *provided*, that such Equity Owner shall use commercially reasonable efforts to obtain an order or other assurance that confidential treatment will be accorded to such portion of such information required to be

disclosed, as the Board shall reasonably designate. For purposes of this Section 7.2(b), Confidential Information shall not include any information of which (A) such Person learns from a source other than the Company, its Subsidiaries or any of their respective representatives, employees, agents or other service providers, and in each case who is not bound by a confidentiality obligation, or (B) is already publicly available, other than as a result of a breach of this Section 7.2(b).

(c) Remedies. Each Equity Owner acknowledges and agrees that: (i) the restrictions contained in this Section 7.2 are reasonable in scope and duration and are necessary to protect the Company and its Subsidiaries and each of their respective businesses; (ii) any breach of this Section 7.2 will cause irreparable injury to the Company and its Subsidiaries and upon any breach or threatened breach of any provision of this Section 7.2, the Company (and/or the affected Equity Owner) shall be entitled, in addition to any other remedies it may have, to injunctive relief, specific performance or other equitable relief without the necessity of proving actual damage or posting bond; (iii) the enforcement by Company or any of its Subsidiaries of any of their rights and remedies pursuant to this Agreement shall not be construed as a waiver of any other rights or available remedies that it may possess in law or equity absent this Agreement; and (iv) the prohibitions against disclosure of Confidential Information are in addition to, and not in lieu of, any other rights or remedies that the Company or any of its Subsidiaries may have available pursuant to the laws of any jurisdiction or at common law to prevent the disclosure of trade secrets or proprietary information.

ARTICLE VIII
REGISTRATION RIGHTS

8.1. Demand Registration.

(a) Request for Demand Registration. Subject to the limitations contained in this Section 8.1, at any time after the date that is one hundred eighty (180) days following the date upon which a registration statement filed in connection with a QIPO shall have been declared effective, the Eos Members or the Highland Members (as applicable, for purposes of this Article VIII, the "Demanding Members") may deliver to the Company a written request for the registration by the Company under the Securities Act of the Registrable Units owned by the Demanding Members (such registration being herein called a "Demand Registration"), and the Company shall promptly give written notice of such registration request to all other holders of Registrable Units (the "Other Holders") and shall offer to include in such proposed registration any Registrable Units requested to be included by holders who respond in writing to the Company's notice within thirty (30) days after delivery thereof (which response includes the number of Registrable Units requested to be included in such registration). The Company will use commercially reasonable efforts to effect the registration of such Registrable Units.

(b) Limitations on Demand Registration.

(i) The Demanding Members will not be entitled to require the Company to effect more than two (2) Demand Registrations; *provided* that one of such two (2) Demand Registrations may only be delivered by the Eos Members and the other only by the Highland Members.

(ii) The Company shall not be required to effect a Demand Registration during any blackout period requested by the managing underwriter in connection with any Public Offering.

(iii) The Company shall not be obligated to effect, or take any action to effect, any registration pursuant to this Section 8.1:

A. during any period in which any other registration statement (other than on Form S-4 or Form S-8 promulgated under the Securities Act or any successor form thereto) pertaining to Equity Securities to be sold by the Company has been filed and not withdrawn or has been declared effective during the prior ninety (90) days; *provided* that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

B. during a period beginning with the date that is sixty (60) days prior to the Company's good faith estimate of the date of filing of and ending on the date that is one hundred eighty (180) days after the effectiveness of any Company initiated registration; *provided, however,* that the Company's obligation under this Section 8.1 shall resume at such earlier time that the Company determines not to proceed with such Company-initiated registration; *provided further, however,* that the Company's obligation under Section 8.3 shall remain in effect; and

C. if the Company determines, in the good faith judgment of the Board (including at least one (1) Eos Manager) that the filing of a registration statement at such time would have a material adverse effect on the Company or its then current business plans, in which event the Company shall have the right to defer filing of a registration statement for a period of not more than ninety (90) days after receipt of the request made by the Demanding Members pursuant to this Section 8.1; *provided*, that the Company shall not use this right more than once in any twelve (12) month period.

(c) Priority on Demand Registration. If the managing underwriters in any underwritten offering pursuant to a Demand Registration deliver written advice to the Company and the Demanding Members of the maximum number of Registrable Units that should be registered (the "Underwriters' Maximum Number"), then the number of Registrable Units proposed to be included in such registration shall be included in the following order: (i) that number of Registrable Units requested by all Class B Members to be included in such registration which does not exceed the Underwriters' Maximum Number, *pro rata* among such Class B Members based upon the ratio of the number of Registrable Units sought to be included by each Class B Member to the total number of Registrable Units sought to be included by all Class B Members; (ii) if the Underwriters' Maximum Number exceeds the number of Registrable Units desired to be included in such registration by the Class B Members, then the Company shall include in such registration the Registrable Units being included by the Company for its own account; and (iii) if the Underwriters' Maximum Number exceeds the number of Registrable Units to be included in such registration on behalf of the Class B Members and by the Company for its own account, then the Company shall include in such registration that number of Registrable Units requested by Other Holders pursuant to this Section 8.1 to be included in such registration or the account of any other Person and which does not exceed such excess and such Registrable Units shall be allocated *pro rata* among such

Other Holders and such other Persons based upon the ratio of the number of Registrable Units sought to be included by each Other Holder and such other Persons to the total number of Registrable Units sought to be included by all Other Holders and such other Persons.

(d) Underwriting. If a Demanding Member intends to distribute Registrable Units covered by its request by means of an underwriting, it shall so advise the Company as a part of its request made pursuant to this Section 8.1 and the Company shall include such information in the written notice referred to in Section 8.1(a) above. The right of any Other Holder to include Registrable Units in such registration or the Company's right to include Registrable Units in such registration shall be conditioned upon such Person's participation in such underwriting and the inclusion of such Person's Registrable Units in the underwriting to the extent provided herein. All Persons proposing to distribute their Registrable Units through such underwriting shall enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting by the Demanding Members, which underwriter(s) shall be reasonably acceptable to the Company.

(e) Withdrawal of Demand. At any time before the registration statement covering such Registrable Units becomes effective, the Demanding Members may request the Company to withdraw or not to file the registration statement. In that event, the Demanding Members shall not be deemed to have used a Demand Registration under Section 8.1(a) so long as the Registration Expenses of such withdrawn registration are borne by the Demanding Members in accordance with Section 8.7; *provided*, that the Demanding Members shall not be required to bear such Registration Expenses if the withdrawal request results from any adverse change affecting the Company's business.

8.2. Registrations on Form S-3.

(a) Request for Registration. Subject to Section 8.2(d) below, at and after such time as the Company shall have qualified for the use of Form S-3 promulgated under the Securities Act or any successor form thereto, the Demanding Members shall have the right to request in writing registrations on Form S-3, or such successor form, of Registrable Units under the Securities Act in accordance with this Section 8.2. A requested registration pursuant to this Section 8.2 shall not count as a Demand Registration for purposes of Section 8.1.

(b) Notice to Other Holders. If the Company shall be requested to effect a registration under the Securities Act of Registrable Units in accordance with this Section 8.2, then the Company shall promptly give written notice of such proposed registration to all other holders of Registrable Units and shall offer to include in such proposed registration any Registrable Units requested to be included in such proposed registration by such Other Holders who respond in writing to the Company's notice within thirty (30) days after delivery of such notice (which response shall specify the number of Registrable Units proposed to be included in such registration). The Company shall use commercially reasonable efforts to effect such registration on Form S-3.

(c) Priority on S-3 Registration. If the managing underwriters in any underwritten offering of Registrable Units in accordance with this Section 8.2 shall give written advice to the Company and the Demanding Members of an Underwriters' Maximum Number, then the number of Units proposed to be included in such registration shall be included in the following order: (i) that number of Registrable Units requested by the Demanding Members to be included in such registration which does not exceed the

Underwriters' Maximum Number, *pro rata* among such Demanding Members based upon the ratio of the number of Registrable Units sought to be included by each Demanding Member to the total number of Registrable Units sought to be included by all Demanding Members; (ii) if the Underwriters' Maximum Number exceeds the number of Registrable Units to be included in such registration by the Demanding Members, then the Company shall include in such registration the Registrable Units being included by the Company for its own account; and (iii) if the Underwriters' Maximum Number exceeds the number of Units to be included in such registration on behalf of the Demanding Members and by the Company for its own account, then the Company shall include in such registration that number of Registrable Units requested by Other Holders pursuant to this Section 8.2 to be included in such registration or for the account of any other Person and which does not exceed such excess and such Registrable Units shall be allocated *pro rata* among such Other Holders and such other Persons based upon the ratio of the number of Registrable Units sought to be included by each Other Holder or other Person to the total number of Registrable Units sought to be included by all Other Holders and such other Persons.

(d) Limitations on Form S-3 Registrations. The Company shall not be obligated to effect any registration under the Securities Act requested by the Demanding Members pursuant to this Section 8.2 except in accordance with the following provisions:

(i) the Company shall not be obligated to register Registrable Units pursuant to this Section 8.2 if the Company reasonably concludes that the anticipated gross offering price of the Registrable Units to be included therein will be less than $10,000,000;

(ii) the Company shall not be obligated to effect any registration pursuant to Section 8.2(a) if the Company has, within the six (6) month period preceding the date of such request, already effected one registration on Form S-3 pursuant to Section 8.2(a) or a Demand Registration pursuant to Section 8.1(a);

(iii) the Company shall not be obligated to effect any registration pursuant to this Section 8.2 if Form S-3 or any successor form thereto is not available for such offering;

(iv) the Company shall not be obligated to effect any registration pursuant to this Section 8.2 if the Company determines, in the good faith judgment of the Board (including at least one (1) Eos Manager) that the filing of a registration statement at such time would have a material adverse effect on the Company or its then current business plans, in which event the Company shall have the right to defer filing of a registration statement for a period of not more than ninety (90) days after receipt of the request made by the Demanding Members pursuant to this Section 8.2; *provided* that the Company shall not use this right more than once in any twelve month period; and

(v) the Company shall not be obligated to effect any registration pursuant to this Section 8.2 during a period beginning with the date that is sixty (60) days prior to the Company's good faith estimate of the date of filing of and ending on the date that is 180 days after the effectiveness of any Company initiated registration; *provided, however*, that the Company's obligation under this Section 8.2 shall resume at such earlier time that the Company determines not to proceed with such Company-initiated registration; *provided further, however,* that the Company's obligation under Section 8.3 shall remain in effect.

(e) Withdrawal of S-3 Registration. At any time before a registration statement covering Registrable Units pursuant to this Section 8.2 becomes effective, the Demanding Members may request the Company to withdraw or not to file the registration statement. In that event, the Demanding Members shall not be deemed to have used a registration request under this Section 8.2 so long as the Registration Expenses of such withdrawn registration are borne by the Demanding Members in accordance with Section 8.7; *provided*, that the Demanding Members shall not be required to bear such Registration Expenses if the withdrawal request results from any adverse change affecting the Company's business.

8.3. Piggyback Registration. If the Company at any time proposes for any reason to register Registrable Units or other Securities under the Securities Act (other than on Form S-4 or Form S-8 promulgated under the Securities Act or any successor forms thereto or pursuant to Sections 8.1 and 8.2), it shall promptly give written notice to all holders of outstanding Registrable Units of its intention to register such Securities. Upon the written request, given within thirty (30) days after delivery of any such notice by the Company, by any holder of Registrable Units to include in such registration Registrable Units held by them (which request shall specify the number of Registrable Units proposed to be included in such registration), the Company shall use commercially reasonable efforts to cause all such Registrable Units to be included in such registration on the same terms and conditions as the Securities otherwise being included in such registration by the Company; *provided, however,* that if the managing underwriter gives written advice to the Company of an Underwriters' Maximum Number, then the number of Securities proposed to be included in such registration shall be included in the following order: (i) the Company shall include in such registration the Securities being registered for its own account; and (ii) if the Underwriters' Maximum Number exceeds the number of Securities to be included in such registration for the Company's own account, then the Company shall include in such registration that number of Registrable Units requested by the holders pursuant to this Section 8.3 to be included in such registration and which does not exceed such excess and such Registrable Units shall be allocated *pro rata* among such holders based upon the ratio of the number of Registrable Units sought to be included by each holder to the total number of Registrable Units sought to be included by all holders. No holders of Registrable Units (other than the Company) shall be entitled to include any Securities in any such underwritten registration unless such holders shall have agreed in writing to sell such Registrable Units on the same terms and conditions as shall apply to the Securities to be included in such registration for the Company's account. At any time before the registration statement initiated by the Company pursuant to this Section 8.3 becomes effective, the Company has the right to terminate or withdraw such registration statement regardless of whether or not any holder of Registrable Units has elected to include Securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 8.7.

8.4. Preparation and Filing. If and whenever the Company is under an obligation pursuant to the provisions of this Agreement to file a registration statement for Registrable Units and to cause such registration statement to become effective, the Company shall file such registration statement as expeditiously as reasonably practicable and shall:

(a) use commercially reasonable efforts to cause such registration statement to become and remain effective for a period of one hundred eighty (180) days or until all of such Registrable Units covered thereby have been disposed of (if earlier);

(b) furnish, at least five (5) Business Days before filing such registration statement, a prospectus relating thereto or any amendments or supplements relating to such a registration statement or prospectus, to one counsel selected by the holders of a majority of participating Registrable Units (the "Sellers' Counsel"), copies of all such documents proposed to be filed;

(c) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for at least a period of one hundred eighty (180) days or until all of such Registrable Units covered thereby have been disposed of (if earlier) and to comply with the provisions of the Securities Act with respect to the sale or other disposition of such Registrable Units;

(d) notify in writing the Sellers' Counsel promptly: (i) of the receipt by the Company of any notification with respect to any comments by the Commission with respect to such registration statement or prospectus or any amendment or supplement thereto or any request by the Commission for the amending or supplementing thereof or for additional information with respect thereto; (ii) of the receipt by the Company of any notification with respect to the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or prospectus or any amendment or supplement thereto or the initiation or threatening of any proceeding for that purpose; and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of such Registrable Units for sale in any jurisdiction or the initiation or threatening of any proceeding for such purposes;

(e) use its commercially reasonable efforts to register or qualify such Registrable Units under such other securities or blue sky laws of such jurisdictions as any participating holder reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such holder to consummate the disposition in such jurisdictions of the Registrable Units owned by such holder; *provided*, *however*, that the Company will not be required to qualify generally to do business, subject itself to general taxation or consent to general service of process in any jurisdiction where it would not otherwise be required to do so but for this paragraph (e);

(f) furnish to each holder of such Registrable Units such number of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as such holder of such Registrable Units may reasonably request in order to facilitate the Public Sale or other disposition of such Registrable Units;

(g) without limiting paragraph (e) above, use its commercially reasonable efforts to cause such Registrable Units to be registered with or approved by such other Governmental Authorities within the United States as may be necessary by virtue of the business and operations of the Company to enable each holder of such Registrable Units to consummate the disposition of such Registrable Units;

(h) notify on a timely basis each holder of such Registrable Units at any time when a prospectus relating to such Registrable Units is required to be delivered under the Securities Act within the appropriate period mentioned in this Section 8.4, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing and, at the reasonable request of such holder, prepare and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the offerees of such Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) make available for inspection by each holder of such Registrable Units, the Sellers' Counsel or any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by such holders or underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, managers and employees to supply all information (together with the Records, the "Information") reasonably requested by any such Inspector in connection with such registration statement; *provided*, that Information shall not be disclosed by the Inspectors unless: (i) the disclosure of such Information is necessary to avoid or correct a misstatement or omission in the registration statement; (ii) the release of such Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction; or (iii) such Information has been made generally available to the public. The holders of such Registrable Units agree that they will, upon learning that disclosure of such Information is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of such Information;

(j) in the case of an underwritten offering, use best efforts to obtain from its independent certified public accountants "comfort" letters in customary form and at customary times and covering matters of the type customarily covered by comfort letters;

(k) in the case of an underwritten offering, use best efforts to obtain from its counsel an opinion or opinions in customary form;

(l) provide a transfer agent and registrar (which may be the same Person and which may be the Company), for such Registrable Units;

(m) issue to any underwriter to which any seller of Registrable Units may sell shares in such offering certificates evidencing such Registrable Units;

(n) list such Registrable Units on any national securities exchange on which any of the Company's Securities of the same class as the Registrable Units being registered are listed or, if such Securities are not listed on a national securities exchange, use reasonable best efforts to qualify such Registrable Units for inclusion on the automated quotation system of such national securities exchange as the holders of a majority of such Registrable Units shall request;

(o) otherwise comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as reasonably practicable, earnings statements (which need not be audited) covering a period of twelve (12) months beginning within three (3) months after the effective date of the registration statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act; and

(p) subject to all the other provisions of this Agreement, use its commercially reasonable efforts to take all other steps necessary to effect the registration of such Registrable Units contemplated hereby.

The Company may suspend the use of a prospectus included in any registration statement filed pursuant to this Agreement in the event that the Company is then in possession of material, non-public information, the disclosure of which the Board has determined in good faith would have a material adverse effect upon the Company. The Company may delay the filing or effectiveness of any registration statement for a period not to exceed ninety (90) days after the date of a request for registration if the Board has determined that such registration would have a material adverse effect upon the Company or its then current business plans; *provided, however,* that the Company may cause such delay only once during any twelve (12)-month period.

No holder of Registrable Units as to which any registration is being effected shall obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise as a result of this Article VIII.

Holders of Registrable Units as to which any registration is being effected shall be deemed to have agreed that, upon receipt of any notice from the Company (A) of the occurrence of any event of the kind described in Sections 8.4(d)(i), 8.4(d)(ii) or 8.4(d)(iii), (B) of the happening of any event contemplated by Section 8.4(h), or (C) of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate, they will forthwith discontinue disposition of the Registrable Units covered by the registration statement or prospectus until such holder's receipt of the copies of a supplemented or amended prospectus or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and such holder has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference into such prospectus.

8.5. Indemnification.

(a) In connection with any registration of any Registrable Units under the Securities Act pursuant to this Agreement, to the extent permitted by law, the Company shall indemnify and hold harmless the holders of Registrable Units, their officers, managers, directors, employees, and Affiliates, each underwriter, broker or any other Person acting on behalf of such holders of Registrable Units and each other Person, if any, who controls any of the foregoing Persons within the meaning of the Securities Act (each, a "Holder Indemnified Party"), against any losses, claims, damages and liabilities, joint or several, costs and reasonable expenses (including reasonable legal fees and expenses) (or actions in respect thereof) (collectively, "Registration Losses") to which any of the foregoing Persons may become subject under the Securities Act or otherwise, insofar as such Registration Losses, arise out of, are related to or are based upon an untrue statement or alleged untrue statement of a material fact contained in the registration statement under which such Registrable Units were registered under the Securities Act, any preliminary prospectus or final prospectus contained

therein or otherwise filed with the Commission, any amendment or supplement thereto or any document incident to registration or qualification of any Registrable Units, or arise out of, are related to or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse each Holder Indemnified Party for any reasonable legal or other expenses reasonably incurred by any of them in connection with investigating or defending any such Registration Loss; *provided, however,* that the Company shall not be liable in any such case to the extent that any such Registration Loss, arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, preliminary prospectus, final prospectus, amendment, supplement or document incident to registration or qualification of any Registrable Units in reliance upon, and in conformity with, written information furnished to the Company by such holder or underwriter specifically for inclusion therein; *provided further, however,* that the foregoing indemnity shall not inure to the benefit of any underwriter, with respect to any preliminary prospectus from whom the Person asserting any Registration Losses purchased Registrable Units, if a copy of the prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such underwriter to such Person, if required by law so to have been delivered, and if the prospectus (as so amended and supplemented) would have cured the defect giving rise to such Registration Loss, unless such failure to deliver the prospectus (as so amended and supplemented) was a result of noncompliance by the Company with Section 8.4(f).

(b) In connection with any registration of Registrable Units under the Securities Act pursuant to this Agreement, each seller of Registrable Units shall indemnify and hold harmless (in the same manner and to the same extent as set forth in the preceding paragraph of this Section 8.5) the Company, each officer of the Company, members of its Board, its members, stockholders, each officer who shall sign such registration statement, its other employees and Affiliates and each underwriter, broker or other Person acting on behalf of such seller, each Person who controls any of the foregoing Persons within the meaning of the Securities Act and each other seller of Registrable Units under such registration statement (each a "Company Indemnified Party") against any Registration Losses to which any Company Indemnified Party may become subject insofar as such Losses arise out of or are based upon an untrue statement of material fact in or the material misstatement in or omission from such registration statement, any preliminary prospectus or final prospectus contained therein or otherwise filed with the Commission, any amendment or supplement thereto or any document incident to registration or qualification of any Registrable Units, if such misstatement, statement or omission was made in reliance upon and in conformity with written information furnished to the Company or such underwriter by such seller specifically for inclusion in such registration statement, preliminary prospectus, final prospectus, amendment, supplement or document; *provided, however,* that the obligation to indemnify will be several, not joint and several, among such sellers of Registrable Units, and the maximum amount of liability in respect of such indemnification shall be in proportion to and limited to, in the case of each seller of Registrable Units, an amount equal to the net proceeds actually received by such seller from the sale of Registrable Units effected pursuant to such registration.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action involving a claim referred to in the preceding paragraphs of this Section 8.5, such indemnified party will, if a claim in respect thereof is made against an

indemnifying party, give written notice to the latter of the commencement of such action. In case any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to control the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be responsible for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof; *provided*, *however*, that if any indemnified party shall have reasonably concluded that there may be one or more legal or equitable defenses available to such indemnified party which are additional to or conflict with those available to the indemnifying party, or that such claim or litigation involves or could have an effect upon matters beyond the scope of the indemnity agreement provided in this Section 8.5, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party and such indemnifying party shall reimburse such indemnified party and any Person controlling such indemnified party for that portion of the fees and expenses of any counsel retained by the indemnified party which is reasonably related to the matters covered by the indemnity agreement provided in this Section 8.5.

(d) In the defense of any claim or litigation pursuant to this Section 8.5, the indemnifying party shall not, without the prior written consent of the indemnified party, consent to entry of any judgment or enter into any settlement which imposes restrictions or non-monetary obligations on the indemnified party, nor shall the indemnifying party, without the prior written consent of the indemnified party, consent to entry of any judgment or enter into any settlement unless such judgment or settlement includes an unconditional release of each indemnified party from any liabilities arising out of such claim, action or proceeding.

(e) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, manager, director or controlling Person of such indemnified party and will survive the Transfer of Securities.

(f) If the indemnification provided for in this Section 8.5 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Registration Loss or if contribution under the Securities Act may be required on the part of a holder of Registrable Units, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amounts paid or payable by such indemnified party as a result of such Registration Loss, in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions which resulted in such Registration Loss as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the holders of such Registrable Units agree that it would not be just and equitable if contributions pursuant to this paragraph were determined by *pro rata* allocation or by any other method of allocation which did not take into account the equitable considerations referred to

herein. The amount paid or payable to an indemnified party as a result of the Registration Losses shall be deemed to include, subject to the limitation set forth in Section 8.5(c), any legal or other expenses reasonably incurred in connection with investigating or defending the same. Notwithstanding the foregoing, in no event shall the amount contributed by a holder of such Registrable Units exceed the aggregate net proceeds received by such holder of Registrable Units from the sale of its Registrable Units.

8.6. Future Registration Rights. The Company shall not grant any registration rights which in any way adversely affect the registration rights granted hereunder without the prior written consent of the Class B Majority.

8.7. Registration Rights Expenses. Except as provided herein, all expenses incurred by the Company in complying with Sections 8.1 through 8.4 including all registration and filing fees (including all expenses incident to filing with FINRA), fees and expenses of complying with securities and blue sky laws, printing expenses, fees and expenses of the Company's counsel and accountants and reasonable fees and expenses of the Members and Sellers' Counsel (collectively, "Registration Expenses"), shall be paid by the Company; *provided, however,* that all underwriting discounts and selling commissions applicable to the Registrable Units shall not be borne by the Company but shall be borne by the holders of Registrable Units in proportion to the number of Registrable Units sold by each of them.

8.8. Holdback Agreement. If the Company at any time shall register Registrable Units under the Securities Act (including any registration pursuant to Sections 8.1 through 8.3) for sale to the public pursuant to a QIPO, the Equity Owners shall not sell publicly (other than sales or dispositions by Class B Members and Class C Members to members of their respective Groups and other than with respect to those Units included in such registration), make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any Equity Securities (other than those Units included in such registration pursuant to Section 8.1 through 8.3) without the prior written consent of the Company for a period designated in writing by the Company to the Equity Owners, which period shall not begin more than ten (10) days prior to the effective date of such registration and shall not last more than one hundred eighty (180) days following the effective date of such registration, subject to customary extensions for earnings releases, material events and material announcements by the Company. Each holder of Registrable Units further agrees to execute such agreements as may be requested by the underwriters in any Public Offering that are consistent with the terms of this Section 8.8 or that are necessary to give further effect hereto.

8.9. Information by Holder. The Members shall furnish to the Company such written information regarding the Members, the Registrable Units held by such Member and the distribution proposed by any Member as the Company or the managing underwriter may reasonably request in writing and as shall be reasonably required in connection with any registration referred to in this Agreement and the Company may exclude from such registration the Registrable Units of any holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

8.10. Exchange Act Compliance. From the date that a registration statement filed by the Company pursuant to the Exchange Act relating to any class of the Company's Securities shall have become effective, the Company shall comply with all of the reporting requirements of the Exchange Act applicable to it and shall comply with all other public

information reporting requirements of the Commission which are conditions to the availability of Rule 144. The Company shall cooperate with the Members in supplying such information as may be necessary for the Members to complete and file any information reporting forms presently or hereafter required by the Commission as a condition to the availability of Rule 144.

ARTICLE IX
TRANSFER OF EQUITY SECURITIES

9.1. Additional Members. The Company shall require each Additional Member and each recipient of Class P Units, as a condition to the effectiveness of the receipt of Units and in the case of the Additional Member, the admission of such Person as an Additional Member, to execute a joinder to this Agreement, substantially in the form attached hereto as Exhibit B (the "Joinder Agreement"), whereupon such Person shall be bound by, and entitled to the benefits of, the provisions of this Agreement as a Member or Class P Unit Holder.

9.2. Limitations on Transfers.

(a) No Transfer of any Applicable Securities by any Member shall become effective unless and until: (i) the Transferee (unless already subject to this Agreement) executes and delivers to the Company a Joinder Agreement, agreeing to be treated in the same manner as the transferring Member; and (ii) such Transfer is either (A) a Permitted Transfer or (B) otherwise made in compliance with this Article IX. Upon such Transfer and such execution and delivery, the Transferee shall be bound by, and entitled to the benefits of, this Agreement with respect to the Transferred Applicable Securities in the same manner as the Transferring Member. The provisions regarding Transfers of Applicable Securities contained in this Article IX shall apply to all Applicable Securities now owned or hereafter acquired by a Member. Any Transfer of Applicable Securities by a Member not made in accordance with this Article IX shall be void *ab initio*. Except pursuant to Sections 9.5 and 9.6, no Class P Unit may be Transferred other than in accordance with the Class P Unit Grant Agreement applicable to such Class P Unit.

(b) Notwithstanding anything to the contrary contained herein, except as approved by the Board (including at least one (1) Eos Manager), no Member may Transfer any Applicable Securities to any Person (or to any Affiliate thereof): (i) who directly or indirectly competes with the Company or any of the Company's Subsidiaries other than in connection with an Approved Sale or Realization Event; (ii) if the Transfer could result in the Company having more than one hundred (100) partners (within the meaning of Treasury Regulation Section 1.7704-1(h) after applying the look through rules of Treasury Regulation Section 1.7704-1(h)(3)) or could otherwise result in the Company being treated as a "publicly traded partnership"; or (iii) if the Transfer would terminate the partnership for purposes of Section 708 of the Code.

(c) Each Member shall, after complying with the provisions of this Agreement, but prior to any Transfer of Applicable Securities, give written notice to the Company of such proposed Transfer. Each such notice shall describe the manner and circumstances of the proposed Transfer. Upon request by the Company, each Member seeking to Transfer Applicable Securities shall deliver a written opinion, addressed to the Company, of counsel for such Member, stating that in the opinion of such counsel (which opinion and counsel shall be reasonably satisfactory to the Company) such proposed Transfer does not involve a transaction requiring registration or qualification of such Applicable Securities under

the Securities Act or the securities laws of any State of the United States; *provided, however,* that no such opinion shall be required for a Transfer which is a Permitted Transfer or a Transfer effected pursuant to Sections 9.3, 9.4(f), 9.5 or 9.6. Subject to compliance with the other provisions of this Agreement, if the Company does not request such an opinion within ten (10) Business Days of receipt of the notice, the Transferring Member shall be entitled to Transfer such Applicable Securities, on the terms set forth in the notice, within sixty (60) days of delivery of the notice.

(d) Notwithstanding anything to the contrary contained herein, no Member shall be permitted to Transfer all or any part of their respective Applicable Securities to any Person prior to the date that is five (5) years from the Original Closing Date other than: (i) to Permitted Transferees; or (ii) pursuant to Sections 9.4(f) or 9.5.

(e) The Original Member, its Permitted Transferees and each Member that is an entity that was formed for the sole purpose of directly or indirectly acquiring Applicable Securities or that has no substantial assets other than Applicable Securities or direct or indirect interests in Applicable Securities agrees that: (i) certificates for shares of its common stock or other instruments reflecting equity interests in such entity (and the certificates for shares of common stock or other equity interests in any similar entities controlling such entity) will note the restrictions contained in this Agreement on the restrictions on Transfer of shares as if such common stock or other equity interests were Applicable Securities; (ii) no shares of such common stock or other equity interests may be Transferred or issued to any Person other than in accordance with the terms and provisions of this Agreement as if such common stock or other equity interests were Applicable Securities; and (iii) any transfer of such common stock or other equity interests shall be deemed to be a transfer of a *pro rata* number of Applicable Securities hereunder.

9.3. Co-Sale Rights.

(a) Subject to compliance with the other applicable provisions of this Agreement, if, at any time any of the Members or their respective Permitted Transferees (for purposes of this Section 9.3, any such Person, the "Co-Sale Transferor") proposes to Transfer any Units (other than pursuant to a Permitted Transfer) to any Person (the "Co-Sale Transferee"), then the Co-Sale Transferor, at least thirty (30) days prior to the closing of such Transfer, shall deliver a notice (the "Co-Sale Notice") to the other Members holding Units of the same class of Units that is the subject of such Co-Sale Notice or each of their Permitted Transferees (the "Other Members") detailing the terms and conditions of the proposed Transfer and indicating that the Co-Sale Transferee has: (i) been informed of the co-sale rights provided for in this Section 9.3; and (ii) agreed to purchase such Units in accordance with the terms hereof.

(b) The Co-Sale Transferor shall not be permitted to Transfer any Units to the Co-Sale Transferee unless the Other Members are permitted to Transfer their respective Co-Sale Pro Rata Amount of the aggregate number of such Units to which the Co-Sale Offer relates, to the extent the Other Members have timely delivered a Tag-Along Notice in accordance with Section 9.3(d).

(c) The Co-Sale Transferor shall, in addition to complying with the provisions of this Section 9.3, comply with the other provisions of this Article IX.

(d) Within thirty (30) days after delivery of the Co-Sale Notice, each Other Member may elect to participate in the proposed Transfer by delivering to such Co-Sale Transferor a notice (the "Tag-Along Notice") specifying the number of Units (up to his, her or its Co-Sale Pro Rata Amount) with respect to which such Other Member shall exercise his, her or its rights under this Section 9.3. For purposes of this Section 9.3, each Other Member may aggregate his, her or its Co-Sale Pro Rata Amount among Other Members in his, her or its Group to the extent that such Other Members in his, hers or its Group do not elect to sell their respective Co-Sale Pro Rata Amounts.

9.4. Preemptive Rights.

(a) If the Company proposes to issue any New Securities to any Person, the Company shall, before such issuance, deliver to the Class F Members, Class E Members, the Class D Members, the Class C Members, the Class B Members and the Original Member (except to the extent such Members are not Accredited Investors) (collectively, and including their Permitted Transferees who are Members, the "Subscribing Members") a written notice offering to issue to the Subscribing Members such New Securities upon the terms set forth in this Section 9.4 (the "Preemptive Offer Notice"). The Preemptive Offer Notice shall state that the Company proposes to issue New Securities and shall set forth the number and terms and conditions (including the purchase price) of such New Securities. The offer (the "Preemptive Offer") shall remain open and irrevocable for a period of ten (10) days (the "Preemptive Offer Period") from the date of its delivery.

(b) Each Subscribing Member may accept the Preemptive Offer by delivering to the Company a notice (the "Purchase Notice") at any time during the Preemptive Offer Period. The Purchase Notice shall state the number (the "Preemptive Offer Number") of New Securities such Subscribing Member desires to purchase. If the sum of all Preemptive Offer Numbers exceeds the number of New Securities, the New Securities shall be allocated among the Subscribing Members that delivered a Purchase Notice in accordance with their respective Pro Rata Amounts.

(c) The issuance of New Securities to the Subscribing Members who delivered a Purchase Notice shall be made on a Business Day, as designated by the Company, not less than ten (10) and not more than sixty (60) days after expiration of the Preemptive Offer Period on those terms and conditions of the Preemptive Offer not inconsistent with this Section 9.4.

(d) If the number of New Securities exceeds the sum of all Preemptive Offer Numbers, the Company may issue such excess or any portion thereof on the terms and conditions set forth in the Preemptive Offer to any Person within ninety (90) days after expiration of the Preemptive Offer Period. If such issuance is not made within such ninety (90)-day period, the restrictions provided for in this Section 9.4 shall again become effective.

(e) For purposes of this Section 9.4, each Subscribing Member may aggregate his, her or its Pro Rata Amount among other Subscribing Members in his, her or its Group to the extent that other Subscribing Members in his, her or its Group do not elect to purchase their respective Pro Rata Amounts.

(f) Notwithstanding anything to the contrary contained herein, the Company may, in order to expedite the issuance of the New Securities under this Section 9.4(f), issue all or a portion of the New Securities to one or more Persons (each, an "Initial Subscribing Investor"), without complying with the provisions of this Section 9.4; *provided*, that prior to such issuance, either: (i) each Initial Subscribing Investor agrees to offer to sell to each Member who is an Accredited Investor and who is not an Initial Subscribing Investor (each such Member, an "Other Accredited Member") his or its respective Pro Rata Amount of such New Securities on the same terms and conditions as issued to the Initial Subscribing Investors; or (ii) the Company shall offer to sell an additional amount of New Securities to each Other Accredited Member only in an amount and manner which provides such Other Accredited Members with rights substantially similar to the rights outlined in Sections 9.4(b) and 9.4(c). The Initial Subscribing Investors or the Company, as applicable, shall offer to sell such New Securities to each Other Accredited Member within sixty (60) days after the closing of the purchase of the New Securities by the Initial Subscribing Investors.

9.5. Drag-Along Rights.

(a) At any time that the Board (including at least one (1) Eos Manager, except in the case of a Qualified Sale) shall approve the Sale of the Company to one or more Persons (an "Approved Sale"), each Equity Owner and the Company shall consent to and raise no objections against the Approved Sale (other than as permitted pursuant to Section 6.3), and if such Approved Sale is structured as: (i) a merger or consolidation of the Company or a sale of all or substantially all of the Company's assets, each Equity Owner shall, and hereby does, waive any dissenter's rights, appraisal rights or similar rights in connection with such merger or consolidation; or (ii) a sale of Equity Securities (whether directly or indirectly through the sale of an Equity Owner), each Equity Owner shall, and hereby does, agree to sell their Equity Securities (whether directly or indirectly through the sale of an Equity Owner) on the terms and conditions approved by the Board, and in each such instance shall waive any claims any Equity Owner may have against the Board in connection with such Approved Sale. Each Equity Owner (in its capacity as an Equity Owner and, if applicable, an officer) and the Company shall take all necessary and desirable actions in connection with the consummation of the Approved Sale, including the execution of such agreements and such instruments and other actions reasonably necessary to (A) provide the representations, warranties, indemnities (jointly and severally with respect to any escrow amounts and on a several basis thereafter), covenants, conditions, escrow agreements and other provisions and agreements relating to such Approved Sale and (B) effectuate the allocation and distribution of the aggregate consideration upon the Approved Sale as set forth below; provided that any Approved Sale shall be structured such that the applicable Eos Member and the applicable Highland Member may sell in such Approved Sale, in lieu of Units held by such Members, a number of shares of capital stock in such Member (or stock, units or other equity interest of any Person that owns such Member) representing an indirect interest in the Company that represents an equivalent ownership interest as the number of Units to be included in the Approved Sale. The Members shall not be required to comply with, and shall have no rights under, Sections 9.1 through 9.4 in connection with any Approved Sale.

(b) The Company shall provide the Equity Owners with written notice of any Approved Sale at least ten (10) days prior to the consummation thereof setting forth in reasonable detail the terms (including price, time and form of payment) of any Approved Sale. Each Equity Owner shall receive the same portion of the aggregate consideration from such Approved Sale that such Equity Owner would have received if such aggregate consideration (in the case of a Company Asset Sale, after payment or provision for all liabilities) had been distributed by the Company pursuant to Section 4.1(c).

(c) Each Equity Owner and the Company hereby grants an irrevocable proxy and power of attorney to any nominee of the Board (the "Board Nominee") to take all reasonable actions and execute and deliver all documents deemed reasonably necessary and appropriate by such Person to effectuate the consummation of any Approved Sale. The proxies and powers granted by the Equity Owners hereunder are coupled with an interest and are given to secure the performance of the Equity Owners' obligations hereunder. Such proxies and powers shall be irrevocable for the term of this Agreement and shall survive the death, incompetency, disability or bankruptcy of any Equity Owner or Permitted Transferee thereof. The Equity Owners hereby agree to indemnify, defend and hold the Board Nominee harmless (severally in accordance with their *pro rata* share of the consideration received in any such Approved Sale (and not jointly and severally)) against all liability, loss or damage, together with all reasonable costs and expenses (including reasonable legal fees and expenses), relating to or arising from its exercise of the proxy and power of attorney granted hereby absent gross negligence or fraud.

9.6. Realization Event.

(a) At any time following the fifth (5th) anniversary of the Original Closing Date, the Class B Majority (for purposes of this Section 9.6, collectively, the "Requesting Investor") may deliver a written notice to: (i) the Board (a "Realization Investor Notice"), directing the Company to pursue strategic alternatives, including, but not limited to, a Sale of the Company, Public Offering, merger, recapitalization, refinancing or other similar Liquidity Event, including a transaction that is sponsored by the executives of the Company (in each case, a "Realization Event"), and identifying an independent investment bank (the "Investment Bank") to advise on such strategic alternatives, in accordance with this Section 9.6; and/or (ii) each of the Members other than the Eos Members (for purposes of this Section 9.6, a "Realization Member Notice") indicating that the Requesting Investor is electing to pursue a Realization Event that does not require any action by the Company and identifying the Investment Bank. Upon receipt of a Realization Investor Notice, the Company shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to effect the Realization Event in accordance with this Section 9.6. Upon receipt of a Realization Member Notice, each Member shall use its respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to effect the Realization Event in accordance with this Section 9.6.

(b) The Investment Bank shall submit a report to the Requesting Investor and the Board, or upon a Triggering Event, the Realization Event Committee, outlining alternatives for a Realization Event that will achieve the highest value reasonably available within a reasonable period of time. The Company and the Members agree to cooperate with the Investment Bank in accordance with any procedures set forth in such report with respect to the proposed Realization Event, and agree to use their reasonable best efforts to reach agreement on the terms and conditions for such Realization Event, and will retain independent legal counsel selected by the Realization Event Committee to advise the Company and the Members on such Realization Event.

(c) For purposes of the foregoing, in the event of a disagreement on the terms and conditions for the Realization Event among the Members, the final determination of such terms and conditions shall be made by the Requesting Investor or the Realization Event Committee, as applicable, and thereafter the Requesting Investor or the Realization Event Committee, as applicable, shall have the right to cause the Company, or the Members, as the case may be, to expeditiously consummate such Realization Event on the terms so determined. In connection with any Realization Event pursuant to this Section 9.6, the provisions set forth in Sections 9.5(a) and (b) shall apply, *mutatis mutandis*, with respect to such Realization Event as if the Requesting Member is the Board and the Realization Event is the Approved Sale. The Company agrees to pay all reasonable fees and expenses of the Requesting Investor, the Investment Bank and such legal counsel in connection with such Realization Event.

(d) Each Equity Owner agrees that, if at any time such Equity Owner is then entitled to vote with respect to any matter for which the approval of Equity Owners may be required or requested in connection with a Realization Event, such Equity Owner shall vote such Equity Owner's Equity Securities or execute written consents, as the case may be, and take all other necessary action (including causing the Company to call a special meeting of the Members) in order to approve such matter. In order to secure the foregoing obligations, each Equity Owner hereby appoints any Person designated by the Requesting Investor (the "Investor Nominee") as its true and lawful proxy and attorney-in-fact, with full power of substitution, to vote all of the Equity Securities in favor of any such matter related to the Realization Event, and the Investor Nominee may exercise the irrevocable proxy granted to the Investor Nominee hereunder at any time any Equity Owner fails to comply with this Section 9.6. The proxies and powers granted by the Equity Owners hereunder are coupled with an interest and are given to secure the performance of the Equity Owners' obligations hereunder. Such proxies and powers shall be irrevocable for the term of this Agreement and shall survive the death, incompetency, disability or bankruptcy of any Equity Owner or Permitted Transferee thereof. The Equity Owners hereby agree to indemnify, defend and hold the Investor Nominee harmless (severally in accordance with their *pro rata* share of the consideration received in any such Realization Event (and not jointly and severally)) against all liability, loss or damage, together with all reasonable costs and expenses (including reasonable legal fees and expenses), relating to or arising from its exercise of the proxy and power of attorney granted hereby.

9.7. Sale of the Company. If pursuant to any provision of this Agreement (determined without regard to this Section 9.7) any Class B Member, Class C Member, Class D Member, Class E Member or Class F Member is to Transfer its Units in the Company, the shares of common stock or similar securities of the Class B Member, Class C Member, Class D Member, Class E Member or Class F Member shall, at the option of such Class B Member, Class C Member, Class D Member, Class E Member or Class F Member, be Transferred rather than the Units held by such Class B Member, Class C Member, Class D Member, Class E Member or Class F Member. Each of the Company and each Member shall use its respective best efforts to ensure that the applicable transaction is structured as a sale of the shares of common stock or similar securities of the Class B Members, Class C Members, Class D Members, Class E Members or Class F Members rather than a sale of the Units held by the Class B Members, Class C Members, Class D Members, Class E Members or Class F Members. To the extent a transaction is structured as a sale of the common stock or similar securities of the Class B Members, Class C Members, Class D Members, Class E Members or Class F Members, the proceeds for such securities shall equal the allowable share of the Class B Members, Class C

Members, Class D Members, Class E Members or Class F Members, based on their Units in the Company, of the proceeds received for the Units in the Company and such securities of the Class B Members, Class C Members, Class D Members, Class E Members or Class F Members as part of the same transaction.

9.8. Legend. In the event that certificates representing the Equity Securities are issued (the "Certificated Units"), such certificates will bear substantially the following legend:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS") AND MAY NOT BE SOLD, ASSIGNED, PLEDGED OR TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, DATED AS OF DECEMBER 8, 2014, AS AMENDED AND MODIFIED FROM TIME TO TIME, GOVERNING TRUE SCIENCE DELAWARE HOLDINGS, LLC (THE "COMPANY") AND BY AND AMONG CERTAIN INVESTORS AND ANY CLASS P UNIT GRANT AGREEMENT (AS APPLICABLE). A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

ARTICLE X
BOOKS, RECORDS, ACCOUNTING AND REPORTS

10.1. Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including (a) all books and records necessary to provide any information, lists and copies of documents required to be provided pursuant to Section 10.3 or pursuant to applicable laws (the "Books and Records"). All matters concerning: (i) the determination of the relative amount of allocations and distributions among the Equity Owners pursuant to Articles III and IV; and (ii) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined in good faith by the Board.

10.2. Fiscal Year. The fiscal year (the "Fiscal Year") of the Company shall constitute the twelve (12) month period ending on December 31 of each calendar year, or such other annual accounting period as may be established by the Board that is permitted under the Code and the Treasury Regulations.

10.3. Reports. The Company shall deliver to the Eos Members, the Highland Members, the Original Member, any other Class C Member and any other Class F Member (a) within thirty (30) days after the end of each calendar month, unaudited consolidated statements of income and cash flows of the Company and its Subsidiaries for such calendar month and for the period from the beginning of the Fiscal Year to the end of such calendar month, consolidated

balance sheets of the Company and its Subsidiaries as of the end of such calendar month (all prepared in accordance with GAAP, consistently applied, subject to the absence of footnote disclosures and to normal year-end adjustments), (b) within forty-five (45) days after the end of each Fiscal Quarter which does not coincide with the end of the Fiscal Year, unaudited consolidated statements of income and cash flows of each of the Company and its Subsidiaries for such Fiscal Quarter and for the period from the beginning of the Fiscal Year to the end of such Fiscal Quarter, consolidated balance sheets of each of the Company and its Subsidiaries as of the end of such Fiscal Quarter (all prepared in accordance with GAAP, consistently applied, subject to the absence of footnote disclosures and to normal year-end adjustments), (c) within ninety (90) days after the end of each Fiscal Year, audited consolidated statements of income and cash flows of each of the Company and its Subsidiaries for such Fiscal Year, and consolidated balance sheets of the of the Company and its Subsidiaries as of the end of such Fiscal Year (all prepared in accordance with GAAP, consistently applied), and (d) within ninety (90) days after the completion of each Fiscal Year, the annual budgets for the Company and its Subsidiaries. If there are any Financing Documents in place, the Company shall deliver to the Eos Members, the Highland Members and the Original Member all reports, compliance certificates and other materials (including financial projections, if any) delivered to the lenders pursuant to such Financing Documents in accordance with the time frames set forth therein. For the avoidance of doubt, the financial statements delivered pursuant to this Section 10.3 shall include comparisons to budget and prior year periods, in each case in a manner consistent with past practices. Upon the written request of any Eos Member, Highland Member or the Original Member, the Company shall deliver to one designated representative of the Eos Members, the Highland Members or the Original Member, as applicable: (i) any information or data with respect to the Company or any of its Subsidiaries as from time to time may be reasonably requested; (ii) promptly upon becoming available, a copy of the Company's federal, state and local income tax returns for each year; (iii) a current list of the name and last known business, residence or mailing address of each Equity Owner; and (iv) a copy of the then current written limited liability company agreement and certificate of formation of the Company, together with executed copies of any written powers of attorney pursuant to which the limited liability company agreement and any certificate and all amendments thereto have been executed.

10.4. Transmission of Communications. Each Person that owns or controls Units on behalf of, or for the benefit of, another Person or Persons shall be responsible for conveying any report, notice or other communication received from the Board to such other Person or Persons.

10.5. Inspection. Subject to compliance with Section 7.2, the Company shall provide the Members with reasonable access to the Books and Records and the Members shall have the right, upon reasonable prior notice to the Board, to visit the premises of the Company during normal business hours to inspect and make copies of the Books and Records. In addition to the foregoing, the Company shall provide the Members with reasonable access to management of the Company.

ARTICLE XI
TAX MATTERS

11.1. Tax Year. The Taxable Year of the Company shall be its Fiscal Year.

11.2. Filing of Tax Returns.

(a) The Company shall be responsible for timely filing all Tax returns of the Company. The Company shall timely furnish to each Equity Owner its IRS Form K-1 for each Taxable Year and any similar forms required for state or local Tax purposes; *provided, however,* that: (i) a final IRS Form K-1 shall be provided no later than March 15 of the year immediately succeeding the relevant Tax year; and (ii) on or prior to February 15 of each year, the Company shall furnish to each Equity Owner an estimate of the amount of net taxable income or loss that will be allocated to such Equity Owner for the immediately prior Taxable Year and an estimate of how such net taxable income or loss shall be apportioned (or allocated) among (or to) the various states in which the Company conducts (or is deemed to conduct) business. At least thirty (30) days prior to the filing the IRS Form 1065 and completing the IRS Forms K-1, the Company shall provide to each Member a draft of such returns for such Member's review and comment.

(b) Each Equity Owner shall furnish to the Company all pertinent information in its possession relating to the Equity Owner or the Company's operations that is reasonably necessary to enable the Company's tax returns to be prepared and filed or for the Company to determine Tax Distributions.

(c) Any balance sheet prepared for any tax return of the Company shall, unless otherwise determined by the Board or required under applicable law, be prepared in accordance with the same methods of accounting used for purposes of determining Capital Accounts.

(d) Each Equity Owner shall provide any forms (including an IRS Form W-9 or applicable IRS Form W-8) reasonably requested by the Company to allow the Company to determine the amount, if any, that is required to be withheld with respect to such Equity Owner under applicable Tax laws.

11.3. Tax Elections.

(a) Except as otherwise provided by this Agreement, all elections and decisions required or permitted to be made by the Company under any applicable Tax law shall be made by the Board.

(b) The Tax Matters Member is hereby designated as the "tax matters partner" for the Company within the meaning of Code Section 6231(a)(7); *provided, however,* that the Tax Matters Member shall: (i) receive the consent of the Board prior to taking any material action in connection with its representation of the Company before the Internal Revenue Service or other Governmental Authority (including entering any agreement to extend any statute of limitations with respect to a material Tax, make a material Tax election, or settling a material Tax claim); (ii) keep the Board reasonably informed regarding any communication it has received from the Internal Revenue Service or other Governmental Authority relating to any material Tax matter of the Company and shall provide the Board with a copy of any written correspondence received; and (iii) promptly provide the Board with a detailed account of all states of any administrative or judicial proceedings relating to Company Tax matters and shall provide the Board with sufficient notice to enable to the Board to participate in such proceedings.

(c) Except in connection with a Conversion Event, no Equity Owner (including the Tax Matters Member), agent or employee of the Company is authorized to, or may, file Internal Revenue Service Form 8832 (or such alternative or successor form) to elect to have the Company be classified as a corporation for income tax purposes, in accordance with Treasury Regulation Section 301.7701-3. Notwithstanding anything to the contrary in this Agreement, if True Science fails to distribute to the Company an amount of cash equal to any Estimated Tax Distribution required to be made by the Company to the Equity Owners within thirty (30) days after the date on which such Estimated Tax Distribution was required to be made, then the Company shall, upon receipt of written notice from the Class B Majority, cause True Science to file Internal Revenue Service Form 8832 (or such alternative or successor form) to elect to have True Science be classified as a corporation for income tax purposes, in accordance with Treasury Regulation Section 301.7701-3, with such election having an effective date elected by the Class B Majority and permitted by the Code on behalf of the Company and True Science (the "Corporation Election"). If the Company fails to cause True Science to file such form within five (5) Business Days of the Company's receipt of written notice from the Class B Majority, each of the Eos Members is hereby granted an irrevocable proxy, coupled with an interest, to file such form on behalf of True Science.

(d) By executing this Agreement, the Equity Owners and the Company agree that the Board shall take such actions (including amending this Agreement) as may be required by any authority with respect to the taxation of "profits interests" to conform to the tax consequences under Revenue Procedure 93-27 and Revenue Procedure 2001-43; *provided*, that the Board cannot take any action pursuant to this Section 11.3(d) if it would result in any Equity Owner receiving an after-tax return that is less than such Equity Owner would have received had such amendments not been made and the profits interest been taxed in accordance with Revenue Procedure 93-27 and Revenue Procedure 2001-43.

ARTICLE XII
WITHDRAWAL AND RESIGNATION OF MEMBERS

12.1. Withdrawal and Resignation of Members. Except in connection with any Transfer in compliance with Article IX, no Member shall have the power or right to withdraw or otherwise resign from the Company prior to the dissolution and winding up of the Company pursuant to Article IX without the prior written consent of the Board (which consent may be withheld by the Board in its discretion), except as otherwise expressly permitted by this Agreement. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to Article IX, such Member shall cease to be a Member. Notwithstanding that payment on account of a withdrawal may be made after the effective time of such withdrawal, any completely withdrawing Member will not be considered a Member for any purpose after the effective time of such complete withdrawal, and, in the case of a partial withdrawal, such Member's Capital Account (and corresponding voting and other rights) shall be proportionately reduced for all other purposes hereunder upon the effective time of such partial withdrawal.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

13.1. Dissolution. The Company shall not be dissolved by the admission of Additional Members. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following:

(a) subject to Section 6.3, at any time upon the written request of the Board; or

(b) the entry of a decree of judicial dissolution of the Company under the Delaware Act.

Except as otherwise set forth in this Article XIII, the Company is intended to have perpetual existence. Any withdrawal of a Member shall not cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

13.2. Liquidation. On the dissolution of the Company, the Board shall act as liquidator or (in its discretion) may appoint one or more representatives, Members or other Persons as liquidator(s). The liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidators shall continue to operate the Company properties with all of the power and authority of the Board. The steps to be accomplished by the liquidators are as follows:

(a) the liquidators shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine); and

(b) the liquidators shall promptly distribute the Company's remaining assets to the Equity Owners in accordance with their positive balances in the Capital Accounts.

Any non-cash (or non-cash equivalent) assets will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Article IV. In making such distributions, the liquidators shall allocate each type of remaining assets *(i.e.*, cash or cash equivalents, capital stock of the Company's Subsidiaries, etc.) among the Equity Owners ratably based upon the aggregate amounts to be distributed with respect to the Units held by each such Equity Owner. The distribution of cash and/or property to an Equity Owner in accordance with the provisions of this Section 13.2 constitutes a complete return to the Equity Owner of such Equity Owner's Capital Contributions and a complete distribution to the Equity Owner of such Equity Owner's interest in the Company and all the Company's property and constitutes a compromise to which all Equity Owners have consented within the meaning of the Delaware Act. To the extent that an Equity Owner returns funds to the Company, it has no claim against any other Equity Owner for those funds.

13.3. Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company is terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation with the Secretary of State of

the State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. The Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 13.3.

13.4. Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 13.2 in order to minimize any losses otherwise attendant upon such winding up.

13.5. Return of Capital. The liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Equity Owners (it being understood that any such return shall be made solely from Company assets).

13.6. Liquidity Event. Except to the extent a Liquidity Event is governed by Section 13.2, each Equity Owner shall receive the same portion of the aggregate consideration from a Liquidity Event that such Equity Owner would have received in respect of such Equity Owner's Units if such aggregate consideration (in the case of a Company Asset Sale, after payment or provision for all liabilities) had been distributed by the Company pursuant to Section 4.1(c).

ARTICLE XIV
CONVERSION

In the event that a Conversion Event shall occur, the Board shall, without any vote or consent of the Members other than as required pursuant to Section 6.3, take all necessary and desirable action to incorporate the Company or take such other action as it may deem advisable, including (A) dissolving the Company, creating one or more Subsidiaries of the newly formed corporation and transferring to such Subsidiaries any or all of the assets of the Company (including by merger), (B) causing the Equity Owners to exchange their Units for shares of the newly formed corporation, or (C) effecting the conversion of the Company into a corporation pursuant to Section 18-216 of the Delaware Act; *provided* that any such actions shall be structured in a tax-efficient manner for all Members. In connection with any such transaction, the Equity Owners shall receive, in exchange for their respective Units, shares of capital stock of such corporation or its Subsidiaries having the same relative economic interest and other rights and obligations in such corporation or its Subsidiaries as is set forth in this Agreement, subject to any modifications (as reasonably determined by the Board) required solely as a result of the conversion to corporate form. At the time of such transaction, the Equity Owners shall, and hereby agree to, take any and all actions deemed reasonably necessary and appropriate by the Board to effect such transaction, including entering into a stockholders' agreement providing for, among other provisions: (i) the restrictions on Transfer set forth in this Agreement; *provided*, that such restrictions shall not apply to (x) sales in Public Offerings, (y) sales in accordance with Rule 144, or (z) subject to Section 8.8, to sales following the consummation of a QIPO; (ii) an agreement to vote all shares of capital stock held by them to elect the board of directors of the new corporation in accordance with this Agreement; and (iii) an arrangement to reflect the economic agreements among the Equity Owners reflected herein. Prior to consummating any such transaction, the Board shall approve the proposed forms of a certificate of incorporation, bylaws, stockholders' agreement and any other governing documents proposed to be established for such corporation and its Subsidiaries, if any, all of which shall, as nearly as practicable (as
reasonably determined by the Board), reflect the rights and obligations of the Equity Owners under this Agreement and comparable agreements applicable to any Subsidiary as of the date of such transaction.

ARTICLE XV
TERMINATION

15.1. Termination of this Agreement. This Agreement shall terminate automatically, without further act or deed of any other Person, upon and after the occurrence of (a) a Conversion Event or (b) any Sale of the Company (other than a sale of all or substantially all of the Company's assets) resulting in aggregate net proceeds received by the Eos Members equal to not less than the amount to which they would be entitled under Section 4.1(c) as of the date of the consummation of such Sale of the Company; *provided, however,* that the provisions of Sections 5.12, 5.13, 6.4, 7.2 and 8.5, Article XVI and this Article XV, shall survive such termination. Notwithstanding the foregoing or anything to the contrary set forth herein, the provisions of Article VIII shall survive until the Company's obligations thereunder are fully performed.

ARTICLE XVI
GENERAL PROVISIONS

16.1. Amendments, Modifications, Waivers, Consents; Exercise of Rights. Subject to Section 6.3, this Agreement may be amended, modified or waived in writing only with the consent of each of a Class A Majority and a Class B/C Majority, and such amendment, modification or waiver shall be binding upon and effective as to each other Member and Equity Owner; provided, however, that (i) any amendment, modification, consent or waiver that has or would have a disproportionately adverse effect on any specific Member including, without limitation, on the rights, preferences, powers and privileges hereunder of any specific Member or that requires any additional capital contribution or increases the liability of any specific Member in a disproportionately adverse manner, shall not be effective without the consent of such Member; provided further, that any amendment, modification or waiver of Sections 5.3(b)(ii) and 5.9, shall not be effective without the consent of the Highland Members. In addition, in exercising any consent rights contained herein, the Eos Member and the Eos Manager, as applicable, shall not consent to any action that has or would have a disproportionately adverse effect (i) on the Highland Class B Member in its capacity as a Class B Member as compared to the Eos Class B Member in its capacity as a Class B Member or (ii) the Highland Class C Member in its capacity as a Class C Member compared to the Eos Class C Member in its capacity as a Class C Member.

16.2. Title to Company Assets. Assets of the Company shall be deemed to be owned by the Company as an entity, and no Equity Owner, individually or collectively, shall have any ownership interest in such assets of the Company or any portion thereof. Legal title to any or all assets of the Company may be held in the name of the Company, the Board or one or more nominees, as the Board may determine. Any assets of the Company for which legal title is held in the name of the Board or the name of any nominee shall be held in trust by the Board or such nominee for the use and benefit of the Company in accordance with the provisions of this Agreement. All assets of the Company shall be recorded as the property of the Company on its Books and Records, irrespective of the name in which legal title to such assets of the Company is held.

16.3. Remedies. Each Equity Owner shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

16.4. Successors and Assigns. All covenants and agreements contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns, whether so expressed or not; *provided*, *however,* that this Agreement shall inure to the benefit of successors and assigns only in the event of Transfers in compliance with Article IX. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Person not a party hereto, except for (a) the Managers; (b) with respect to the matters contemplated by Section 5.3, Eos Partners and ECP IV, and (c) with respect to the matters contemplated by Section 8.5, Holder Indemnified Parties, each of which is an express third party beneficiary entitled to enforce such provisions.

16.5. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

16.6. Counterparts. This Agreement may be executed and delivered by facsimile or portable document format (.pdf) and in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

16.7. Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict.

16.8. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

16.9. Addresses and Notices. All notices, demands, requests, and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively delivered to and received by a party: (i) upon personal delivery; (ii) if sent by fax with confirmation that the proper number of pages were transmitted without error to such party's fax number, on the Business Day the fax was sent if delivered during normal business hours, or else on the next succeeding Business Day; (iii) five (5) days after having been sent by certified United States postal mail with return receipt requested to such party's address; or (iv) on the day of delivery if delivered by nationally recognized overnight courier with confirmation of delivery to such party's address. Such notices, demands, requests and other communications shall be sent to the address for such recipient set forth in the Company's Books and Records, or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice to the Company shall be deemed given if received by the Company at the principal office of the Company designated pursuant to Section 2.6**.**

16.10. Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Profits, Losses, Distributions or the Company's capital or property other than as a secured creditor.

16.11. Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

16.12. Further Action. The parties agree to execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

16.13. Entire Agreement. This Agreement, those documents expressly referred to herein and other documents dated as of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

16.14. Opt-in to Article 8 of the Uniform Commercial Code. The Members hereby agree that the Units shall be securities governed by Article 8 of the Uniform Commercial Code of the State of Delaware (and the Uniform Commercial Code of any other applicable jurisdiction).

16.15. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH PARTY HEREBY WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

ARISING IN WHOLE OR IN PART UNDER, RELATED TO, BASED ON OR IN CONNECTION WITH THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN TORT OR CONTRACT OR OTHERWISE. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 16.15 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

16.16. Survival. Sections 5.12, 5.13, 6.4, 7.2, 8.5, Article XV and this Article XVI shall survive and continue in full force in accordance with its terms notwithstanding any termination of this Agreement or the dissolution of the Company.

16.17. Acknowledgements. Upon execution and delivery of a counterpart to this Agreement or a joinder to this Agreement, Equity Owner shall be deemed to acknowledge to the Board as follows: (a) the determination of such Equity Owner to purchase Units (pursuant to this Agreement or otherwise) and any other agreement referenced herein has been made by such Equity Owner independent of any other Equity Owner and independent of any statements or opinions as to the advisability of such purchase or as to the properties, business, prospects or condition (financial or otherwise) of the Company and its Subsidiaries which may have been made or given by any other Equity Owner or by any agent or employee of any other Equity Owners and (b) no other Equity Owner has acted as an agent of such Equity Owner in connection with making its investment hereunder and that no other Equity Owner shall be acting as an agent of such Equity Owner in connection with monitoring its investment hereunder.

16.18. Reservation of Other Business Opportunities. No business opportunities other than those actually exploited by the Company on the date of execution hereof shall be deemed the property of the Company, and any Manager or Member may engage in or possess an interest in any other business venture, independently or with others, of any nature or description; and neither any other Manager or Member nor the Company shall have any rights by virtue hereof in and to such other business ventures, or to the income or profits derived therefrom. No Manager or Member shall have any obligation to communicate, present or offer first to the Company or any of its Subsidiaries any business opportunity or venture of any kind. The provisions of this Section 16.18 shall be subject to, and not in any way affect the enforceability of, any separate agreement by a Manager or Member or any Affiliate thereof restricting or prohibiting certain business activities of such Manager or Member or such Affiliate(s) thereof (in this Agreement or otherwise).

[signature pages follow]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

COMPANY:

TRUE SCIENCE DELAWARE HOLDINGS, LLC

By: /s/ Cord Christensen
Name: Cord Christensen
Title: CEO

[Signature Page to Fifth A&R True Science Delaware Holdings LLC Agreement]

EOS MEMBERS:

EOS TS INVESTOR CO.

By: /s/ Steven M. Friedman
Name: Steven M. Friedman
Title: President

ECP IV TS INVESTOR CO.

By: /s/ Steven M. Friedman
Name: Steven M. Friedman
Title: President

HIGHLAND MEMBERS:

HIGHLAND CONSUMER FUND I LIMITED PARTNERSHIP
By: Highland Consumer GP Limited Partnership
By: Highland Consumer GP GP LLC

By: /s/ Thomas G. Stemberg
Name: Thomas G. Stemberg
Title: Managing General Partner

HCF - TS BLOCKER CORP.

By: /s/ Thomas G. Stemberg
Name: Thomas G. Stemberg
Title: President

HIGHLAND CONSUMER ENTREPRENEURS FUND I LIMITED PARTNERSHIP
By: Highland Consumer GP Limited Partnership
By: Highland Consumer GP GP LLC

By: /s/ Thomas G. Stemberg
Name: Thomas G. Stemberg
Title: Managing General Partner

ROCKHURST, LLC

By:
Name:
Title:

ORIGINAL MEMBER:

TRUE SCIENCE FOUNDERS, LLC

By: /s/ Cord Christensen
Name: Cord Christensen
Title: Manager

[Signature Page to Fifth A&R True Science Delaware Holdings LLC Agreement]

LABORE:

LABORE ET HONORE, LLC

By: /s/ James Clarke
Name: James Clarke
Title: MGR.

[Signature Page to Fifth A&R True Science Delaware Holdings LLC Agreement]

RON KENNEDY:

/s/ Ron Kennedy
Ron Kennedy

[Signature Page to Fifth A&R True Science Delaware Holdings LLC Agreement]

CHRISTENSEN:

CHRISTENSEN CLASS F, LLC

By: /s/ Cord Christensen
Name: Cord Christensen
Title: Manager

[Signature Page to Fifth A&R True Science Delaware Holdings LLC Agreement]

EXHIBIT B

FIFTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT JOINDER

By execution of this Joinder, the undersigned agrees to become a party to that certain Fifth Amended and Restated Limited Liability Company Agreement dated as of December 8, 2014, by and among True Science Delaware Holdings, LLC and each of the Equity Owners which are parties thereto (as the same may be amended, restated or otherwise modified from time-to-time). The undersigned shall have all the rights, and shall observe all the obligations, applicable to a [Class F Member]/[Class E Member]/[Class D Member]/[Class C Member]/[Class B Member]/[Class A Member]/[Class P Unit Holder]/[Original Member]/[Eos Member]/[Highland Member] thereunder.

Name: _____

Address for Notices:	with copies to:
_____	_____
_____	_____
_____	_____
_____	_____

Exhibit 10.8

EMPLOYMENT AND NON-COMPETITION AGREEMENT

EMPLOYMENT AND NON-COMPETITION AGREEMENT (this ***"Agreement"***) dated as of May 31, 2012, between True Science Holdings, LLC, an Idaho limited liability company (the ***"Company"***), and Scott Adcock (the ***"Employee"***).

WHEREAS, prior to the consummation of the transactions contemplated in that certain Securities Purchase Agreement, dated as of the date hereof (as it may be amended, restated or otherwise modified from time to time, the ***"Purchase Agreement"***), by and among True Science Delaware Holdings, LLC, a Delaware limited liability company ***("Holdings")***, True Science Founders, LLC, a Delaware limited liability company (***"Seller Member")***, and each of the parties identified on Schedule A thereto (the ***"Purchasers")***, Seller Member owned all of the issued and outstanding equity securities of Holdings, which owned all of the issued and outstanding equity interests of the Company;

WHEREAS, pursuant to the Purchase Agreement, Holdings and the Seller Member have agreed to sell, and the Purchasers have agreed to purchase, Units of Holdings, upon the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, the Employee is receiving consideration from the transactions contemplated by the Purchase Agreement through the sale of Units of the Company by Seller Member;

WHEREAS, pursuant to the Purchase Agreement, the execution and delivery of this Agreement is a deliverable required at the Closing of the transactions contemplated by the Purchase Agreement; and

WHEREAS, the Employee is willing to enter into employment and perform services for the Company on the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Employment Period.

Pursuant to the terms and subject to the conditions of this Agreement, the Company hereby agrees to employ the Employee, and the Employee hereby agrees to be employed by the Company for the period commencing on the date hereof and ending on the third (3) anniversary date of the date hereof, unless earlier terminated in accordance with the terms hereof (the *"**Employment Period**").* The Employment Period shall be automatically extended for a twelve-month period unless either party gives notice to the other party of its intention to terminate this Agreement no later than sixty (60) days prior to the end of the then-existing Employment Period. From and after the expiration of the Employment Period, the Employee will not be entitled to any rights or benefits (including, without limitation, any severance pursuant to this Agreement or any Company program, policy or otherwise) other than payment of any earned but unpaid wages.

Section 2. Terms of Employment.

(a) Position. During the Employment Period, the Employee shall serve as President of the Company and shall report to Holdings via the board of managers of Holdings (the ***"Board")***. The Employee shall, subject to the direction and supervision of the Board, have

supervision and control over, and responsibility for, such management and operational functions of the Company currently assigned to such position and shall have such other powers and duties (including holding officer positions with the Company and one or more subsidiaries of the Company) as may from time to time be prescribed by the Board consistent with the Employee's position as President.

(b) Full Time. During the Employment Period, and excluding any periods of vacation and sick leave to which the Employee is entitled and those activities identified on Schedule A attached hereto, the Employee agrees to devote his full business time and efforts, to the best of his ability, experience and talent, to the business and affairs of the Company; provided, however, that none of the activities identified on **Schedule A** (i) impairs the Employee's ability to conduct his day-to-day activities and responsibilities in accordance with this Agreement or (ii) violates the provisions of Section 5 herein

(c) Compensation.

(i) Base Salary. During the Employment Period, the Employee shall receive an annual base salary of $240,000, which annual base salary shall be subject to adjustment as determined by the Board (excluding the Employee if he should be a member of the Board) (as so adjusted, the ***"Annual Base Salary"***). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company, subject to applicable withholding and other payroll taxes.

(ii) Bonuses. During the Employment Period, the Employee shall be eligible to receive annual cash bonuses (the ***"Annual Bonus"***) determined by the Board in its sole discretion. The Annual Bonus shall be paid as, when and if determined by the Board, subject to applicable withholding and other payroll taxes.

(iii) Expenses. During the Employment Period, the Employee shall be entitled to receive reimbursement for all reasonable and documented expenses incurred by the Employee in connection with the performance of his duties hereunder, in accordance with the policies, practices and procedures of the Company as in effect from time to time.

(iv) Vacation and Holidays. During the Employment Period, the Employee shall be entitled to paid holidays and three (3) weeks paid vacation in accordance with the policies of the Company applicable to other employees of the Company generally.

(v) Benefits. The Employee acknowledges that the Company does not currently have any incentive, savings or retirement plans, or any welfare benefit plans provided by the Company (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs). To the extent that the Company adopts any such plans or programs, the Employee shall be entitled to participate in such plans or programs in accordance with the policies of the Company applicable to other executive-level employees of the Company.

Section 3. Termination of Employment.

(a) Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death. The Company may also terminate the Employee's employment due to Disability. For purposes of this Agreement, the Employee shall be deemed ***"Disabled"*** and shall be subject to termination due to Disability, if the Employee is unable to perform the essential functions of his position, with or without reasonable accommodation, for any ninety (90) days during a period of one hundred eighty (180) consecutive days (excluding any days of paid vacation used by the Employee in accordance with the Company's paid time off policy), due to mental or physical disability as determined by a physician selected by the Company and reasonably acceptable to the Employee. If the Employee is Disabled, the Company may elect to terminate the Employee's employment hereunder by giving Notice of Termination (as defined below) to the Employee (such termination to be effective upon receipt of such notice); *provided*, *however*, that the Company may not terminate the Employee's employment unless, at the time the Company gives the Notice of Termination, the Employee continues to have a physical or mental disability that, in the opinion of a physician selected by Company and reasonably acceptable to the Employee, may be expected to prevent the Employee from performing any of his duties hereunder for any period of time in excess of the ninety (90) days rendering him Disabled. The parties acknowledge and agree that the Company will suffer an undue hardship under the circumstances set forth in the previous provision.

(b) Cause. The Employee's employment may be terminated at any time by the Company for Cause (as defined below) or Without Cause (as defined below). For purposes of this Agreement, ***"Cause"*** shall mean: (i) a breach by the Employee of any provision of this Agreement which, if curable, is not cured within ten (10) days after the Employee's receipt of written notice of such breach from the Company; (ii) any conduct, action or behavior by the Employee, whether or not in connection with the Employee's employment hereunder, including, without limitation, the commission of any felony or a lesser crime involving dishonesty, fraud, misappropriation, theft, wrongful taking of property, embezzlement, bribery, forgery, extortion or other crime of moral turpitude, that has or may reasonably be expected to have a material adverse effect on the reputation or business of Holdings or the Company, its subsidiaries or any of their respective affiliates (collectively, the ***"Company Group")*** or which results in gain or personal enrichment of the Employee to the detriment of the Company Group; (iii) a governmental authority, including, without limitation, the Environmental Protection Agency and the Food and Drug Administration, has prohibited the Employee from working or being affiliated with the Company or the business conducted thereby; (iv) the commission of any act by the Employee of gross negligence or malfeasance, or any willful violation of law, in each case, in connection with the Employee's performance of his duties with the Company Group or with respect to any member of the Company Group; (v) performance of the Employee's duties in an unsatisfactory manner after a written warning and a ten (10) day opportunity to cure or failure to observe material policies generally applicable to employees after a written warning and a ten (10) day opportunity to cure; (vi) breach of the Employee's duty of loyalty to the Company Group; (vii) chronic absenteeism; or (viii) substance abuse, illegal drug use or habitual insobriety. ***"Without Cause"*** shall mean a termination by the Company of the Employee's employment during the Employment Period for any reason or under any circumstances other than a termination based upon Cause, death or Disability.

(c) Notice of Termination. Any termination by the Company for Cause, Without Cause or for Disability or by the Employee for any reason, shall be communicated by Notice of Termination to the other party hereto. For purposes of this Agreement, a ***"Notice of Termination"*** means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts

and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated and (iii) if the date of termination is other than the date of receipt of such notice, specifies the termination date (the ***"Termination Date"***); *provided, however*, that in the event of a termination by the Employee for any reason, the Notice of Termination need only indicate the Termination Date, which shall not be less than thirty (30) days after the date of receipt of the Notice of Termination.

(d) Post-Termination Cooperation. The Employee agrees and covenants that, following the Employment Period, he shall, to the extent reasonably requested in writing by the Company, cooperate in good faith with and assist the Company Group in the pursuit or defense of any claim, administrative charge, or cause of action by or against the Company Group as to which the Employee, by virtue of his employment with the Company, has relevant knowledge or information, including by acting as the Company's representative in any such proceeding and, without the necessity of a subpoena, providing truthful testimony in any jurisdiction or forum, excluding any claim, charge or cause of action brought by the Company Group against the Employee. The Company shall reimburse the Employee for his reasonable out-of-pocket expenses in complying with this Section 3(d).

(e) Post-Termination Nonassistance. The Employee agrees and covenants that, following the Employment Period, he shall not voluntarily assist, support, or cooperate with, directly or indirectly, any other person or entity alleging or pursuing or defending against any claim, administrative charge, or cause or action against or by the Company, as the case may be, including by providing testimony or other information or documents, except under compulsion of law. Should the employee be compelled to testify, nothing in this Agreement is intended to, or shall prohibit the Employee from, providing complete and truthful testimony. Nothing in this Agreement shall in any way prevent the Employee from cooperating with any investigation by any federal, state, or local governmental agency.

Section 4. Obligations of the Company upon Termination.

(a) Without Cause. If the Company shall terminate the Employee's employment during the Employment Period Without Cause, then the Company shall provide the Employee with the following severance payments and/or benefits:

(i) the Company shall pay to the Employee, in each case through the Termination Date: (A) a lump sum in the amount of the Employee's earned but unpaid Annual Base Salary, subject to applicable withholding and payroll taxes, which shall be paid no later than the next pay date following the Termination Date (in accordance with the Company's customary payroll practices), and (B) reimbursement for any unpaid reimbursable expenses incurred by the Employee, which shall be paid in accordance with the Company's policies, practices and procedures in effect as of the Termination Date, (collectively, ***"Accrued Obligations"***); and

(ii) subject to Section 4(c), the Company shall continue to pay the Employee his Annual Base Salary in accordance with customary payroll practices (and subject to customary withholding and payroll taxes) for twelve (12) months from the Termination Date (the ***"Severance Period"***),

(b) Cause; Death; Disability; By the Employee for Any Reason. If the Employee's employment shall be terminated due to the Employee's death or Disability, by the Company for Cause, or by the Employee for any reason, then the Company shall have no further payment obligations to the Employee (or his estate or legal representative if applicable, in the case of death or Disability) other than for payment of the Accrued Obligations.

(c) Condition; Remedies. The Employee acknowledges and agrees that the Company's obligations pursuant to this Section 4 (other than with respect to the Accrued Obligations or as otherwise required by law) are conditioned on the execution and delivery by the Employee (or, if applicable, his executor, administrator or legal representative) of a general release in form and substance satisfactory to the Company within thirty (30) days following the Termination Date, and in the absence of the execution and delivery of such a timely general release, the Company shall have no obligation to make any such payments. The Company shall not have any obligation to make any payments whatsoever to the Employee with respect to his employment by the Company, or the termination of his employment, other than as set forth in this Agreement, and any and all rights of the Employee to any compensation or benefits in connection with his employment shall automatically and immediately terminate upon the termination of his employment, and the Employee covenants and agrees not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment.

(d) Resignation upon Termination. Notwithstanding anything to the contrary contained herein, upon termination of the Employee's employment for any reason or under any circumstance, the Employee shall be deemed to have given the Company notice of his resignation from any and all positions as officer of the Company and its subsidiaries and, if the Employee was terminated for Cause, as a member of the Board or other similar governing body of the Company and its subsidiaries, to the extent applicable.

(e) Return of Company Property. Upon termination of the Employee's employment for any reason or under any circumstances, the Employee shall return any and all of the property of the Company Group (including, without limitation, all computers, keys, credit cards, identification tags, documents, data, Confidential Information (as defined below) and Work Product (as defined below) and other proprietary materials) and all other materials.

Section 5. Non-Compete, Non-Solicitation.

(a) Non-Compete. During the Employment Period, for any period after the Employment Period in which the Employee is employed by the Company, and for (i) eighteen (18) months following the termination of the Employee's employment by the Company for Cause or by the Employee for any reason; or (ii) one (1) year following the termination of the Employee's employment by the Company for any reason other than Cause (the ***"Non-Compete Period"***), and irrespective of whether the Employee is entitled to severance, the Employee agrees that he shall not, and shall not permit his respective affiliates to, directly or indirectly through another person, engage in a Competitive Business (defined below) by providing any services similar to those provided during employment for the Company, including without limitation any business management, strategic planning, or sales services, advice, or expertise, or any related services, advice, or expertise in any geographic location in which the Company Group is engaged in business, which includes the United States (the ***"Geographic Area"***); *provided*, that upon written notice to the Employee given at least sixty (60) days prior to the expiration of the initial Non-Compete Period, the Company may extend the Non-Compete Period for a period of up to one (1) year (such period of time, as set forth in the notice, the ***"Extended Period"***) on condition that during the Extended Period, if any, the Company pays to the Employee his Annual

Base Salary at the time of termination of his employment in accordance with customary payroll practices (and subject to customary withholding and payroll taxes). For purposes of this Agreement, ***"Competitive Business"*** shall mean any business that is engaged in the acquisition, distribution, marketing, sale, resale, manufacture or production of veterinary pet prescription and over-the-counter medications or related products, and all matters and services incidental or related thereto, or any other business in competition with the business conducted by (or actively being contemplated by) the Company Group.

(b) Non-Solicitation. The Employee agrees that during the Employment Period, for any period after the Employment Period in which the Executive is employed by the Company, and during the Non-Compete Period, the Employee shall not, and shall not permit his respective affiliates to, directly or indirectly through another person within the Geographic Area:

(i) hire any employee or independent contractor of the Company Group, or solicit, induce, recruit or encourage any such employee or independent contractor to leave the employ of, or reduce the services provided to, the Company Group, or encourage or attempt to do any of the foregoing, either for the Employee's own purposes or for any other person or entity.

(ii) (A) solicit, interfere with, subvert, disrupt or alter the relationship, contractual or otherwise, between the Company Group and any client, customer, contractor, vendor, supplier, licensor or licensee of the Company Group, or any prospective client, customer, contractor, vendor, supplier, licensor or licensee of the Company Group, (B) divert or take away or attempt to divert or take away the business or patronage (with respect to products or services of the kind or type developed, produced, marketed, furnished or sold by the Company) of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company, or (C) encourage or attempt to do any of the foregoing, either for the Employee's own purposes or for any other person or entity.

(c) Acknowledgments. Employee acknowledges that the restrictions set forth in Sections 5(a) and (b) are fair and reasonable in all respects. Without limiting the foregoing, Employee makes the following acknowledgments:

(i) Employee will, by virtue of Employee's position with the Company, have and gain a high level of inside knowledge regarding the Company Group and its business, and as a result, will have the ability to harm or threaten its legitimate business interests, including without limitation, its goodwill, technologies, intellectual property, business plans, processes, methods of operation, customers, customer lists, referral sources, vendors and vendor contracts, financial and marketing information, and other trade secrets.

(ii) Employee will provide services or have significant presence or influence on behalf of the Company Group within the entire Geographic Area due to the nature of the Company Group's business, which is conducted extensively throughout the Geographic Area.

(iii) The type of activities restricted by Sections 5(a) and (b) would be in direct competition with the Company Group's business.

(iv) Employee has received sufficient consideration in exchange for the covenants made herein.

Section 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Employee will not disclose or use at any time, either during the Employment Period or thereafter, any Confidential Information (as hereinafter defined) of which the Employee is or becomes aware, whether or not such information is developed by him, except to the extent that such disclosure or use is directly related to and required by the Employee's performance in good faith of duties assigned to the Employee by the Company or has been expressly authorized by the Board; *provided*, *however,* that this sentence shall not be deemed to prohibit the Employee from complying with any subpoena, order, judgment or decree of a court or governmental or regulatory agency of competent jurisdiction (an ***"Order"****); provided*, *further, however,* that (i) the Employee agrees to provide the Company with prompt written notice of any such Order and to assist the Company, at the Company's expense, in asserting any legal challenges to or appeals of such Order that the Company in its sole discretion pursues, and (ii) in complying with any such Order, the Employee shall limit his disclosure only to the Confidential Information that is expressly required to be disclosed by such Order. The Employee will take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Employee shall deliver to the Company at the termination of the Employment Period, or at any time the Company may request, all memoranda, notes, plans, records, reports, electronic information, files and software and other documents and data (and copies thereof) relating to the Confidential Information or the Work Product (as hereinafter defined) of the business of the Company Group which the Employee may then possess or have under his control.

(b) As used in this Agreement, the term ***"Confidential Information"*** means information that is not generally known to the public (including the existence and content of this Agreement, except that the Employee shall have the right to disclose the existence and content of this Agreement to his spouse, legal advisors and financial advisors) and that is used, developed or obtained by the Company Group in connection with its business, including, but not limited to, information, observations and data obtained by the Employee while employed by the Company Group or any predecessors thereof (including those obtained prior to the date of this Agreement) concerning (i) the business or affairs of the Company or any of its subsidiaries (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software and hardware, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) databases and data, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that is publicly known and made generally available through no wrongful act of the Employee or others who were under confidentiality obligations as to the information involved. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

Section 7. Property: Inventions and Patents.

(a) The Employee has attached hereto, as **Schedule B**, a list describing any Inventions (as defined below), which belong to the Employee, which were made by the Employee prior to his employment with the Company, which relate to the Company Group and which are not assigned to the Company under this Agreement (the ***"Prior Inventions"***). The Employee agrees that all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos, products, equipment and all similar or related information and materials (whether patentable or unpatentable) (collectively, ***"Inventions"***) which relate to the Company Group's actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee (whether or not during usual business hours and whether or not alone or in conjunction with any other person) while employed (and for the Non-Compete Period if and to the extent such Inventions result from any work performed for the Company, any use of the Company's premises or property or any use of the Company's Confidential Information) by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing (collectively referred to herein as, the ***"Work Product")***, excluding all Prior Inventions, belong in all instances to the Company or such affiliate. To the extent that any of the Prior Inventions are incorporated into the product, process or machine of the Company or any affiliate by the Employee, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, transferable, sublicensable, worldwide license to make, have made, modify, use and sell such Prior Invention as a part of or in connection with such product, process or machine. The Employee will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and to provide reasonable assistance to the Company Group (whether during or after the Employment Period) in connection with the prosecution of any applications for patents, trademarks, trade names, service marks or reissues thereof or in the prosecution or defense of interferences relating to any Work Product. The Employee recognizes and agrees that the Work Product, to the extent copyrightable, constitutes works for hire under the copyright laws of the United States and that to the extent Work Product constitutes works for hire, the Work Product is the exclusive property of the Company, and all right, title and interest in the Work Product vests in the Company. To the extent Work Product is not works for hire, the Work Product, and all of the Employee's right, title and interest in Work Product, including without limitation every priority right, is hereby assigned to the Company.

(b) The Employee shall assist and cooperate fully with the Company and its affiliates in obtaining for the Company and its affiliates the grant of letters patent, copyrights and any other intellectual property rights relating to the Work Product in the United States and/or such other countries as the Company and its affiliates may designate. With respect to Work Product, the Employee shall, during the Employment Period and at any time thereafter, execute all applications, statements, instruments of transfer, assignment, conveyance or confirmation, or other documents, furnish all such information to the Company and its affiliates and take all such other appropriate lawful actions as the Company and its affiliates requests.

Section 8. Enforcement.

Because the Employee's services are special, unique and extraordinary and because the Employee has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, the Company Group and its successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

Section 9. Assurances by the Employee.

The Employee represents and warrants to the Company that he may enter into this Agreement and fully perform all of his obligations under this Agreement and as an employee of the Company without breaching, violating, or conflicting with (i) any judgment, order, writ, decree, or injunction of any court, arbitrator, government agency, or other tribunal that applies to the Employee or (ii) any agreement, contract, obligation, or understanding to which the Employee is a party or may be bound.

Section 10. Non-Disparagement.

The Employee agrees that he will not make, or cause to be made, any statement, observation, or opinion, or communicate any information (whether oral or written), to any person other than a member of the Board, that disparages the Company Group, or is likely in any way to harm the business or the reputation of the Company Group, or any of their respective former, present or future managers, directors, officers, members, stockholders or employees.

Section 11. Termination of Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof or in limitation of any right or remedy otherwise available to the Company, if the Employee violates any provision of this Agreement, or facts or circumstances have been made known that if known as of the Termination Date, the Employee would not have been entitled to the benefits of Section 4(a)(ii), (i) the provisions set forth in Section 4(a)(ii), and the Company's obligations thereunder, shall be terminated and of no further force or effect, without limiting or affecting the Employee's obligations under Sections 5, 6, 7, or 10), or the Company's other rights and remedies available at law or equity and (ii) the Employee shall promptly pay the Company any amounts received pursuant to Section 4(a)(ii).

Section 12. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction or arbitrator to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Entire Agreement. This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(c) Counterparts. This Agreement may be executed in two (2) or more counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts.

(d) Successors and Assigns: Beneficiaries. This Agreement is personal to the Employee and without the prior written consent of the Company shall not be assignable by the Employee. The obligations of the Employee hereunder shall be binding upon Employee's heirs, administrators, executors, assigns and other legal representatives. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Company's successors and assigns.

(e) Governing Law. THIS AGREEMENT, AND THE TERMS AND CONDITIONS HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF IDAHO, EXCEPT WITH RESPECT TO SECTION 12(k) HEREOF, WHICH SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT.

(f) Amendment and Waiver. Subject to Section 12(a) hereof, the provisions of this Agreement may be amended and waived only with the prior written consent of the Employee and the Company, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(g) Notices. All notices, requests, demands, claims, consents and other communications which are required or otherwise delivered hereunder shall be in writing and shall be deemed to have been duly given if (i) personally delivered or transmitted by electronic mail, (ii) sent by nationally recognized overnight courier, (iii) mailed by registered or certified mail with postage prepaid, return receipt requested, or (iv) transmitted by facsimile to the parties hereto at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) if to the Company, to:

True Science Holdings, LLC
500 East Shore Drive, Suite 120
Eagle, ID 83616
Attn: Cord Christensen
Tel: (208) 939-8900 x 311
Attn: Scott Adcock
Tel: (208) 939-8900 x 312

with a copy (which shall not constitute notice) to:

Holland & Hart LLP
222 South Main Street, Suite 2200
Salt Lake City, Utah 84101
Attn: Marc Porter
Tel: (801) 799-5916

with a copy (which shall not constitute notice) to:

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attention: Bradley C, Vaiana, Esq.
Telephone: (212) 294-2610
Facsimile: (212) 294-4700
E-mail: BVaiana@winston.com

(ii) if to the Employee, to his address set forth on the signature page

hereto;

or to such other address as the party to whom such notice or other communication is to be given may have furnished to each other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (i) when delivered, if personally delivered or transmitted by electronic mail, with receipt acknowledgment by the recipient by return electronic mail, (ii) when sent, if sent by facsimile on a Business Day during normal business hours (or, if not sent on a Business Day during normal business hours, on the next Business Day after the date sent by facsimile), (iii) on the next Business Day after dispatch, if sent by nationally recognized, overnight courier guaranteeing next Business Day delivery, and (iv) on the fifth (5th) Business Day following the date on which the piece of mail containing such communication is posted, if sent by mail.

(h) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(i) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(j) Right of Set Off. In the event of a breach by the Employee of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law and after ten (10) days prior written notice to Employee, to set-off and apply any and all amounts at any time held by the Company on behalf of the Employee and all indebtedness at any time owing by the Company to the Employee against any and all of the obligations of the Employee now or hereafter existing.

(k) Arbitration; Waiver of Jury Trial. With the exception of equitable relief as noted in Section 8 hereof, any controversy or claim arising out of or relating to this Agreement or the breach thereof (including, without limitation, as to arbitrability and any disputes with respect to Employee's employment with the Company or the termination of such employment, including,

without limitation, any claim for alleged discrimination, harassment or retaliation on the basis of race, sex, color, national origin, sexual orientation, age, religion, creed, marital status, veteran status, alienage, citizenship, disability or handicap, or any other legally protected status, and any alleged violation of any federal, state, or other governmental law, statute or regulation, including, but not limited to, claims arising under Title VII of the Civil Rights Act of 1964, other civil rights statutes including, without limitation, 42 U.S.C. § 1981, 42 U.S.C. § 1982, and 42 U.S.C. § 1985, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Employee Retirement Income Security Act, the Occupational Safety and Health Act, the Immigration Reform and Control Act, or any state or local law, as amended), shall be settled by individual arbitration (as opposed to class or collective arbitration) administered before JAMS (the ***"Arbitrator"***) under the common rules then pertaining. The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Employee mutually agree to extend this time period. The arbitration shall take place in the State of Idaho. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just, and to award all remedies that would be available in court. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement, except pursuant to Section 12(a). The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered or vacated in any court of competent jurisdiction. The prevailing party shall be reimbursed by the other party to the action for reasonable attorneys' fees and expenses relating to such action, with the exception of any action by an employee alleging a civil rights or statutory cause of action, in which case the Company shall pay the filing fees and costs of the arbitration and each party shall be responsible for its own attorneys' fees and costs, provided that the arbitrator may grant any remedy or relief that a party could obtain from a court of competent jurisdiction on the basis of such claims.

(l) Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice-versa.

(m) 409A Compliance. To the extent any provision of this Agreement or action by the Company would subject the Employee to liability for interest or additional taxes under the Internal Revenue Code of 1986 (as amended, ***"Code")*** Section 409A, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Company. It is intended that this Agreement will comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and this Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. All references in this Agreement to the Employee's termination of employment shall mean a "separation from service" within the meaning of Code Section 409A and Treasury Regulation Section 1.409A-l(h)(l)(ii). Notwithstanding anything to the contrary herein, if the Employee is a "specified employee" as defined in Code Section 409A, any portion of the amounts payable under this Agreement as a result of a termination of employment that are not eligible for any of the exceptions to the application of Code Section 409A (such as the severance pay exception or

the short-term deferral exception), shall not be paid to the Employee until the earlier of (i) the expiration of the six (6)-month period measured from the date of the Employee's "separation from service" or (ii) the Employee's death. Any series of payments hereunder shall be considered a series of separate payments for purposes of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made in accordance with Treasury Regulation §1.409A-3(i)(l)(iv) (or any similar or successor provisions). This Agreement may be amended to the extent necessary (including retroactively) by the Company in order to preserve compliance with Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for the Employee's compensation and benefits and the Company does not guarantee that any compensation or benefits provided under this Agreement will satisfy the provisions of Code Section 409A.

(n) Survival. For the avoidance of doubt, the obligations of the Employee under Sections 3(d), 3(e), 4(a), 4(d), 4(e), and 5-12 (and all subsections thereto) shall survive the end of the Employment Period or the termination of this Agreement or the Employee's employment for any reason (whether such termination is by the Company, by the Employee, or otherwise).

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

TRUE SCIENCE HOLDINGS, LLC

By: /s/ Cord Christensen
Name: Cord Christensen
Title: CEO

EMPLOYEE

/s/ Scott Adcock
Scott Adcock

Address: 2274 W. Forest Grove CT.
Eagle, ID 83616

SCHEDULE A

PERMITTED ACTIVITIES

1. **Management of Nicklaus Golf Centers**
2. **Administrative work for N PWR VENTURES, LLC**

SCHEDULE B

LIST OF PRIOR INVENTIONS

AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description
None		

Signature of Employee: /s/ Scott Adcock
Print Name of Employee: Scott Adcock
Date: 5/29/12

Exhibit 10.9

EMPLOYMENT AND NON-COMPETITION AGREEMENT

EMPLOYMENT AND NON-COMPETITION AGREEMENT (this ***"Agreement"***) dated as of May 31, 2012, between True Science Holdings, LLC, an Idaho limited liability company (the ***"Company"***), and McCord Christensen (the ***"Employee"***).

WHEREAS, prior to the consummation of the transactions contemplated in that certain Securities Purchase Agreement, dated as of the date hereof (as it may be amended, restated or otherwise modified from time to time, the ***"Purchase Agreement"***), by and among True Science Delaware Holdings, LLC, a Delaware limited liability company ***("Holdings"***), True Science Founders, LLC, a Delaware limited liability company (***"Seller Member"***), and each of the parties identified on Schedule A thereto (the ***"Purchasers"***), Seller Member owned all of the issued and outstanding equity securities of Holdings, which owned all of the issued and outstanding equity interests of the Company;

WHEREAS, pursuant to the Purchase Agreement, Holdings and the Seller Member have agreed to sell, and the Purchasers have agreed to purchase, Units of Holdings, upon the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, the Employee is receiving consideration from the transactions contemplated by the Purchase Agreement through the sale of Units of the Company by Seller Member;

WHEREAS, pursuant to the Purchase Agreement, the execution and delivery of this Agreement is a deliverable required at the Closing of the transactions contemplated by the Purchase Agreement; and

WHEREAS, the Employee is willing to enter into employment and perform services for the Company on the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Employment Period.

Pursuant to the terms and subject to the conditions of this Agreement, the Company hereby agrees to employ the Employee, and the Employee hereby agrees to be employed by the Company for the period commencing on the date hereof and ending on the third (3) anniversary date of the date hereof, unless earlier terminated in accordance with the terms hereof (the ***"Employment Period"***). The Employment Period shall be automatically extended for a twelve-month period unless either party gives notice to the other party of its intention to terminate this Agreement no later than sixty (60) days prior to the end of the then-existing Employment Period. From and after the expiration of the Employment Period, the Employee will not be entitled to any rights or benefits (including, without limitation, any severance pursuant to this Agreement or any Company program, policy or otherwise) other than payment of any earned but unpaid wages.

Section 2. Terms of Employment.

(a) Position. During the Employment Period, the Employee shall serve as Chief Executive Officer of the Company and shall report to Holdings via the board of managers of Holdings (the ***"Board"***). The Employee shall, subject to the direction and supervision of the Board, have supervision and control over, and responsibility for, such management and operational functions of the Company currently assigned to such position and shall have such other powers and duties (including holding officer positions with the Company and one or more subsidiaries of the Company) as may from time to time be prescribed by the Board consistent with the Employee's position as Chief Executive Officer.

(b) Full Time. During the Employment Period, and excluding any periods of vacation and sick leave to which the Employee is entitled and those activities identified on Schedule A attached hereto, the Employee agrees to devote his full business time and efforts, to the best of his ability, experience and talent, to the business and affairs of the Company; provided, however, that none of the activities identified on **Schedule A** (i) impairs the Employee's ability to conduct his day-to-day activities and responsibilities in accordance with this Agreement or (ii) violates the provisions of Section 5 herein.

(c) Compensation.

(i) Base Salary. During the Employment Period, the Employee shall receive an annual base salary of $240,000, which annual base salary shall be subject to adjustment as determined by the Board (excluding the Employee if he should be a member of the Board) (as so adjusted, the ***"Annual Base Salary"***). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company, subject to applicable withholding and other payroll taxes.

(ii) Bonuses. During the Employment Period, the Employee shall be eligible to receive annual cash bonuses (the ***"Annual Bonus"***) determined by the Board in its sole discretion. The Annual Bonus shall be paid as, when and if determined by the Board, subject to applicable withholding and other payroll taxes.

(iii) Expenses. During the Employment Period, the Employee shall be entitled to receive reimbursement for all reasonable and documented expenses incurred by the Employee in connection with the performance of his duties hereunder, in accordance with the policies, practices and procedures of the Company as in effect from time to time.

(iv) Vacation and Holidays. During the Employment Period, the Employee shall be entitled to paid holidays and three (3) weeks paid vacation in accordance with the policies of the Company applicable to other employees of the Company generally.

(v) Benefits. The Employee acknowledges that the Company does not currently have any incentive, savings or retirement plans, or any welfare benefit plans provided by the Company (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs). To the extent that the Company adopts any such plans or programs, the Employee shall be entitled to participate in such plans or programs in accordance with the policies of the Company applicable to other executive-level employees of the Company.

Section 3. Termination of Employment.

(a) Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death. The Company may also terminate the Employee's employment due to Disability. For purposes of this Agreement, the Employee shall be deemed ***"Disabled"*** and shall be subject to termination due to Disability, if the Employee is unable to perform the essential functions of his position, with or without reasonable accommodation, for any ninety (90) days during a period of one hundred eighty (180) consecutive days (excluding any days of paid vacation used by the Employee in accordance with the Company's paid time off policy), due to mental or physical disability as determined by a physician selected by the Company and reasonably acceptable to the Employee. If the Employee is Disabled, the Company may elect to terminate the Employee's employment hereunder by giving Notice of Termination (as defined below) to the Employee (such termination to be effective upon receipt of such notice); *provided, however,* that the Company may not terminate the Employee's employment unless, at the time the Company gives the Notice of Termination, the Employee continues to have a physical or mental disability that, in the opinion of a physician selected by Company and reasonably acceptable to the Employee, may be expected to prevent the Employee from performing any of his duties hereunder for any period of time in excess of the ninety (90) days rendering him Disabled. The parties acknowledge and agree that the Company will suffer an undue hardship under the circumstances set forth in the previous provision.

(b) Cause. The Employee's employment may be terminated at any time by the Company for Cause (as defined below) or Without Cause (as defined below). For purposes of this Agreement, ***"Cause"*** shall mean: (i) a breach by the Employee of any provision of this Agreement which, if curable, is not cured within ten (10) days after the Employee's receipt of written notice of such breach from the Company; (ii) any conduct, action or behavior by the Employee, whether or not in connection with the Employee's employment hereunder, including, without limitation, the commission of any felony or a lesser crime involving dishonesty, fraud, misappropriation, theft, wrongful taking of property, embezzlement, bribery, forgery, extortion or other crime of moral turpitude, that has or may reasonably be expected to have a material adverse effect on the reputation or business of Holdings or the Company, its subsidiaries or any of their respective affiliates (collectively, the ***"Company Group"***) or which results in gain or personal enrichment of the Employee to the detriment of the Company Group; (iii) a governmental authority, including, without limitation, the Environmental Protection Agency and the Food and Drug Administration, has prohibited the Employee from working or being affiliated with the Company or the business conducted thereby; (iv) the commission of any act by the Employee of gross negligence or malfeasance, or any willful violation of law, in each case, in connection with the Employee's performance of his duties with the Company Group or with respect to any member of the Company Group; (v) performance of the Employee's duties in an unsatisfactory manner after a written warning and a ten (10) day opportunity to cure or failure to observe material policies generally applicable to employees after a written warning and a ten (10) day opportunity to cure; (vi) breach of the Employee's duty of loyalty to the Company Group; (vii) chronic absenteeism; or (viii) substance abuse, illegal drug use or habitual insobriety. ***"Without Cause"*** shall mean a termination by the Company of the Employee's employment during the Employment Period for any reason or under any circumstances other than a termination based upon Cause, death or Disability.

(c) Notice of Termination. Any termination by the Company for Cause, Without Cause or for Disability or by the Employee for any reason, shall be communicated by Notice of Termination to the other party hereto. For purposes of this Agreement, a ***"Notice of Termination"*** means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts

and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated and (iii) if the date of termination is other than the date of receipt of such notice, specifies the termination date (the ***"Termination Date"***); *provided, however*, that in the event of a termination by the Employee for any reason, the Notice of Termination need only indicate the Termination Date, which shall not be less than thirty (30) days after the date of receipt of the Notice of Termination.

(d) Post-Termination Cooperation. The Employee agrees and covenants that, following the Employment Period, he shall, to the extent reasonably requested in writing by the Company, cooperate in good faith with and assist the Company Group in the pursuit or defense of any claim, administrative charge, or cause of action by or against the Company Group as to which the Employee, by virtue of his employment with the Company, has relevant knowledge or information, including by acting as the Company's representative in any such proceeding and, without the necessity of a subpoena, providing truthful testimony in any jurisdiction or forum, excluding any claim, charge or cause of action brought by the Company Group against the Employee. The Company shall reimburse the Employee for his reasonable out-of-pocket expenses in complying with this Section 3(d).

(e) Post-Termination Nonassistance. The Employee agrees and covenants that, following the Employment Period, he shall not voluntarily assist, support, or cooperate with, directly or indirectly, any other person or entity alleging or pursuing or defending against any claim, administrative charge, or cause or action against or by the Company, as the case may be, including by providing testimony or other information or documents, except under compulsion of law. Should the employee be compelled to testify, nothing in this Agreement is intended to, or shall prohibit the Employee from, providing complete and truthful testimony. Nothing in this Agreement shall in any way prevent the Employee from cooperating with any investigation by any federal, state, or local governmental agency.

Section 4. Obligations of the Company upon Termination.

(a) Without Cause. If the Company shall terminate the Employee's employment during the Employment Period Without Cause, then the Company shall provide the Employee with the following severance payments and/or benefits:

(i) the Company shall pay to the Employee, in each case through the Termination Date: (A) a lump sum in the amount of the Employee's earned but unpaid Annual Base Salary, subject to applicable withholding and payroll taxes, which shall be paid no later than the next pay date following the Termination Date (in accordance with the Company's customary payroll practices), and (B) reimbursement for any unpaid reimbursable expenses incurred by the Employee, which shall be paid in accordance with the Company's policies, practices and procedures in effect as of the Termination Date, (collectively, ***"Accrued Obligations"***); and

(ii) subject to Section 4(c), the Company shall continue to pay the Employee his Annual Base Salary in accordance with customary payroll practices (and subject to customary withholding and payroll taxes) for twelve (12) months from the Termination Date (the ***"Severance Period"***).

(b) Cause; Death; Disability; By the Employee for Any Reason. If the Employee's employment shall be terminated due to the Employee's death or Disability, by the Company for Cause, or by the Employee for any reason, then the Company shall have no further payment obligations to the Employee (or his estate or legal representative if applicable, in the case of death or Disability) other than for payment of the Accrued Obligations.

(c) Condition; Remedies. The Employee acknowledges and agrees that the Company's obligations pursuant to this Section 4 (other than with respect to the Accrued Obligations or as otherwise required by law) are conditioned on the execution and delivery by the Employee (or, if applicable, his executor, administrator or legal representative) of a general release in form and substance satisfactory to the Company within thirty (30) days following the Termination Date, and in the absence of the execution and delivery of such a timely general release, the Company shall have no obligation to make any such payments. The Company shall not have any obligation to make any payments whatsoever to the Employee with respect to his employment by the Company, or the termination of his employment, other than as set forth in this Agreement, and any and all rights of the Employee to any compensation or benefits in connection with his employment shall automatically and immediately terminate upon the termination of his employment, and the Employee covenants and agrees not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment.

(d) Resignation upon Termination. Notwithstanding anything to the contrary contained herein, upon termination of the Employee's employment for any reason or under any circumstance, the Employee shall be deemed to have given the Company notice of his resignation from any and all positions as officer of the Company and its subsidiaries and, if the Employee was terminated for Cause, as a member of the Board or other similar governing body of the Company and its subsidiaries, to the extent applicable.

(e) Return of Company Property. Upon termination of the Employee's employment for any reason or under any circumstances, the Employee shall return any and all of the property of the Company Group (including, without limitation, all computers, keys, credit cards, identification tags, documents, data, Confidential Information (as defined below) and Work Product (as defined below) and other proprietary materials) and all other materials.

Section 5. Non-Compete, Non-Solicitation.

(a) Non-Compete. During the Employment Period, for any period after the Employment Period in which the Employee is employed by the Company, and for (i) eighteen (18) months following the termination of the Employee's employment by the Company for Cause or by the Employee for any reason; or (ii) one (1) year following the termination of the Employee's employment by the Company for any reason other than Cause (the ***"Non-Compete Period"***), and irrespective of whether the Employee is entitled to severance, the Employee agrees that he shall not, and shall not permit his respective affiliates to, directly or indirectly through another person, engage in a Competitive Business (defined below) by providing any services similar to those provided during employment for the Company, including without limitation any business management, strategic planning, or sales services, advice, or expertise, or any related services, in any geographic location in which the Company Group is engaged in business, which includes the United States (the ***"Geographic Area"***); *provided*, that upon written notice to the Employee given at least sixty (60) days prior to the expiration of the initial Non-Compete Period, the Company may extend the Non-Compete Period for a period of up to one (1) year (such period of time, as set forth in the notice, the ***"Extended Period"***) on condition that during the Extended Period, if any, the Company pays to the Employee his Annual Base Salary at the time

of termination of his employment in accordance with customary payroll practices (and subject to customary withholding and payroll taxes). For purposes of this Agreement, ***"Competitive Business"*** shall mean any business that is engaged in the acquisition, distribution, marketing, sale, resale, manufacture or production of veterinary pet prescription and over-the-counter medications or related products, and all matters and services incidental or related thereto, or any other business in competition with the business conducted by (or actively being contemplated by) the Company Group.

(b) Non-Solicitation. The Employee agrees that during the Employment Period, for any period after the Employment Period in which the Executive is employed by the Company, and during the Non-Compete Period, the Employee shall not, and shall not permit his respective affiliates to, directly or indirectly through another person within the Geographic Area:

(i) hire any employee or independent contractor of the Company Group, or solicit, induce, recruit or encourage any such employee or independent contractor to leave the employ of, or reduce the services provided to, the Company Group, or encourage or attempt to do any of the foregoing, either for the Employee's own purposes or for any other person or entity.

(ii) (A) solicit, interfere with, subvert, disrupt or alter the relationship, contractual or otherwise, between the Company Group and any client, customer, contractor, vendor, supplier, licensor or licensee of the Company Group, or any prospective client, customer, contractor, vendor, supplier, licensor or licensee of the Company Group, (B) divert or take away or attempt to divert or take away the business or patronage (with respect to products or services of the kind or type developed, produced, marketed, furnished or sold by the Company) of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company, or (C) encourage or attempt to do any of the foregoing, either for the Employee's own purposes or for any other person or entity.

(c) Acknowledgments. Employee acknowledges that the restrictions set forth in Sections 5(a) and (b) are fair and reasonable in all respects. Without limiting the foregoing, Employee makes the following acknowledgments:

(i) Employee will, by virtue of Employee's position with the Company, have and gain a high level of inside knowledge regarding the Company Group and its business, and as a result, will have the ability to harm or threaten its legitimate business interests, including without limitation, its goodwill, technologies, intellectual property, business plans, processes, methods of operation, customers, customer lists, referral sources, vendors and vendor contracts, financial and marketing information, and other trade secrets.

(ii) Employee will provide services or have significant presence or influence on behalf of the Company Group within the entire Geographic Area due to the nature of the Company Group's business, which is conducted extensively throughout the Geographic Area.

(iii) The type of activities restricted by Sections 5(a) and (b) would be in direct competition with the Company Group's business.

(iv) Employee has received sufficient consideration in exchange for the covenants made herein.

Section 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Employee will not disclose or use at any time, either during the Employment Period or thereafter, any Confidential Information (as hereinafter defined) of which the Employee is or becomes aware, whether or not such information is developed by him, except to the extent that such disclosure or use is directly related to and required by the Employee's performance in good faith of duties assigned to the Employee by the Company or has been expressly authorized by the Board; *provided, however,* that this sentence shall not be deemed to prohibit the Employee from complying with any subpoena, order, judgment or decree of a court or governmental or regulatory agency of competent jurisdiction (an ***"Order"***); *provided, further, however*, that (i) the Employee agrees to provide the Company with prompt written notice of any such Order and to assist the Company, at the Company's expense, in asserting any legal challenges to or appeals of such Order that the Company in its sole discretion pursues, and (ii) in complying with any such Order, the Employee shall limit his disclosure only to the Confidential Information that is expressly required to be disclosed by such Order. The Employee will take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Employee shall deliver to the Company at the termination of the Employment Period, or at any time the Company may request, all memoranda, notes, plans, records, reports, electronic information, files and software and other documents and data (and copies thereof) relating to the Confidential Information or the Work Product (as hereinafter defined) of the business of the Company Group which the Employee may then possess or have under his control.

(b) As used in this Agreement, the term ***"Confidential Information"*** means information that is not generally known to the public (including the existence and content of this Agreement, except that the Employee shall have the right to disclose the existence and content of this Agreement to his spouse, legal advisors and financial advisors) and that is used, developed or obtained by the Company Group in connection with its business, including, but not limited to, information, observations and data obtained by the Employee while employed by the Company Group or any predecessors thereof (including those obtained prior to the date of this Agreement) concerning (i) the business or affairs of the Company or any of its subsidiaries (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software and hardware, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) databases and data, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that is publicly known and made generally available through no wrongful act of the Employee or others who were under confidentiality obligations as to the information involved. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

Section 7. Property; Inventions and Patents.

(a) The Employee has attached hereto, as **Schedule B**, a list describing any Inventions (as defined below), which belong to the Employee, which were made by the Employee prior to his employment with the Company, which relate to the Company Group and which are not assigned to the Company under this Agreement (the ***"Prior Inventions***"). The Employee agrees that all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos, products, equipment and all similar or related information and materials (whether patentable or unpatentable) (collectively, ***"Inventions"***) which relate to the Company Group's actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee (whether or not during usual business hours and whether or not alone or in conjunction with any other person) while employed (and for the Non-Compete Period if and to the extent such Inventions result from any work performed for the Company, any use of the Company's premises or property or any use of the Company's Confidential Information) by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing (collectively referred to herein as, the ***"Work Product"***), excluding all Prior Inventions, belong in all instances to the Company or such affiliate. To the extent that any of the Prior Inventions are incorporated into the product, process or machine of the Company or any affiliate by the Employee, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, transferable, sublicensable, worldwide license to make, have made, modify, use and sell such Prior Invention as a part of or in connection with such product, process or machine. The Employee will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and to provide reasonable assistance to the Company Group (whether during or after the Employment Period) in connection with the prosecution of any applications for patents, trademarks, trade names, service marks or reissues thereof or in the prosecution or defense of interferences relating to any Work Product. The Employee recognizes and agrees that the Work Product, to the extent copyrightable, constitutes works for hire under the copyright laws of the United States and that to the extent Work Product constitutes works for hire, the Work Product is the exclusive property of the Company, and all right, title and interest in the Work Product vests in the Company. To the extent Work Product is not works for hire, the Work Product, and all of the Employee's right, title and interest in Work Product, including without limitation every priority right, is hereby assigned to the Company.

(b) The Employee shall assist and cooperate fully with the Company and its affiliates in obtaining for the Company and its affiliates the grant of letters patent, copyrights and any other intellectual property rights relating to the Work Product in the United States and/or such other countries as the Company and its affiliates may designate. With respect to Work Product, the Employee shall, during the Employment Period and at any time thereafter, execute all applications, statements, instruments of transfer, assignment, conveyance or confirmation, or other documents, furnish all such information to the Company and its affiliates and take all such other appropriate lawful actions as the Company and its affiliates requests.

Section 8. Enforcement.

Because the Employee's services are special, unique and extraordinary and because the Employee has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, the Company Group and its successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

Section 9. Assurances by the Employee.

The Employee represents and warrants to the Company that he may enter into this Agreement and fully perform all of his obligations under this Agreement and as an employee of the Company without breaching, violating, or conflicting with (i) any judgment, order, writ, decree, or injunction of any court, arbitrator, government agency, or other tribunal that applies to the Employee or (ii) any agreement, contract, obligation, or understanding to which the Employee is a party or may be bound.

Section 10. Non-Disparagement.

The Employee agrees that he will not make, or cause to be made, any statement, observation, or opinion, or communicate any information (whether oral or written), to any person other than a member of the Board, that disparages the Company Group, or is likely in any way to harm the business or the reputation of the Company Group, or any of their respective former, present or future managers, directors, officers, members, stockholders or employees.

Section 11. Termination of Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof or in limitation of any right or remedy otherwise available to the Company, if the Employee violates any provision of this Agreement, or facts or circumstances have been made known that if known as of the Termination Date, the Employee would not have been entitled to the benefits of Section 4(a)(ii), (i) the provisions set forth in Section 4(a)(ii), and the Company's obligations thereunder, shall be terminated and of no further force or effect, without limiting or affecting the Employee's obligations under Sections 5. 6, 7, or 10, or the Company's other rights and remedies available at law or equity and (ii) the Employee shall promptly pay the Company any amounts received pursuant to Section 4(a)(ii).

Section 12. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction or arbitrator to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Entire Agreement. This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(c) Counterparts. This Agreement may be executed in two (2) or more counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts.

(d) Successors and Assigns; Beneficiaries. This Agreement is personal to the Employee and without the prior written consent of the Company shall not be assignable by the Employee. The obligations of the Employee hereunder shall be binding upon Employee's heirs, administrators, executors, assigns and other legal representatives. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Company's successors and assigns.

(e) Governing Law. THIS AGREEMENT, AND THE TERMS AND CONDITIONS HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF IDAHO, EXCEPT WITH RESPECT TO SECTION 12(k) HEREOF, WHICH SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT.

(f) Amendment and Waiver. Subject to Section 12(a) hereof, the provisions of this Agreement may be amended and waived only with the prior written consent of the Employee and the Company, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(g) Notices. All notices, requests, demands, claims, consents and other communications which are required or otherwise delivered hereunder shall be in writing and shall be deemed to have been duly given if (i) personally delivered or transmitted by electronic mail, (ii) sent by nationally recognized overnight courier, (iii) mailed by registered or certified mail with postage prepaid, return receipt requested, or (iv) transmitted by facsimile to the parties hereto at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) if to the Company, to:

True Science Holdings, LLC
500 East Shore Drive, Suite 120
Eagle, ID 83616
Attn: Cord Christensen
Tel: (208) 939-8900 x 311
Attn: Scott Adcock
Tel: (208) 939-8900 x 312

with a copy (which shall not constitute notice) to:

Holland & Hart LLP
222 South Main Street, Suite 2200
Salt Lake City, Utah 84101
Attn: Marc Porter
Tel: (801) 799-5916

with a copy (which shall not constitute notice) to:

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attention: Bradley C. Vaiana, Esq.
Telephone: (212) 294-2610
Facsimile: (212) 294-4700
E-mail: BVaiana@winston.com

(ii) if to the Employee, to his address set forth on the signature page hereto;

or to such other address as the party to whom such notice or other communication is to be given may have furnished to each other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (i) when delivered, if personally delivered or transmitted by electronic mail, with receipt acknowledgment by the recipient by return electronic mail, (ii) when sent, if sent by facsimile on a Business Day during normal business hours (or, if not sent on a Business Day during normal business hours, on the next Business Day after the date sent by facsimile), (iii) on the next Business Day after dispatch, if sent by nationally recognized, overnight courier guaranteeing next Business Day delivery, and (iv) on the fifth (5th) Business Day following the date on which the piece of mail containing such communication is posted, if sent by mail.

(h) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(i) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(j) Right of Set Off. In the event of a breach by the Employee of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law and after ten (10) days prior written notice to Employee, to set-off and apply any and all amounts at any time held by the Company on behalf of the Employee and all indebtedness at any time owing by the Company to the Employee against any and all of the obligations of the Employee now or hereafter existing.

(k) Arbitration; Waiver of Jury Trial. With the exception of equitable relief as noted in Section 8 hereof, any controversy or claim arising out of or relating to this Agreement or the breach thereof (including, without limitation, as to arbitrability and any disputes with respect to Employee's employment with the Company or the termination of such employment, including,

without limitation, any claim for alleged discrimination, harassment or retaliation on the basis of race, sex, color, national origin, sexual orientation, age, religion, creed, marital status, veteran status, alienage, citizenship, disability or handicap, or any other legally protected status, and any alleged violation of any federal, state, or other governmental law, statute or regulation, including, but not limited to, claims arising under Title VII of the Civil Rights Act of 1964, other civil rights statutes including, without limitation, 42 U.S.C. § 1981, 42 U.S.C. § 1982, and 42 U.S.C. § 1985, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Employee Retirement Income Security Act, the Occupational Safety and Health Act, the Immigration Reform and Control Act, or any state or local law, as amended), shall be settled by individual arbitration (as opposed to class or collective arbitration) administered before JAMS (the ***"Arbitrator"***) under the common rules then pertaining. The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Employee mutually agree to extend this time period. The arbitration shall take place in the State of Idaho. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just, and to award all remedies that would be available in court. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement, except pursuant to Section 12(a). The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered or vacated in any court of competent jurisdiction. The prevailing party shall be reimbursed by the other party to the action for reasonable attorneys' fees and expenses relating to such action, with the exception of any action by an employee alleging a civil rights or statutory cause of action, in which case the Company shall pay the filing fees and costs of the arbitration and each party shall be responsible for its own attorneys' fees and costs, provided that the arbitrator may grant any remedy or relief that a party could obtain from a court of competent jurisdiction on the basis of such claims.

(l) Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice-versa.

(m) 409A Compliance. To the extent any provision of this Agreement or action by the Company would subject the Employee to liability for interest or additional taxes under the Internal Revenue Code of 1986 (as amended, ***"Code"***) Section 409A, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Company. It is intended that this Agreement will comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and this Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. All references in this Agreement to the Employee's termination of employment shall mean a "separation from service" within the meaning of Code Section 409A and Treasury Regulation Section 1.409A-1(h)(l)(ii). Notwithstanding anything to the contrary herein, if the Employee is a "specified employee" as defined in Code Section 409A, any portion of the amounts payable under this Agreement as a result of a termination of employment that are not eligible for any of the exceptions to the application of Code Section 409A (such as the severance pay exception or

the short-term deferral exception), shall not be paid to the Employee until the earlier of (i) the expiration of the six (6)-month period measured from the date of the Employee's "separation from service" or (ii) the Employee's death. Any series of payments hereunder shall be considered a series of separate payments for purposes of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made in accordance with Treasury Regulation §1.409A-3(i)(l)(iv) (or any similar or successor provisions). This Agreement may be amended to the extent necessary (including retroactively) by the Company in order to preserve compliance with Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for the Employee's compensation and benefits and the Company does not guarantee that any compensation or benefits provided under this Agreement will satisfy the provisions of Code Section 409A.

(n) Survival. For the avoidance of doubt, the obligations of the Employee under Sections 3(d), 3(e), 4(a), 4(d), 4(e), and 5-12 (and all subsections thereto) shall survive the end of the Employment Period or the termination of this Agreement or the Employee's employment for any reason (whether such termination is by the Company, by the Employee, or otherwise).

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

TRUE SCIENCE HOLDINGS, LLC

By: /s/ Tom Stevenson
Name: Tom Stevenson
Title: CFO

EMPLOYEE

/s/ McCord Christensen
McCord Christensen

Address: 1625 E. Highgate CF.
Eagle, Id. 83616

SCHEDULE A

PERMITTED ACTIVITIES

1. **Management of Nicklaus Golf Centers**
2. **Administrative work associated with N PWR VENTURES, LLC**

SCHEDULE B

LIST OF PRIOR INVENTIONS

AND ORIGINAL WORKS OF AUTHORSHIP

Title .	Date	Identifying Number or Brief Description
None		

Signature of Employee: /s/ McCord Christensen

Print Name of Employee: McCord Christensen

Date: 5-30-12

Exhibit 10.10

March 6, 2014

True Science
500 E. Shore Drive Ste 120
Eagle, ID 83616

Dear John Newland,

We are pleased to offer you employment with True Science ("the Company") as **Chief Financial Officer,** commencing as soon as possible, but your acceptance is required prior to March 11, 2014. Your annual salary will be $215,000.

You will be paid a signing bonus of $58,000, 50% of it will be paid by April 7, 2014 and 50% paid by June 15, 2014.

As a full-time employee at the Director level, you will be eligible for an annual bonus of 50% of your base salary. Bonuses are dependent on the Company meeting its financial goals and objectives, standard for those employees eligible.

Company employees currently purchase their own individual or family health insurance. As part of this offer, the Company will pay for your monthly premiums, within reason. This amount will be added to your bi-monthly paycheck. We are in the process of going to a group policy very soon.

Your employment is considered "at will", meaning that you or the Company can sever employment at any time for any reason, with or without cause. If you are asked to leave without cause the company will provide three months of severance pay at your full salary amount.

While employed at True Science you will have 4 weeks fo paid vacation.

You agree that, during the term of your employment with the Company, you will not engage in any other employment or business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment. In addition, you agree to abide by company rules and regulations.

To indicate your acceptance of this offer, please sign and date this letter in the space below and return to myself.

This offer expires 14 days from the date of this letter. We look forward to having you join True Science.

Sincerely,

/s/ Cord Christensen
Cord Christensen
CEO

Agreed and accepted

Name: /s/ John Newland
John Newland

Date: 3/6/14

Exhibit 10.14

EXECUTION VERSION

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of March 24, 2016

among

PETIQ, LLC,
as a Borrower and as Borrower Representative,

The Other Credit Parties Party Hereto,

CRYSTAL FINANCIAL LLC and the other Lenders Party Hereto,

EAST WEST BANK,
as Revolver Agent

and

CRYSTAL FINANCIAL LLC,
as Administrative Agent

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AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDED AND RESTATED CREDIT AGREEMENT** (this "Agreement") is entered into as of March 24, 2016 among:

(a) **PETIQ, LLC**, an Idaho limited liability company ("PETIQ") as a Borrower (as defined below) and as the Borrower Representative (as defined in Section 2.19) for the other Borrowers party hereto;

(b) **TRUE SCIENCE HOLDINGS, LLC**, a Florida limited liability company, **TRURX LLC**, an Idaho limited liability company and **TRU PRODIGY, LLC**, a Texas limited liability company, (together with PETIQ each individually, a "Borrower" and collectively, the "Borrowers");

(c) the other Credit Parties party hereto;

(d) **CRYSTAL FINANCIAL LLC**, **EAST WEST BANK** and each other Lender from time to time party hereto;

(e) **CRYSTAL FINANCIAL LLC**, as Administrative Agent; and

(f) **EAST WEST BANK,** as Revolver Agent.

WHEREAS, the parties hereto (other than East West Bank) had previously entered into that certain Credit Agreement, dated as of March 16, 2015 (the "Existing Credit Agreement");

WHEREAS, the parties hereto desire to amend and restate the Existing Credit Agreement to establish East West Bank as Revolver Agent and to add East West Bank as a Revolving Credit Lender in place of Crystal Financial LLC and to reduce the term loan, in part, made by Crystal Financial LLC under the Existing Credit Agreement;

WHEREAS, the Borrowers have requested that certain of the Lenders provide certain extensions of credit including in the form of a Term Loan B tranche more fully described herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and or good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Acquisition" means a transaction or series of transactions resulting in (a) acquisition of a business, division or substantially all assets of a Person; (b) record or beneficial ownership of 50% or more of the Capital Stock of a Person; or (c) merger, consolidation or combination of any Credit Party or any its Subsidiaries with another Person.

"Act" has the meaning specified in Section 10.15.

"Administrative Agent" means Crystal Financial LLC, acting as administrative agent for the Secured Parties, or any successor administrative agent appointed in accordance with this Agreement.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, 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 Borrowers 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.

"Agency Account Agreement" means any account control agreement, lockbox control agreement, blocked account agreement or other similar agreement entered into by a Credit Party, the Administrative Agent and, if applicable, the Revolver Agent, and the applicable financial institution, in form and substance reasonably satisfactory to the Administrative Agent and the Revolver Agent and establishing "control" of the relevant deposit account (within the meaning of Section 9-104 of the UCC) in favor of the Administrative Agent.

"Agent" shall mean each of the Administrative Agent and Revolver Agent, and "Agents" shall mean both of them, collectively.

"Aggregate Commitments" means the sum of the Revolving Credit Facility and the Term Loan Facilities.

"Agreement" has the meaning specified in the introductory paragraph hereto.

"Applicable Margin" means (a) with respect to the Term A Loans, 9.75% per annum, (b) with respect to Revolving Credit Loans that are Base Rate Loans, 0.50%, (c) with respect to Revolving Credit Loans that are Eurodollar Rate Loans, 3.00%, (d) with respect to Term B Loans that are Base Rate Loans, 0.50% and (e) with respect to Term B Loans that are Eurodollar Rate Loans, 3.25%.

"Applicable Percentage" means (a) with respect to any Revolving Credit Lender at any time, the percentage (carried out to the ninth decimal place) of the Revolving Credit Facility represented by such Revolving Credit Lender's Revolving Credit Commitment at such time; and if the Revolving Credit Commitment of each Revolving Credit Lender to make Revolving Credit Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Revolving Credit Facility has expired, then the Applicable Percentage of each Revolving Credit Lender shall be determined based on the Applicable

Percentage of such Revolving Credit Lender most recently in effect, giving effect to any assignments permitted hereby that are subsequent to such termination or expiration; (b) with respect to any Term A Loan Lender at any time, the percentage (carried out to the ninth decimal place) of the Term A Loan Facility represented by such Term A Loan Lender's Term A Loans at such time and (c) with respect to any Term B Loan Lender at any time, the percentage (carried out to the ninth decimal place) of the Term B Loan Facility represented by such Term B Loan Lender's Term B Loans at such time. The Applicable Percentage of each Lender on the Restatement Effective Date is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Appraiser" means an appraisal firm reasonably acceptable to the Administrative Agent.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit E or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) 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, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Auditor" shall mean KPMG, LLP, or any other nationally recognized independent certified public accounting firm as shall be retained by Borrowers.

"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.

"Bankruptcy Code" means Title 11 of the United States Code as now and hereinafter in effect and any successors to such statutes.

"Base Rate" means for any day a fluctuating rate per annum equal to the rate last quoted by The Wall Street Journal as the "Prime Rate" in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal

Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent or the Revolver Agent, as applicable) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent or the Revolver Agent, as applicable). Any change in the Base Rate due to a change in any of the foregoing shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Revolving Credit Loan or a Term B Loan that bears interest based upon the Base Rate.

"Borrower" and "Borrowers" have the meaning specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 6.04.

"Borrower Representative" means PETIQ in its capacity as borrower agent pursuant to Section 2.19.

"Borrowing" means a Revolving Credit Borrowing or a Term Loan Borrowing, as the context may require.

"Borrowing Base" means, as of any date of determination by the Administrative Agent and the Revolver Agent (subject to Section 10.18) from time to time, an amount in Dollars equal to the sum of:

(a) up to 85% of the Net Orderly Liquidation Value of the Cost of Eligible On-Hand Finished Goods Inventory at such date (excluding all Eligible In-Transit Goods Inventory, Eligible New Products Inventory, Eligible FLP Generic Inventory and Eligible Subject Inventory); plus

(b) up to 75% of the Net Orderly Liquidation Value of the Cost of Eligible In-Transit Finished Goods Inventory at such date (without duplication of Inventory included in clause (a) hereof and excluding all New Products Inventory and Eligible Subject Inventory); plus

(c) up to 65% of the Net Orderly Liquidation Value of the Cost of Eligible New Products Inventory at such date; plus

(d) up to 67% of the Net Orderly Liquidation Value of the Cost of Eligible Subject Inventory at such date less any Subject Inventory Royalties, provided, that the component of the Borrowing Base relating to this clause (d) shall not exceed $1,750,000 in the aggregate at any time; plus

(e) such amount as the Administrative Agent and the Revolver Agent may determine in their respective sole discretion with respect to the Net Orderly Liquidation Value of the Cost of Eligible Raw Materials Inventory on such date (which amount shall in no event exceed 65% of the Net Orderly Liquidation Value of the Cost of Eligible Raw Materials Inventory at any time), provided, that the component of the Borrowing Base relating to this clause (e) on the Restatement Effective Date shall be deemed to be $0; plus;

(f) up to 85% of the book value of Eligible Receivables; plus

(g) up to 50% of the Net Orderly Liquidation Value of Eligible Equipment, provided, that the component of the Borrowing Base relating to this clause (g) shall not exceed $2,500,000 in the aggregate at any time); plus

(h) up to 75% of the Net Orderly Liquidation Value of the Eligible FLP Generic Inventory at such date; minus

(i) any Reserves established by the Administrative Agent and the Revolver Agent (subject to Section 10.18) from time to time in its Permitted Discretion in accordance with this Agreement.

"Borrowing Base Certificate" means the certificate in substantially the form of Exhibit F hereto or in such other form reasonably acceptable to the Administrative Agent and Revolver Agent, signed by a Financial Officer of the Borrower Representative and delivered to the Administrative Agent, Revolver Agent and the Lenders pursuant to Sections 4.01(d) and 6.04(d) hereof.

"Breakage Costs" has the meaning specified in Section 3.05.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to the calculation of the Eurodollar Rate, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"CAP Supply Agreement" means that certain Exclusive Distribution and Supply Agreement, dated as of August 22, 2014 between CAP Supply, Inc., a Delaware corporation, and PETIQ, LLC (f/k/a/ True Science Holdings, LLC), an Idaho limited liability company.

"Capital Expenditures" means, with respect to the Credit Parties and their Subsidiaries, all expenditures (by the expenditure of cash or the incurrence of Indebtedness) by the Credit Parties and their Subsidiaries during any measuring period for any fixed or capital assets or improvements or for replacements, substitutions or additions thereto that are required to be capitalized and shown on the balance sheet of the Credit Parties and their Subsidiaries in accordance with GAAP.

"Capital Stock" means any and all shares, limited liability company interests, partnership interests, other interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Capitalized Leases" means leases under which any Credit Party is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP.

"Cash Equivalents" means any of the following types of Investments, to the extent owned by a Credit Party:

(a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof maturing within one year from the date of acquisition thereof;

(b) commercial paper maturing no more than 270 days from the date of creation thereof and having the highest or next highest rating obtainable from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc. determined at the time of investment;

(c) certificates of deposit, banker's acceptances and time deposits maturing no more than 180 days from the date of creation thereof issued or guaranteed by, or placed with, and demand deposit and money market deposit accounts issued or offered by, (i) any Lender or (ii) any commercial bank, that at the time of investment, (x) has combined capital, surplus and undivided profits of not less than $500,000,000, (y) a senior unsecured rating of "A" or better by a nationally recognized rating agency and (z) is organized under the laws of the United States of America, any state thereof or is the principal banking subsidiary of a bank holding company organized under the laws of the United States or any state thereof;

(d) money market mutual funds that invest solely in one or more of the investments described in clauses (a) through (c) above;

"Cash Collateralize" means, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuers or the Revolving Credit Lenders, as collateral for L/C Obligations, the Obligations, or obligations of the Revolving Credit Lenders to fund participations in respect of L/C Obligations, (a) cash or deposit account balances, (b) backstop letters of credit entered into on terms, from issuers and in amounts reasonably satisfactory to the Administrative Agent and the applicable L/C Issuer, and/or (c) if the Administrative Agent and the applicable L/C Issuer shall agree, in their sole discretion, other credit support, in each case, in Dollars and pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and such L/C Issuer. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such Cash Collateral and other credit support.

"Cash Management Agreement" means any agreement that is not prohibited by the terms hereof to provide (i) treasury or cash management services, including deposit accounts, overnight draft, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and/or (ii) credit cards, debit cards, p-cards (including purchasing cards and commercial cards), reporting and trade finance services and other cash management services; provided, that "Cash Management Agreement" shall in no event include any agreements of the type prohibited by Section 7.09.

"Cash Management Bank" means any Person in its capacity as a party to a Cash Management Agreement that, at the time it enters into a Cash Management Agreement with a Credit Party or any Subsidiary, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement (even if such Person ceases to be a Lender or such Person's Affiliate ceased to be a Lender); provided, however, that for any of the foregoing to be included as a "Secured Cash Management Agreement" on any date of determination by the Administrative Agent, the applicable Cash Management Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

"Cash Management Obligations" means, as of any date of determination thereof, the aggregate outstanding obligations of Borrowers to Cash Management Banks pursuant to Cash Management Agreements, provided that Cash Management Obligations (i) may not exceed $2,000,000 at any time and (ii) with respect to the obligations pursuant to Cash Management Agreements described in clause (ii) of the definition thereof, such Cash Management Obligations shall not exceed in the aggregate $500,000 out of the $2,000,000 aggregate cap amount at any time; for the avoidance of doubt, the $500,000 sublimit provided herein is a part of, and not in addition to, the overall $2,000,000 aggregate limit.

"Casualty Event" means, with respect to any property (including any interest in property) of any Credit Party, any loss of, damage to, or condemnation or other taking of, such property for which any Credit Party receives insurance proceeds, proceeds of a condemnation award or other compensation.

"CERCLA" has the meaning specified in the definition of "Environmental Laws".

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code.

"CFC Holding Company" shall mean a U.S. Subsidiary substantially all of the assets of which consist of the equity or intercompany debt of one or more direct or indirect non-U.S. Subsidiaries that are a CFC.

"Change in Law" means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), 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, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which:

(a) equity securities in the Parent representing more than 50% of the combined voting power of all of equity securities entitled to vote for members of the board of directors or equivalent governing body of the Parent on a fully-diluted basis (and taking into account all such securities that Sponsors and the other equity holders of equity interests of the Parent have the right to acquire pursuant to any option right) shall fail to be owned and controlled, legally and beneficially (free and clear of all Liens), either directly or indirectly, by two or more of the Sponsors;

(b) during any consecutive twelve month period, (x) a majority of the members of the board of directors or other equivalent governing body of Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors) and (y) the board of directors or other equivalent governing body of Parent fails to be comprised of at least three (3) representatives of, or representatives appointed by, ECP IV TS Investor Co., Highland Consumer Fund I-B Limited Partnership, and/or Labore et Honore LLC; or

(c) any Person or two or more Persons acting in concert (other than the Sponsors) shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of such Credit Party, or control over the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such Person or group has the right to acquire pursuant to any option right) representing 35% or more of the combined voting power of such securities; or

(d) Parent shall cease to directly own and control legally and beneficially 100% of the Capital Stock of PETIQ (free and clear of all Liens other than Liens in favor of the Administrative Agent granted under the Security Documents; or

(e) except to the extent permitted by Section 7.05, any Borrower or any Subsidiary of any Borrower shall cease to directly own and control legally and beneficially 100% of the Capital Stock of each of its Subsidiaries in existence on the date hereof or acquired or formed after the date hereof, free and clear of all Liens other than Liens in favor of the Administrative Agent granted under the Security Documents.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all of the property, rights and interests of the Credit Parties that are or are intended to be subject to the Liens created by the Security Documents.

"Collection Account" has the meaning specified in Section 6.17(a).

"Commitment" means the Revolving Credit Commitments and/or the Term Loan Commitments, as the context may require.

"Competitor" means a company engaged in the manufacture or distribution of over-the-counter and prescription pet medication, pet-health, pet treats and pet food related products.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Concentration Account" has the meaning specified in Section 6.17(a).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, with respect to the Parent and its Subsidiaries (other than the Mark and Chappell Entities), on a consolidated basis, for any period, without duplication, an amount equal to:

(a) Consolidated Net Income for such period; plus

(b) the sum of, without duplication, (i) any provision for income taxes, (ii) Consolidated Interest Expense and (iii) depreciation and amortization, in each case to the extent included in the calculation of Consolidated Net Income for such period; plus

(c) non-recurring legal expenses for patent product litigation disclosed on Schedule 5.07, in an amount in the aggregate at all times not to exceed the amount therefor set forth on Schedule 1.01 for the relevant period set forth on such Schedule on the line item marked "Patent Litigation Expenses"; plus

(d) non-recurring research and development costs in an amount in the aggregate at all times not to exceed the amount therefor set forth on Schedule 1.01 for the relevant period set forth on such Schedule on the line item marked "R&D Costs" ; plus

(e) other one-time, non-recurring and non-cash expenses or losses that have been deducted in determining Consolidated Net Income disclosed in writing to, and deemed acceptable by, the Administrative Agent; plus

(f) one-time cash losses incurred during December, 2015 in an aggregate amount not in excess of $848,000 relating to the write-off of prepayments made by PETIQ to Blue Ridge Pharmaceutical Distribution, Inc.; plus

(g) (i) costs and expenses incurred in connection with the execution and delivery of the Loan Documents as of the Restatement Effective Date in an aggregate amount not in excess of $750,000 and (ii) fees and reimbursement of out-of-pocket expenses paid after the Restatement Effective Date to the Administrative Agent, Revolver Agent or any Lender in connection with the Loan Documents; minus

(h) the sum of, without duplication, (A) income tax credits and cash refunds actually received and (B) any non-cash gains that have been added in determining Consolidated Net Income, in each case to the extent included in the calculation of Consolidated Net Income for such period.

"Consolidated Fixed Charge Coverage Ratio" means, as at any date of determination, the ratio of (a) the result of (i) Consolidated EBITDA for the Reference Period most recently ended at such date of determination, minus (ii) the aggregate amount of all Capital Expenditures (other than Capital Expenditures made pursuant to a Capitalized Lease) during such period minus (iii) the aggregate amount paid, or required to be paid (without duplication), in cash in respect of the current portion of all federal, state, local and foreign income taxes for such period to (b) the sum of (i) the aggregate amount of Consolidated Interest Expense paid or payable in cash for such period and (ii) the aggregate amount of all regularly scheduled payments of principal of Indebtedness for borrowed money during such period paid or required to be paid by the Credit Parties, but not including any principal payments in respect of the Revolving Credit Loans hereunder or any other revolving credit facility unless such payment of the Revolving Credit Loans or under such revolving credit facility, as applicable, results in a permanent reduction thereunder.

Notwithstanding anything to the contrary in the foregoing, for the purposes of determining the amount of the component parts referenced in clauses (b)(i) and (b)(ii) of this definition for any Reference Period occurring prior to the one-year anniversary of the Restatement Effective Date, (x) clause (b)(i) shall be calculated by determining the actual amount thereof for the period from and including the Restatement Effective Date to and including the last day of such Reference Period, dividing such amount by the number of days from and including the Restatement Effective Date to and including the last day of such Reference Period of determination, and multiplying such resulting amount by 365 and (y) clause (b)(ii) shall be calculated without including any payments made in respect of (A) the Term A Loan on the Restatement Effective Date (including the Early Term Loan Termination Fee paid in connection with the voluntary prepayment on the Restatement Effective Date of certain Loans made by Crystal Financial LLC) and (B) the Term B Loan on the Maturity Date.

"Consolidated Interest Expense" means, for any period, for the Parent and its Subsidiaries on a consolidated basis (other than the Mark and Chappell Entities), the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, (b) all interest paid or payable with respect to discontinued operations and (c) the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP.

"Consolidated Net Income" means, at any date of determination for any period of determination, the net income (or loss) of the Parent and its Subsidiaries on a consolidated basis (other than the Mark and Chappell Entities) for such period, but excluding (a) extraordinary gains and extraordinary losses (but, for the avoidance of doubt, such exclusions shall not include extraordinary losses on account of write-offs or write-downs of Inventory or Receivables) for such period and (b) the net income of any Subsidiary during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Governing Documents or any agreement, instrument or Law applicable to such Subsidiary during such period and is not actually distributed during such period to a Credit Party.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or 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" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Cost" means, with respect to any Eligible On-Hand Finished Goods Inventory, Eligible In-Transit Finished Goods Inventory, Eligible New Products Inventory, Eligible Subject Inventory, Eligible FLP Generic Inventory or any Eligible Raw Materials Inventory, standard cost as reported on the Borrowers' stock ledger from time to time based upon the Borrowers' accounting practices as in effect on the Original Closing Date.

"Credit Extension" means each of the following: (a) a Borrowing; and (b) an L/C Credit Extension.

"Credit Parties" means the Borrowers and the Guarantors.

"Crystal" means Crystal Financial LLC and its successors and permitted assigns.

"Crystal Entity" shall mean Crystal or any of its Affiliates.

"Customer Agreement" shall mean the supplier agreements with Wal-Mart and Sam's Club.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means when used with respect to Obligations, an interest rate or rate equal to the interest rate or rate otherwise applicable thereto plus 2% per annum.

"Defaulting Lender" means, subject to Section 2.16(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied and the Required Lenders have not advised the Administrative Agent that such condition has been met, or (ii) pay to the Administrative Agent, the Revolver Agent or any Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrowers and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) and the Required Lenders have not advised the Administrative Agent that such condition has been met, (c) has failed, within three Business Days after written request by the Administrative Agent, to confirm in writing to the Administrative Agent that it will comply with its prospective funding obligations hereunder (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), (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) 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 Capital Stock 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 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 (e) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower and each Lender promptly following such determination.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"Disclosed Litigation" shall mean the four litigation matters described on Schedule 5.07.

"Disqualified Lender" has the meaning specified in the proviso to Section 10.01(g).

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the United States.

"Draft Audited Financials" shall mean the draft internally prepared annual financial statements of the Parent and its Subsidiaries (other than the Mark and Chappell Entities) for the 2013 Fiscal Year.

"Early Revolving Credit Facility Termination Fee" means an early termination fee that the Borrowers shall pay to the Revolving Credit Lenders concurrently with the reduction or termination of Revolving Credit Commitments and related payment of Revolving Credit Loans prior to the Maturity Date of the Revolving Credit Facility, whether as a result of acceleration, whether voluntary or mandatory or otherwise, in an amount equal to (a) 0.50% of the principal amount of the Revolving Credit Commitments reduced or terminated and the related payment of Revolving Credit Loans to the extent such reduction or termination occurs on or before the one-year anniversary of the Restatement Effective Date and (b) 0.25% of the principal amount of the Revolving Credit Commitments reduced or terminated and the related payment of Revolving Credit Loans to the extent such payment, reduction or termination occurs after the one-year anniversary of the Restatement Effective Date; provided, that such payment shall be accompanied by a commensurate permanent reduction or termination of the Revolving Credit Facility and provided, further, that no such fee shall be due in the event the Revolving Credit Facility is refinanced in full with East West Bank or an Affiliate thereof.

"Early Term Loan Termination Fee" means an early termination fee that the Borrowers shall pay to the Term Loan A Lenders concurrently with the payment of Term A Loans prior to the Maturity Date of the Term A Loan Facility, as applicable, whether as a result of acceleration, whether voluntary or mandatory or otherwise, in an amount equal to (a) 3.00% of the principal amount of the Term A Loans paid to the extent such payment or reduction occurs on or before the one-year anniversary of the Original Closing Date and (b) 2.00% of the principal amount of the Term A Loans paid to the extent such payment or reduction occurs after the one-year anniversary of the Original Closing Date but on or before the two-year anniversary of the Original Closing Date; provided, that the Early Term Loan Termination Fee shall not apply to repayments of the Term Loans that occur after the two-year anniversary of the Original Closing Date.

"Early Termination Fee" means an Early Revolving Credit Facility Termination Fee or an Early Term Loan Termination Fee, as applicable.

"East West Bank" means East West Bank, a California banking corporation.

"East West Bank Fee Letter" means the letter agreement dated as of the Restatement Effective Date by and between the Borrowers and East West Bank.

"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.

"Electronic Medium" means the electronic medium through which notices and other communications are sent (including e-mail) pursuant to procedures approved by the Administrative Agent and otherwise in accordance with Section 10.02(b).

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

"Eligible Equipment" means Equipment of the Borrowers and their Subsidiaries subject to the Lien of the Security Documents; provided, however, that none of the following classes of Equipment shall be deemed to be Eligible Equipment:

(a) Equipment located on leaseholds as to which the lessor has not entered into a consent and agreement providing the Administrative Agent with the right to receive notices of default, the right to repossess such Equipment at any time and such other rights as may be requested by the Administrative Agent;

(b) Equipment which fails to be free and clear of all Liens;

(c) Equipment with respect to which the representations and warranties set forth in the Loan Documents applicable to Equipment are not correct; and

(d) Equipment which has ceased to be subject at all times to the valid and perfected first priority lien or security interest of the Administrative Agent, on behalf of the Secured Parties, securing the Obligations;

(e) Equipment which is not covered by casualty and other insurance policies as required by Section 5.11 in all respects acceptable to the Administrative Agent and Revolver Agent and as to which coverage has been accepted;

(f) Equipment which is obsolete or worn out;

(g) Equipment comprising rolling stock, motor vehicles, office supplies, molds or tooling, or fixtures affixed to real property; and

(h) Equipment which is determined to be unacceptable by the Administrative Agent and or the Revolver Agent (subject to Section 10.18) in its or their Permitted Discretion.

"Eligible FLP Generic Inventory" means Eligible On-Hand Finished Goods Inventory comprised of FLP Generic product.

"Eligible Inventory" means, with respect to the Borrowers, Inventory held for sale in the ordinary course of business and owned by the Borrowers, which are reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to the Administrative Agent and Revolver Agent subject to adjustment from time to time as set forth in Section 2.20. Without limiting the generality of the foregoing but subject to adjustment from time to time as set forth in Section 2.20, no Inventory shall be Eligible Inventory if:

(a) it is not Inventory that, in the Administrative Agent's and/or Revolver Agent's (subject to Section 10.18) Permitted Discretion, is readily marketable in its current form;

(b) it is not in good and saleable condition;

(c) it is used, vintage, imperfects, damaged, defective, shopworn, "seconds," returned, marked for return, subject to recall, sub-assembly categories, damage locations, not found, in production, or unmerchantable;

(d) it consists of supplies, packing materials, shipping materials, spare parts, samples, labels, bags, hangers, custom items, tooling, replacement parts, display items, trim labels, cuttings, bill and hold goods or work-in-process;

(e) it is located at any site if the aggregate book value of Inventory at such location is less than $100,000;

(f) it does not meet all standards imposed by any governmental agency or authority, including, without limitation, the Fair Labor Standards Act;

(g) it consists of Hazardous Materials or Inventory that can be transported or sold only with licenses that are not readily available;

(h) it does not conform in all respects to the representations and warranties set forth in the Loan Documents (including the representations and warranties with respect to insurance contained in Section 5.11);

(i) it is not at all times subject to the Administrative Agent's duly perfected, first priority security interest and no other Lien (including, without limitation, (i) the rights of a purchaser that has made progress payments, (ii) the rights of a surety that has issued a bond to assure a Borrower's performance with respect to that Inventory and (iii) Liens arising by operation of law under Article 2 of the UCC in favor of a reclaiming seller of goods or buyer of goods);

(j) it is not located in the United States of America;

(k) it is held on consignment, subject to a bailment or lease, or not otherwise owned by a Borrower;

(l) it has been shipped to a customer, regardless of whether such shipment is on a consignment basis;

(m) it is to be returned to the vendor or marked for return to the vendor;

(n) it is located on (x) an owned premises subject to a mortgage or deed of trust in favor of a Person other than the Administrative Agent, (y) a leased premises or (z) in the possession or control of a warehouseman, processor third party, repairman, mechanic, shipper, freight forwarder, customs broker, or other third-party, unless the mortgagee, trustee or beneficiary, lessor or such Person has delivered a Lien Waiver, or an appropriate Rent and Charges Reserve has been established;

(o) it is subject to any licensing, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party for any sale or disposition (which consent has not been obtained) or the payment of any monies to any third party upon such sale or other disposition (to the extent of such monies), unless the inclusion of such Inventory is consented to in writing by the Administrative Agent and the Revolver Agent and subject to any Reserves as the Administrative Agent and the Revolver Agent (subject to Section 10.18) may establish in its or their Permitted Discretion;

(p) it is expiring or has an expiry date within the next six months;

(q) the salability of such Inventory is subject to a license agreement that has expired, terminated or otherwise ceased to be in full force and effect; or

(r) it is otherwise determined to be unacceptable by the Administrative Agent and/or the Revolver Agent (subject to Section 10.18) in its or their Permitted Discretion.

"Eligible In-Transit Finished Goods Inventory" means Eligible Inventory (but, for the purposes of this definition, without giving effect to clauses (e) and (n) of the definition thereof) constituting finished goods to be sold by a Borrower in the ordinary course of business but at the time of determination is in transit (i) between a domestic distribution center, warehouse, shipping center, plant, factory, or other similar location of the Borrowers and another such domestic location of the Borrowers or (ii) from a veterinary facility to a domestic distribution center, warehouse, shipping center, plant, factory, or other similar location of the Borrowers and, for the avoidance of doubt, in all cases shall exclude all Eligible On-Hand Finished Goods Inventory and any Eligible Inventory not located in the continental United States, provided, that no Eligible Inventory shall be Eligible In-Transit Finished Goods Inventory unless it (i) has been in-transit for less than 30 days and (ii) has been fully paid for at the time of shipment to or by any Borrower.

"Eligible New Products Inventory" means New Products Inventory that (a) consists of Eligible On-Hand Finished Goods Inventory and (b) the Administrative Agent and the Revolver Agent have deemed acceptable in their Permitted Discretion.

"Eligible On-Hand Finished Goods Inventory" means Eligible Inventory constituting of finished goods to be sold by a Borrower in the ordinary course of business, which at the time of determination is located at a warehouse, distribution center, factory or plant, and which, for the voidance of doubt, shall exclude all Eligible In-Transit Finished Goods Inventory, Eligible New Products Inventory and Eligible Subject Inventory.

"Eligible Raw Materials Inventory" means raw materials used or consumed by a Borrower in the ordinary course of business in the manufacture or production of other Inventory that (a) do not meet any of the exclusionary criteria set forth in clauses (a) through (o) of the definition of "Eligible Inventory", as the same may be applicable to raw materials and excluding all Eligible On-Hand Finished Goods Inventory, Eligible In-Transit Finished Goods Inventory, Eligible New Products Inventory and Eligible Subject Inventory and (b) the Administrative Agent and the Revolver Agent have deemed acceptable in their Permitted Discretion.

"Eligible Receivables" means the aggregate of the unpaid portions of Receivables of the Borrowers arising in the ordinary course of business from the sale of the Borrowers' Inventory which are reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to the Administrative Agent and Revolver Agent subject to adjustment from time to time as set forth in Section 2.20. Without limiting the generality of the foregoing but subject to adjustment from time to time as set forth in Section 2.20, no Receivable shall be an Eligible Receivable if:

(a) it arises out of a sale made by any Borrower to any Affiliate of any Borrower or to a Person Controlled by an Affiliate of any Borrower;

(b) it is unpaid for more than sixty (60) days after the original due date or ninety (90) days past the original invoice date;

(c) to the extent any such Receivables, together with all other Receivables owing by an account debtor and its Affiliates as of any date of determination, exceeds the following percentage of all Eligible Receivables:

(i) 70% measured on a combined basis for Wal-Mart and Sam's Club, notwithstanding their Affiliate relationship, provided, that in the event of new product introductions, if approved by the Administrative Agent in writing in its sole discretion and in any event for a period of not more than 60 days, such allowable combined percentage shall be 80%; and

(ii) 20% for all other account debtors;

(d) 25% or more of all Receivables owing by the account debtor therefor are not Eligible Receivables;

(e) to the extent any Borrower thereof is liable for goods sold or services rendered by the applicable account debtor to such Borrower thereof but only to the extent of the potential offset;

(f) any Borrower has made any agreement with the account debtor for any deduction therefrom (but ineligibility shall be limited to the amount of such deduction), except for discounts or allowances which are made in the ordinary course of business for prompt payment and which discounts or allowances are reflected in the calculation of the face value of each invoice related to such Receivable;

(g) the account debtor is also the applicable Borrower's creditor or supplier, or the account debtor has disputed liability with respect to such Receivable, or the account debtor has made any claim or defense with respect to any other Receivable due from such account debtor to such Borrower or such Subsidiary, or the Receivable otherwise is or may become subject to any credit, contra, reversal, return or setoff by the account debtor; in each case, the Receivable to be ineligible to the extent of such credit, contra, reversal, return, dispute, claim, defense or setoff;

(h) there is any adjustment or commissions payable to third parties that are adjustments to such Receivable but only to the extent of such amount;

(i) any material covenant, representation or warranty contained in any Customer Agreement with respect to such Receivable has been breached by the applicable Borrower;

(j) the account debtor has commenced a voluntary case under any Debtor Relief Law, or a decree or order for relief has been entered by a court having jurisdiction in the premises in respect of the account debtor in an involuntary case under any Debtor Relief Law, or any other petition or other application for relief under any Debtor Relief Law has been filed against the account debtor, or if the account debtor has failed, suspended business, ceased to be solvent, or consented to or suffered a receiver, trustee, liquidator or custodian to be appointed for it or for all or a significant portion of its assets or affairs;

(k) it arises from a sale to an account debtor outside the United States or Canada or is payable in any currency other than Dollars;

(l) with respect to which an invoice in the form used by a Borrower in the ordinary course of business or such other form reasonably acceptable to the Administrative Agent and Revolver Agent has not been sent to the applicable account debtor;

(m) it arises from a sale to the account debtor on a bill and hold, guaranteed sale, sale or return, sale on approval, consignment or any other repurchase or return basis;

(n) (i) as to which a Borrower is not able to bring suit or otherwise enforce its remedies against the account debtor through judicial process, or (ii) if the Receivable represents a progress billing consisting of an invoice for goods sold or used or services rendered pursuant to a contract under which the account debtor's obligation to pay that invoice is subject to a Borrower's completion of further performance under such contract or is subject to the equitable lien of a surety bond issuer;

(o) it arises with respect to goods that are delivered on a cash-on-delivery basis, cash-in-advance basis or prepaid basis;

(p) the account debtor is the United States of America, any state, county or municipality located therein, or, in each case, any department, agency or instrumentality thereof, unless the applicable Borrower assigns its right to payment of such Receivable to the Administrative Agent, in a manner satisfactory to the Administrative Agent, so as to comply with the Assignment of Claims Act of 1940 (31 U.S.C. §203 et seq., as amended);

(q) it is not at all times subject to the Administrative Agent's duly perfected, first priority security interest and no other Lien;

(r) the goods giving rise to such Receivable have not been delivered to and accepted by the account debtor or the services giving rise to such Receivable have not been performed by the applicable Borrower and accepted by the account debtor or the Receivable otherwise does not represent a final sale;

(s) the Receivable is evidenced by chattel paper or an instrument of any kind, or has been reduced to judgment; or

(t) it is otherwise determined to be unacceptable by the Administrative Agent and/or the Revolver Agent (subject to Section 10.18) in its or their Permitted Discretion.

"Eligible Subject Inventory" means all Eligible On-Hand Finished Goods Inventory of the type described on Schedule 1.02 that does not require the consent of a third party for sale by the Borrowers or the Administrative Agent and that is subject to litigation disclosed on Schedule 5.07 with no material adverse change to the status of such litigation, and which, for the avoidance of doubt, shall exclude all New Products Inventory; provided, that the Administrative Agent may from time to time (subject to Section 10.18) elect to treat any Eligible Subject Inventory as Eligible On-Hand Finished Goods Inventory, subject to any Reserves thereupon the Administrative Agent may establish in its Permitted Discretion.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems and including without limitation, those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA") and the Superfund Amendments and Reauthorization Act of 1986 ("SARA").

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, any other Credit Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permits" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equipment" has the meaning as defined in the UCC.

"Equipment Reserve" means reserves established from time to time by the Administrative Agent and/or the Revolver Agent in its or their Permitted Discretion (subject to Section 10.18) against Eligible Equipment, including, without limitation, on account of (a) the salability of such Eligible Equipment, (b) factors that negatively affect the market value or Net Orderly Liquidation Value of such Eligible Equipment, (c) damage, (d) taxes and other liabilities secured by Liens upon Eligible Equipment that are or may become senior to the Administrative Agent's Lien and (e) other reasonable costs, expenses and amounts that the Administrative Agent and the Secured Parties may incur or be required to pay to realize upon Eligible Equipment.

"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) under common control with any Borrower within the meaning of Section 414(b) or (c) of the Code (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) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity 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 any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; 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 any Borrower or any ERISA Affiliate.

"Eurodollar Rate" means, for any Interest Period with respect to any Eurodollar Rate Loan:

(a) if determined by the Administrative Agent, the rate per annum equal to the offered British Bankers' Association (or any recognized successor reporting body) interest settlement rates for deposits in Dollars for a three month period quoted by The Wall Street Journal two Business Days prior to the first day of the applicable Interest Period (but if no such offered rate exists, such rate will be the rate of interest per annum, as reasonably determined by the Administrative Agent at which deposits of Dollars in immediately available funds are offered at 11:00 a.m. (London, England time) two (2) Business Days prior to the first day in the applicable Interest Period by major financial institutions reasonably satisfactory to the Administrative Agent in the London interbank market for such Interest Period for the applicable principal amount on such date of determination); or

(b) if determined by the Revolver Agent, the rate per annum determined by the Revolver Agent to be the rate for deposits in Dollars for a period approximately equal to such Interest Period and in an amount approximately equal to the principal amount of such Eurodollar Rate Loan which appears on the Bloomberg Screen TMM Page under the heading "LIBOR Fix" as of 11:00 a.m. (London time) on the second Business Day prior to the first day of such Interest Period (adjusted for any and all assessments, surcharges and reserve requirements). If such interest rate shall cease to be available from the above-described Bloomberg report, the LIBOR Rate shall be determined pursuant to clause (a), above.

"Eurodollar Rate Loan" means a Revolving Credit Loan or a Term Loan that bears interest based upon the Eurodollar Rate.

"Eurodollar Rate Loan Continuation Certificate" means a certificate substantially in the form of Exhibit B.

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Accounts" means any (a) deposit account or securities account specially and exclusively used in the ordinary course of business for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party's salaried employees, which accounts are funded only in the ordinary course of business and not in excess of any amounts necessary to fulfill payroll obligations that are then currently owing or (b) pension fund accounts, 401(k) accounts and trust accounts.

"Excluded Cash Management Obligations" means Cash Management Obligations (a) in excess of $2,000,000 in the aggregate or (b) (i) in excess of any Reserve therefor under the Borrowing Base implemented and maintained by either Agent pursuant to clause (i) of the definition of "Borrowing Base" and (ii) which have not been deducted without causing an Overadvance in calculating Overall Excess Availability (or other availability computation).

"Excluded Subsidiary" means any Subsidiary (a) that is a CFC, (b) the Capital Stock of which is directly or indirectly owned by any CFC, or (c) that is a Foreign Subsidiary (including disregarded entities) that owns directly or indirectly the Capital Stock of any CFC.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, excise Taxes or similar Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Taxes (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender or any other Recipient of a payment hereunder, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Recipient on the date such Recipient becomes a party to this Agreement or of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by any Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(ii) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"Existing Affiliate Transactions" has the meaning assigned in Section 7.08.

"Existing Operating Account" shall mean the Checking Account (Operating AP) with Wells Fargo in the name of True Science Holdings, LLC (an Idaho limited liability company) with account number 4102444205.

"Extraordinary Receipt" means any cash received by or paid to or for the account of any Credit Party not in the ordinary course of business, including, tax refunds, pension plan reversions, proceeds of insurance, condemnation awards (and payments in lieu thereof), indemnity payments (including, without limitation, in connection with any acquisition) and any purchase price adjustments (including, without limitation, in connection with any acquisition); provided, however, that an Extraordinary Receipt shall not include cash receipts from proceeds of insurance, or condemnation awards (or payments in lieu thereof) to the extent that such proceeds or awards or payments arose as a result of a Casualty Event and are applied to prepay the Obligations in accordance with of Section 2.07(c).

"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 official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business

Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to major financial institutions reasonably acceptable to the Administrative Agent and/or the Revolver Agent, as applicable, on such day on such transactions as determined by the Administrative Agent and/or the Revolver Agent, as applicable.

"Fee Letter" means the Fee Letter, dated March 16, 2015, by and among, *inter alios*, the Borrowers and the Administrative Agent.

"Financial Officer" means, with respect to any Person, its chief financial officer, treasurer or controller or other officer acceptable to the Administrative Agent, provided, that with respect to the Borrowers this shall mean John Newland, Jeff Caywood or April McAvoy in their respective capacities as chief financial officer, treasurer and controller, respectively, or, in the event they shall no longer serve in such capacities at any time, such replacement therefor that is acceptable to the Administrative Agent.

"Financial Test Date" means, (a) prior to the occurrence of a Financial Test Trigger Event, each Fiscal Quarter and (b) following the occurrence of a Financial Test Trigger Event, each Fiscal Month.

"Financial Test Trigger Event" shall mean the occurrence of one of the following events at any time: (a) the average daily Overall Excess Availability for any consecutive 30-day period shall be less than $3,000,000 or (b) the Overall Excess Availability shall be less than $3,000,000 for any three consecutive Business Days.

"Fiscal Month" means any fiscal month of any Fiscal Year.

"Fiscal Quarter" means each period of three months commencing on the first day of each of January, April, July and October.

"Fiscal Year" means the fiscal year of Borrower and its Subsidiaries for accounting and tax purposes, ending on December 31 of each year.

"Foreign Lender" means any Lender that is organized under the Laws of a jurisdiction other than that in which any Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fronting Exposure" means, at any time there is a Defaulting Lender that is a Revolving Credit Lender, with respect to the L/C Issuer, such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Revolving Credit Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governing Documents" means, with respect to any Person, its certificate or articles of incorporation, certificate of change of name (if any), certificate of formation, or, as the case may be, certificate of limited partnership, its by-laws, memorandum and articles of association, operating agreement or, as the case may be, partnership agreement or other constitutive documents and all shareholder agreements, voting trusts and similar arrangements applicable to any of its Capital Stock.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state, local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Granting Lender" has the meaning specified in Section 10.06(g).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). 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.

"Guarantees" means, collectively, (a) the Guaranty dated as of the Original Closing Date among the Guarantors in favor of the Administrative Agent and (b) any other guaranty in form and substance reasonably satisfactory to the Administrative Agent and executed by any Guarantor in favor of the Administrative Agent and the other Secured Parties in respect of the Obligations.

"Guarantors" means the Borrowers, each Subsidiary of the Borrowers, Parent and each other Person party to any of the Guarantees as a guarantor thereunder and each other Person, if any, that executes a guaranty or other similar agreement in favor of the Administrative Agent in connection with the transactions contemplated by this Agreement and the other Loan Documents.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Honor Date" has the meaning set forth in Section 2.03(c).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(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) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and, in each case, not past due for more than 60 days after the original date on which such trade account payable was due);

(d) 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), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(e) Capitalized Leases and Synthetic Lease Obligations;

(f) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Capital Stock in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(g) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall 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 or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any Capitalized Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payments hereunder or any other Loan Documents and (b) to the extent not otherwise described in clause (a) herein, Other Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Intercompany Note" means a promissory note in form and substance satisfactory to the Administrative Agent dated the Original Closing Date evidencing intercompany Indebtedness between and among the Credit Parties, subject to the terms of a Subordination Agreement.

"Interest Payment Date" means, as applicable, (a) as to any Revolving Credit Loan that is a Base Rate Loan, any Term A Loan, or any Term B Loan that is a Base Rate Loan, the first Business Day of each calendar month and the Maturity Date and (b) as to any Revolving Credit Loan that is a Eurodollar Rate Loan or any Term B Loan that is a Eurodollar Rate Loan, on the last day of the Interest Period applicable to such Eurodollar Rate Loan, unless such Interest Period exceeds three months, in which case interest shall be due and payable on the three month anniversary of such Eurodollar Rate Loan and on each three month anniversary thereafter.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), three (3) or six (6) months thereafter (in each case, subject to availability), as selected by the Borrower in its Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the applicable Maturity Date of the facility under which such Eurodollar Rate Loan was made.

"Interlender Provisions" means the interlender provisions set forth on Schedule 10.20, as amended, restated, supplemented or otherwise modified from time to time in accordance therewith and herewith.

"Inventory" means all goods held for sale in which any Credit Party now has or hereafter acquires title to.

"Inventory Reserve" means the Rent and Charges Reserve and such other reserves as may be established from time to time by the Administrative Agent and/or the Revolver Agent in its or their Permitted Discretion (subject to Section 10.18) against Eligible Inventory, including without limitation, on account of (a) the salability of such Eligible Inventory, (b) factors that negatively affect the market value or Net Orderly Liquidation Value of such Eligible Inventory, (c) shrinkage, (d) obsolete and/or excess Inventory, (e) taxes and other liabilities secured by Liens upon Eligible Inventory that are or may become senior to the Administrative Agent's Lien and (f) other costs, expenses and amounts that the Administrative Agent, the Revolver Agent and the Secured Parties may incur or be required to pay to realize upon Eligible Inventory.

"Investment" means, all expenditures made and all liabilities incurred (contingently or otherwise) for the acquisition of Capital Stock, assets that constitute a business unit or Indebtedness of, or for loans, advances or capital contributions to, or in respect of any Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person. In determining the aggregate amount of Investments outstanding at any particular time: (a) the amount of any Investment represented by a guaranty shall be the principal amount of the obligations guaranteed and still outstanding; (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (c) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (d) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid; and (e) there shall not be deducted from the aggregate amount of Investments any decrease in the value, write-downs or write-offs with respect thereof.

"IP Security Agreement" means collectively, (i) the Intellectual Property Security Agreement dated as of the Original Closing Date, made by each Credit Party party thereto in favor of the Administrative Agent, on behalf of itself and the other Secured Parties and (ii) each other intellectual property security agreement, patent security agreement, trademark security agreement and copyright security agreement required to be delivered pursuant to Section 6.12 in form and substance reasonably satisfactory to the Administrative Agent.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the Letter of Credit Application and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

"Laws" means, collectively, all international, foreign, Federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, 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, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Revolving Credit Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Issuer" means East West Bank in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"L/C Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts (including all L/C Borrowings). For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Lender" means, collectively, the Revolving Credit Lenders and the Term Loan Lenders.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

"Letter of Credit" means any standby letter of credit issued hereunder.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven (7) days prior to the Maturity Date (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Fee" has the meaning specified in Section 2.03(h).

"Letter of Credit Sublimit" means an amount equal to $2,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Credit Facility.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest 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 financing lease having substantially the same economic effect as any of the foregoing) and the filing of, or agreement to authorize, any financing statement under the UCC or comparable law of any jurisdiction.

"Lien Waiver" means an agreement, in form and substance reasonably satisfactory to the Administrative Agent by which (a) for any Collateral located on an owned premises subject to a mortgage or deed of trust in favor of a Person other than the Administrative Agent, the mortgagee or beneficiary, as applicable, waives or subordinates any Lien it may have on the Collateral, and agrees to permit the Administrative Agent to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral, (b) for any Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit the Administrative Agent to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral; (c) for any Collateral held by a warehouseman, processor, shipper or similar Person, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any documents in its possession relating to the Collateral as agent for the Administrative Agent, and agrees to deliver the Collateral to Administrative Agent upon request; (d) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges the Administrative Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to the Administrative Agent upon request; and (e) for any Collateral subject to a licensor's intellectual property rights, the licensor grants to the Administrative Agent the right, vis-à-vis such licensor, to enforce the Administrative Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the intellectual property, whether or not a default exists under any applicable license.

"Loan" means an extension of credit by a Lender to any Borrower under Article II in the form of a Revolving Credit Loan or Term Loan.

"Loan Account" means, as applicable, the Revolving Credit Loan Account, the Term A Loan Account or the Term B Loan Account.

"Loan Advance Request" means a notice of a Borrowing which, if in writing, shall be substantially in the form of Exhibit A.

"Loan Documents" means this Agreement, each Note, each Security Document, the Fee Letter, each Subordination Agreement, each Borrowing Base Certificate, each Compliance Certificate, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14 (but specifically excluding any Secured Cash Management Agreement), and each other agreement, document or instrument delivered by any Credit Party in connection with any Loan Document, whether or not specifically mentioned herein or therein; provided, that "Loan Documents" shall not include agreements for transactions of the type prohibited by Section 7.09.

"Loan Notice" means, as applicable, (a) a notice of a Borrowing or a notice of a conversion of Loans from one Type to the other, which in either case of this clause (a) shall be substantially in the form of a Loan Advance Request, or (b) a notice of a continuation of a Eurodollar Rate Loan, which shall be substantially in the form of a Eurodollar Rate Loan Continuation Certificate.

"Management Agreements" means each of the Management Consulting Agreements dated as of May 31, 2012, between PETIQ and (i) HCF-TS Blocker Corp., Highland Consumer Entrepreneurs Fund I Limited Partnership and Highland Consumer Fund I Limited Partnership, (ii) EOS Management, L.P., and (iii) Labore et Honore LLC.

"Management Subordination Agreement" that certain Management Fee Subordination Agreement, dated as of the date hereof, among PETIQ and the Sponsor Managers pursuant to which the management fees under the Management Agreements are expressly subordinated and made junior to the payment and performance in full of the Obligations.

"Mark and Chappell Entities" means collectively, M&C USA, LLC, a Delaware limited liability company, Mark and Chappell Limited, a private company limited by shares organized under the laws of the United Kingdom, and Mark and Chappell (U.S.A.), Inc., an Illinois corporation.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or financial condition of the Credit Parties and their Subsidiaries, taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of the Credit Parties, taken as a whole, to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Credit Party of any Loan Documents to which it is a party.

"Material Agreements" means (a) each Customer Agreement, (b) the NPIC Supply Agreement and CAP Supply Agreement and (c) any other contract or agreement the loss, invalidity, termination, expiration or other failure of such contract or agreement to be in full force and effect of which would constitute a Material Adverse Effect.

"Maturity Date" means, as applicable, (a) in the case of the Revolving Credit Facility, and the Term A Loan Facility, March 16, 2018, and (b) in the case of the Term B Loan Facility, August 31, 2016.

"Maximum Rate" has the meaning as assigned in Section 10.09.

"Minimum Collateral Amount" means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during any period when a Lender constitutes a Defaulting Lender, an amount equal to 103% of the Fronting Exposure of the L/C Issuer with respect to Letters of Credit issued and outstanding at such time, (b) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 2.21(a)(i), (a)(ii) or (a)(iii), an amount equal to 103% of the Outstanding Amount of all L/C Obligations, and (c) otherwise, an amount determined by the Administrative Agent and the L/C Issuer in their reasonable discretion.

"Minimum Required EBITDA" shall mean, for any Reference Period ending (i) from January 1, 2015 to and including December 31, 2015, $4,000,000, (ii) from January 1, 2016 to and including December 31, 2016, $5,000,000 and (iii) from January 1, 2017 until the Maturity Date, $6,000,000.

"Mortgages" means each mortgage or deed of trust with respect to each fee interest of each Credit Party in Real Estate executed and delivered to the Administrative Agent after the Restatement Effective Date pursuant to Section 6.12 hereof, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Multiple Employer Plan" means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Cash Proceeds" means, with respect to any event or transaction described in Sections 2.05(c) through (f), the cash proceeds received in respect of such event or transaction, including (a) any cash received in respect of any non-cash proceeds (including, without limitation, the monetization of notes receivables), but only as and when received or (b) in the case of a Casualty Event, insurance proceeds, proceeds of a condemnation award or other compensation payments, in each case net of the sum of (w) all reasonable fees and out-of-pocket expenses (including appraisals, and brokerage, legal, title and recording tax expenses and commissions) paid by any Credit Party or a Subsidiary to third parties (other than Affiliates) in connection with such event, (x) transfer or similar taxes, (y) reserves for indemnities, until such reserves are no longer needed, and (z) in the case of a sale or other disposition of an asset described Sections 2.05(c) and (d), the amount of all payments required to be made by any Credit Party (or to establish an escrow for the repayment of) on any Indebtedness by the terms thereof (other than the Obligations) secured by such asset to the extent the lien in favor of the holder of such Indebtedness is permitted by Section 7.03(a)(vi); provided that such payments made shall not exceed the amount of cash proceed received by such Credit Party or the aggregate amount of such Indebtedness.

"Net Orderly Liquidation Value" means, with respect to any Inventory or Equipment, the net appraised orderly liquidation value (expressed as a percentage) of such Inventory or Equipment (net of liquidation expenses, costs of sale, operating expenses and retrieval and related costs), as determined from time to time by the Administrative Agent by reference to the most recent appraisal of the Inventory or Equipment, as applicable performed by an Appraiser.

"New Products Inventory" means Eligible On-Hand Finished Goods Inventory that is a new product line for which no historical sales exist, and which, for the avoidance of doubt, shall exclude all Eligible Subject Inventory, provided, that the Administrative Agent shall have (i) notified the Borrower in writing that it has concluded a review of the purchase orders relating to such New Products Inventory, which results of such review shall be satisfactory in all respects to the Administrative Agent and Revolver Agent and (ii) received an appraisal with respect to such New Products Inventory acceptable in all respects to the Administrative Agent and Revolver Agent utilizing procedures and criteria acceptable to the Administrative Agent and Revolver Agent for determining the values of such New Product Inventory.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 10.01 and (ii) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" means, collectively, the Revolving Credit Notes and Term Loan Notes.

"NPIC Supply Agreement" means that certain Manufacturing and Supply Agreement, dated as of November, 2012 by and between TRU RX LLC, an Idaho limited liability company and Natural Polymer International Corporation, a Delaware Corporation.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit (including the Early Termination Fee or any Letter of Credit Fee 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 and fees (including, without limitation, the Early Termination Fee) that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Original Closing Date" means March 16, 2015.

"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 Taxes (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar taxes, charges or similar levies 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 impose with respect to an assignment (other than an assignment made pursuant to Section 10.13).

"Outstanding Amount" means (i) with respect to Revolving Credit Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit Loans occurring on such date, (ii) with respect to the Term Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any prepayments or repayments of the Term Loans on such date, (iii) with respect to any L/C Obligations on any date, the aggregate outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts, and (iv) with respect to any Cash Management Obligations on any date, the aggregate outstanding amount of Cash Management Obligations on such date.

"Overall Excess Availability" means, as of any date of determination, an amount equal to the result of (a) the lesser of (i) the amount of the Aggregate Commitments and (ii) the Borrowing Base, *less* (b) Total Outstandings.

"Overall Unused Amount" means, as of any time of determination, an amount equal to the result of (a) the Revolving Credit Facility at such time *less* (b) Total Revolving Credit Outstandings at such time.

"Parent" means PETIQ Holdings, LLC (f/k/a True Science Delaware Holdings, LLC), a Delaware limited liability company.

"Participant" has the meaning specified in Section 10.06(d).

"Participant Register" has the meaning specified in Section 10.06(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by any Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Perfection Certificates" means, collectively, (i) each Perfection Certificates delivered by the Credit Parties to the Administrative Agent on the Restatement Effective Date and (ii) each other Perfection Certificate from time to time delivered by the Credit Parties following the Original Closing Date to the Administrative Agent and reasonably acceptable to the Administrative Agent in accordance with this Agreement.

"Permitted Acquisition" means any Acquisition by a Credit Party that satisfies each of the following conditions:

(a) no Default or Event of Default exists or would arise as a result thereof;

(b) the Acquisition is consensual;

(c) the assets, business or Person being acquired (i) is useful to any Credit Party and (ii) is engaged in the same or substantially similar lines of business of the Credit Parties, taken as a whole, (iii) is located and organized within the United States, and (iv) had positive EBITDA for the 12 month period most recently ended;

(d) no Indebtedness (other than Permitted Indebtedness) or Liens (other than Permitted Liens) are assumed or incurred;

(e) the total consideration (including deferred payment obligations, Indebtedness assumed or incurred and assumed liabilities) is less than $500,000 and, when aggregated with the total consideration (including deferred payment obligations, Indebtedness assumed or incurred and assumed liabilities) for all other Acquisitions made during the preceding 12 months, is less than $1,000,000;

(f) Administrative Agent shall have received Lien searches reasonably satisfactory to Administrative Agent with respect to any property that is being acquired;

(g) Borrower shall have delivered to Administrative Agent, at least 10 Business Days prior to the Acquisition, (1) copies of all material agreements relating to such Acquisition, (2) a certificate, in form and substance satisfactory to Administrative Agent, stating that the Acquisition is a "Permitted Acquisition" and demonstrating compliance with the requirements set forth in clauses (a) through (f) and (i) of this definition, and (3) such other information or reports (including financial statements) as the Administrative Agent may request with respect to such Acquisition and which are available to Borrower;

(h) any entity that is acquired or formed in connection with such Acquisition shall become a "Credit Party" to the extent required by, and shall comply with all of the requirements of Section 6.12; and

(i) (A) the average daily Overall Excess Availability for the period of thirty consecutive days prior to such proposed Acquisition, determined on a pro forma basis as if such proposed Acquisition had occurred on the first day of such thirty day period, is not less than $3,000,000 and (B) the Overall Excess Availability as of such date, determined on a pro forma basis as if such proposed Acquisition had already occurred, is not less than $3,000,000;

Unless otherwise consented to in writing by the Administrative Agent, assets acquired pursuant to a Permitted Acquisition shall not constitute assets eligible for inclusion in the Borrowing Base prior to completion of a physical inventory and Inventory appraisal (which such physical inventory and Inventory appraisal shall not be included in calculating the limitations thereupon set forth in Sections 6.10 and 6.16) with respect to such assets, and other due diligence acceptable to the Administrative Agent.

"Permitted Asset Disposition" means a liquidation, sale, transfer, conveyance, assignment or other disposition permitted by Section 7.05(b).

"Permitted Discretion" means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) judgment.

"Permitted Indebtedness" means the Indebtedness permitted by Section 7.02.

"Permitted Liens" means those Liens permitted by Section 7.03.

"Permitted Management Fees" means payments to the Sponsor Managers for (a) (i) reasonable documented out-of-pocket costs and expenses incurred by Sponsor Managers, (ii) any documented indemnification obligations payable by any Credit Party to a Sponsor Manager, in each case, in connection with the Sponsor Managers' management and advisory relationship with the Credit Parties and their Subsidiaries and (b) so long as no Default or Event of Default shall have occurred and be continuing, fees payable pursuant to the Management Agreements in an amount not to exceed $500,000 per Fiscal Year , provided, that with respect to each of clauses (a) and (b) above, the foregoing shall be subordinated to the satisfaction of the Administrative Agent.

"Permitted Tax Distributions" means any distribution in cash pursuant to Section 4.1(b) of that certain Fifth Amended and Restated Limited Liability Company Agreement of True Science Delaware Holdings, LLC in effect as of the date hereof.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Pharmaceutical License" shall mean any state pharmacy board license or other similar license required to be maintained by the Credit Parties to enable the sale, transfer or other distribution of pharmaceutical products of the Credit Parties.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of any Borrower or any ERISA Affiliate or any such Plan to which any Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

"Prepayment Notice" means the certificate in substantially the form of Exhibit G hereto, or in such other form reasonably acceptable to the Administrative Agent, to be signed by a Financial Officer of the Borrower Representative and delivered to the Administrative Agent and the Lenders pursuant to Section 2.05 hereof.

"Prohibited Assignee" means (i) any Competitor and (ii) any Affiliate of a Competitor, as determined by the Borrowers and identified in a written notice by the Borrower Representative to the Administrative Agent with the Administrative Agent's written consent (not to be unreasonably withheld); provided as to clause (i) and (ii) above, that "Prohibited Assignee" shall not include commercial or corporate banks or bona fide debt funds, and any funds that are managed or controlled by such commercial or corporate banks or bona fide debt funds which funds principally invest in commercial loans or debt securities.

"Pro Rata Protective Advances" has the meaning specified in Section 2.17.

"Protective Advances" has the meaning specified in Section 2.17.

"Public Lender" has the meaning specified in Section 6.04.

"RCRA" has the meaning specified in the definition of "Environmental Laws".

"Real Estate" means all real property at any time owned or leased (as lessee or sublessee) by any Credit Party.

"Receivables" means all rights to the payment of money for goods sold or services rendered owing to any Credit Party, consisting of "accounts" (as such term is defined in the UCC) of the Credit Parties, including, without limitation, the unpaid portion of the obligation of a customer of a Credit Party in respect of Inventory purchased by and shipped to such customer and/or the rendition of services by a Credit Party, as stated on the respective invoice of a Credit Party.

"Receivables Reserves" means such reserves as may be established from time to time by the Administrative Agent and/or the Revolver Agent (subject to Section 10.18) in its or their Permitted Discretion against Eligible Receivables, including without limitation, on account of (a) the collectability of such Eligible Receivables as a result of (i) dilution (in excess of 5%) thereof or (ii) claims, chargebacks, accrued liabilities, contra, write-offs, return of goods or similar matters, aged credits, credit lag, offsets, defense or counterclaims or other disputes with account debtors, (b) taxes and other liabilities secured by Liens upon Eligible Receivables that are or may become senior to the Administrative Agent's Lien and (c) other costs, expenses and amounts that the Administrative Agent and/or the Secured Parties may incur or be required to pay to realize upon Eligible Receivables.

"Recipient" means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder

"Reference Period" means, as of any date of determination, the period of twelve consecutive Fiscal Months ending on such date.

"Register" has the meaning specified in Section 10.06(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers and advisors of such Person and of such Person's Affiliates.

"Rent and Charges Reserve" means the aggregate of (a) all past due rent and other amounts owing by a Credit Party to any landlord, mortgagee or beneficiary under a mortgage or deed of trust, warehouseman, processor, repairman, mechanic, shipper, broker or other similar Person who possess any Collateral or could assert a Lien on any Collateral; and (b) a reserve at least equal to (i) two (2) months' rent and other charges that could be payable to any such Person in the case of amounts owing to a lessor of any location leased by any Credit Party specified in clauses (i) and (ii) of Section 6.18 and (ii) other amounts reasonably determined by the Administrative Agent and the Revolver Agent (subject to Section 10.18) in the case of all such other Persons who possess any Collateral or could assert a Lien that is prior to or pari passu with the Lien in favor of the Administrative Agent on any Collateral, unless, in the case of clause (b) such Person has executed a Lien Waiver.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Reporting Monitoring Event" means any time at which either (a) an Event of Default has occurred and is continuing or (b) the average daily Overall Excess Availability is less than $10,000,000 during any period of 90 consecutive days during such calendar year of determination (as calculated at such time); provided that a Reporting Monitoring Event shall only deemed to have ceased if (i) no Event of Default has occurred and is then continuing and (ii) the average Overall Excess Availability is greater than or equal to $10,000,000 (as calculated at such time) for ninety (90) consecutive days. The cessation of any Reporting Monitoring Event shall not impair the commencement of any subsequent Reporting Monitoring Event.

"Request for Credit Extension" means a Loan Advance Request.

"Required Lenders" means, as of any date of determinations (i) Lenders holding more than 50% of the sum of the Total Term Loan Outstandings and (ii) Lenders holding more than 50% of the sum of the aggregate Revolving Credit Commitments, collectively; provided that, the Revolving Credit Commitment of, and the portion of the Total Term Loan Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Reserves" means, subject to adjustment from time to time as set forth in Section 2.20, the sum (without duplication) of (a) Receivables Reserves, (b) Inventory Reserves, (c) Equipment Reserves and (d) such additional reserves, in amounts and with respect to such matters (whether or not constituting a Default or Event of Default), as the Administrative Agent and/or the Revolver Agent (subject to Section 10.18) in its or their Permitted Discretion may elect to impose from time to time, whether before or during the continuance of a Default or Event of Default, including, without limitation, reserves established to (i) ensure the payment of accrued interest expense, insurance claims, including self-funded insurance claims or outstanding Taxes and other charges imposed by any Governmental Authority (including, without limitation, ad valorem taxes, real estate, personal property, sales and other taxes) or (ii) protect against losses due to any loss, termination, invalidity, expiration or interruption of any Pharmaceutical License.

"Restatement Effective Date" means March 24, 2016.

"Restricted Payment" means any (a) dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of any Credit Party or any Subsidiary, (b) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Capital Stock, or on account of any return of capital to the stockholders, partners or members (or the equivalent Person thereof) of any Credit Party or any Subsidiary and (c) any payment (whether in cash, securities or other property) of management fees (or other fees of a similar nature), other than Permitted Management Fees, by such Credit Party or such Subsidiary to any equity holder or Affiliate of such Credit Party or such Subsidiary.

"Restricted Payment Conditions" means each of the following conditions:

(a) such Restricted Payment shall be made no earlier than one (1) year following the Original Closing Date;

(b) prior to and after giving effect to such proposed Restricted Payment, no Event of Default exists or would result therefrom;

(c) the average of Overall Excess Availability on each day for the period of thirty days prior to such proposed Restricted Payment, determined on a pro forma basis, as if such proposed Restricted Payment had occurred on the first day of such thirty day period, is not less than $15,000,000;

(d) Overall Excess Availability, both prior to and after giving effect to such proposed Restricted Payment, is not less than $15,000,000;

(e) the Credit Parties shall be in compliance with the covenant set forth in Section 7.13 for the 12-month period ending on the last day of the most recent month for which financial statements have been delivered hereunder to the Administrative Agent, determined on a pro forma basis, as if such proposed Restricted Payment had been made on the first day of such 12-month period;

(f) Consolidated EBITDA, both prior to and after giving effect to such proposed Restricted Payment determined on a pro forma basis as if such proposed Restricted Payment on the first day of such period is not less than, for the 12-month period ending on the last day of the most recent month for which financial statements have been delivered hereunder to the Administrative Agent, $12,000,000;

(g) after giving effect to such Restricted Payment the aggregate amount of Restricted Payments for such Fiscal Year does not exceed $1,000,000 per Fiscal Year; and

(h) the Administrative Agent shall have received at least 10 Business Days prior to the making of the proposed Restricted Payment, a certificate signed by a member of Senior Management of the Borrower Representative certifying compliance with the foregoing conditions.

"Revolver Agent" means East West Bank, acting as agent for the Revolving Credit Lenders, or any successor Revolver Agent appointed in accordance with this Agreement.

"Revolver Closing Fee" shall mean a one-time fee of $125,000 due and payable to the Revolver Agent on behalf of the Revolving Credit Lenders on or prior to the Restatement Effective Date.

"Revolving Credit Availability Period" means the period from and including the Restatement Effective Date to the earliest of (i) the Maturity Date, (ii) the date of termination of the Revolving Credit Facility pursuant to Section 2.06(a), and (iii) the date of termination of the commitment of each Revolving Credit Lender to make Revolving Credit Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Loans made by each of the Revolving Credit Lenders pursuant to Section 2.01(a).

"Revolving Credit Commitments" means, as to each Revolving Credit Lender, its obligation (a) to make Revolving Credit Loans to the Borrowers pursuant to Section 2.01(a) and (b) to purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Revolving Credit Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Revolving Credit Exposure" means, as to any Revolving Credit Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Credit Loans and such Revolving Credit Lender's participation in outstanding L/C Obligations at such time.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Revolving Credit Commitments at such time. As of the Restatement Effective Date, the Revolving Credit Facility is $25,000,000.

"Revolving Credit Lenders" means each Lender with a Revolving Credit Commitment, or following the termination of the Revolving Credit Commitments, which has Revolving Credit Loans outstanding or a risk participation in outstanding L/C Obligations at such time and any other Person who becomes an assignee of the rights and obligations of a Revolving Credit Lender pursuant to terms of this Agreement.

"Revolving Credit Loan Account" has the meaning specified in Section 2.18(b).

"Revolving Credit Loans" has the meaning specified in Section 2.01(a).

"Sam's Club" shall mean Sam's West, Inc. and Sam's East, Inc., collectively.

"Sanction(s)" means any international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treasury.gov/resource-center/sanctions/ Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctioned Person" means (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations Security Council available at http://www.un.org/sc/committees/list_compend.shtml, or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm, or as otherwise published from time to time, (d) a Person named on the lists maintained by Her Majesty's Treasury available at http://www.hm-treasury.gov.uk/fin_sanctions_index.htm, or as otherwise published from time to time, or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

"SARA" has the meaning specified in the definition of "Environmental Laws."

"Secured Parties" means, collectively, the Administrative Agent, Revolver Agent, the Lenders, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05, each Cash Management Bank, and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Security Documents.

"Security Agreement" means, the Security Agreement dated as of the Original Closing Date, entered into by the Credit Parties and the Administrative Agent, together with any other security agreement granted by any Credit Party as required by Section 6.12 which shall be in form and substance reasonably satisfactory to the Administrative Agent.

"Secured Cash Management Agreement" means any Cash Management Agreement between any Credit Party and any Cash Management Bank.

"Secured Party Designation Notice" means a notice from any Lender or an Affiliate of a Lender substantially in the form of Exhibit I.

"Security Documents" means the Guarantees, the Security Agreements, the Reaffirmation Agreement, the IP Security Agreement, the Mortgages, the Agency Account Agreements and all other guarantees, security agreements, intellectual property security agreements, mortgages, deeds of trust, control agreements, instruments and documents, including without limitation Uniform Commercial Code financing statements and other equivalent registrations and personal property security filings with respect to any other applicable jurisdiction, control agreements, required to be executed or delivered pursuant to, or in connection with, this Agreement or any other Loan Document, all in form and substance reasonably acceptable to the Administrative Agent.

"Senior Management" means with respect to any of the Credit Parties or any of its Subsidiaries, its chief financial officer, president or chief executive officer.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Event of Default" means (i) any Event of Default set forth in Sections 8.01(a), 8.01(d)(ii), 8.01(e) or 8.01(j) or (ii) failure to comply with any requirement of Section 2.05(b) or any of the covenants contained in Sections 6.4, 6.10, 6.16, 6.17, 7.13 or 7.14.

"Sponsor Managers" means Eos Management, L.P., HCF – TS Blocker Corp., Highland Consumer Entrepreneurs Fund I Limited Partnership, Highland Consumer Fund I Limited Partnership and Labore et Honore LLC.

"Sponsors" means Eos TS Investor Co., ECP IV TS Investor Co., Highland Consumer Fund I Limited Partnership, HCF – TS Blocker Corp., Highland Consumer Entrepreneurs Fund I Limited Partnership, Rockhurst, LLC and Labore et Honore, LLC.

"SPC" has the meaning specified in Section 10.06(g).

"Subject Inventory Royalties" means the aggregate amount, determined in the sole discretion of the Administrative Agent, of any patent or other royalty requiring the payment of a fee, royalty payment or other similar payment to a third party on account of the sale, disposition or other transfer by the Borrower of Eligible Subject Inventory.

"Subordinated Debt" means unsecured Indebtedness of any Credit Party or any Subsidiary that is expressly subordinated and made junior to the payment and performance in full of the Obligations, and evidenced as such by a Subordination Agreement.

"Subordinated Debt Documents" means all documents, agreements and instruments evidencing any Subordinated Debt and/or executed and/or delivered in connection with the incurrence of any Subordinated Debt, including, without limitation, each Subordination Agreement.

"Subordination Agreement" means a subordination and intercreditor agreement or such other written instrument containing subordination provisions, each in form and substance acceptable to the Required Lenders in their sole discretion.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity 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, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Parent.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term A Loan" has the meaning specified in Section 2.01(b)(i).

"Term A Loan Account" has the meaning specified in Section 2.18(a).

"Term A Loan Facility" means at any time, the aggregate principal amount of the Term A Loans of all Term A Loan Lenders outstanding at such time. As of the Restatement Effective Date, the aggregate principal amount of the Term A Loan Facility is $20,000,000.

"Term A Loan Lender" means any Lender that holds a Term A Loan at such time.

"Term B Loan" has the meaning specified in Section 2.01(b)(ii).

"Term B Loan Account" has the meaning specified has the meaning specified in Section 2.18(c).

"Term B Loan Commitment" means, as to each Term B Loan Lender, its obligation to make a Term B Loan to the Borrowers pursuant to Section 2.01(b)(ii) on the Restatement Effective Date in an aggregate principal amount not to exceed the product of (i) the percentage set forth opposite such Term B Loan Lender's name on Schedule 2.01 under the caption "Term B Loan Commitment Percentage" and (ii) the Term B Loan Commitment Amount.

"Term B Loan Commitment Amount" means the lesser of (i) $3,000,000 and (ii) ten percent (10%) of the value of Eligible Inventory as set forth in the Borrowing Base Certificate delivered to the Revolver Agent in connection with the Restatement Effective Date.

"Term B Loan Closing Fee" shall mean a one-time fee of $30,000 due and payable to East West Bank on behalf of the Term B Loan Lenders on or prior to the Restatement Effective Date.

"Term B Loan Facility" means at any time (a) on or prior to the Restatement Effective Date, the aggregate amount of the Term B Loan Commitments at such time and (b) thereafter, the aggregate principal amount of the Term B Loans of all Term B Loan Lenders outstanding at such time. As of the Restatement Effective Date, the aggregate principal amount of the Term B Loan Facility is $3,000,000.

"Term B Loan Lender" means (a) at any time prior to the Restatement Effective Date, any Lender that has a Term B Loan Commitment at such time and (b) at any time after the Restatement Effective Date, any Lender that holds a Term B Loan at such time.

"Term B Loan Prepayment Conditions" means (i) the average daily Overall Excess Availability for the sixty (60) day period prior to the making of such prepayment of Term B Loans (determined on a pro forma basis as if such payment had occurred on the first day of such sixty (60) day period) and the projected average daily Overall Excess Availability for the sixty (60) day period after the making of such payment (after giving pro forma effect to such payment), shall not be less than $5,000,000, (ii) no Default or Event of Default has occurred and is continuing or would arise as a result of such payment, (iii) the Consolidated Fixed Charge Coverage Ratio shall be (x) greater than 1.10 to 1.00 for the Reference Period ending on the last day of the Fiscal Month immediately preceding such payment and (y) projected to be greater than 1.10 to 1.00 for each Reference Period ending on the last day of each of the three (3) Fiscal Months following such payment, in each case, on a pro forma basis after giving effect to such payment, (iv) the Credit Parties shall have delivered the financial statements most recently due to be delivered pursuant to Section 6.04, and (v) the Borrowers shall have delivered a certificate of a Responsible Officer of the Borrower Representative to the Administrative Agent, with a copy to the Revolver Agent, in form and substance reasonably satisfactory to the Administrative Agent and the Revolver Agent evidencing compliance with clauses (i), (ii) and (iii) (including calculations with respect to clauses (i) and (iii)) together with such other information as may be reasonably requested by Administrative Agent to demonstrate compliance with these conditions.

"Term Loan" means an advance made by any Term Loan Lender under a Term Loan Facility.

"Term Loan Borrowing" means (i) a borrowing consisting of simultaneous Term A Loans on the Original Closing Date (then defined as "Term Loans") made by each of the Term A Loan Lenders pursuant to Section 2.01(b)(i) and (ii) a borrowing consisting of simultaneous Term B Loans on the Restatement Effective Date made by each of the Term B Loan Lenders pursuant to Section 2.01(b)(ii).

"Term Loan Commitments" means, (a) as to each Term A Loan Lender, the amount set forth opposite such Term Loan Lender's name on Schedule 2.01 under the caption "Term A Loan Commitment", (b) as to each Term B Loan Lender, its Term B Loan Commitment or (c) with respect to any Term Loan Lenders that become Term Loan Lenders after the Restatement Effective Date pursuant to an Assignment and Assumption, its obligation to make or

maintain the applicable Term Loan to the Borrowers in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such caption in the Assignment and Assumption pursuant to which such Term Loan Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Term Loan Facility" means each of the Term A Loan Facility and the Term B Loan Facility and "Term Loan Facilities" shall mean both of them, collectively.

"Term Loan Lenders" means (i) each Term A Loan Lender, (b) each Term B Loan Lender and (c) any other Person who becomes an assignee of the rights and obligations of a Term Loan Lender pursuant to terms of this Agreement.

"Term Loan Note" means, as applicable, a promissory note made by the Borrowers in favor of a (a) Term A Loan Lender evidencing the Term A Loans made by such Term A Loan Lender, substantially in the form of Exhibit C-2 or (b) Term B Loan Lender evidencing the Term B Loans made by such Term B Loan Lender, substantially in the form of Exhibit C-3.

"Total Outstandings" means, as of the date of determination, an amount equal to the sum of the Total Revolving Credit Outstandings at such date and the Total Term Loan A Outstandings at such date.

"Total Revolving Credit Outstandings" means, as of the date of determination, the sum of (a) the aggregate Outstanding Amount of all Revolving Credit Loans, (b) the aggregate Outstanding Amount of all L/C Obligations, and (iii) the aggregate Outstanding Amount of all Cash Management Obligations.

"Total Term Loan A Outstandings" means, as of the date of determination, the aggregate Outstanding Amount of all Term A Loans.

"Total Term Loan Outstandings" means, as of the date of determination, the aggregate Outstanding Amount of all Term Loans.

"Trade Date" has the meaning specified in Section 10.06(b)(i).

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"UCP" means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("ICC") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.01(e)(ii)(B)(III).

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"Unused Facility Fee" has the meaning specified in Section 2.09(a).

"Unused Facility Fee Rate" shall mean (a) at any time that the Overall Unused Amount is greater than fifty percent (50%) of the Revolving Credit Facility, 0.50% per annum and (b) at any time that the Overall Unused Amount is less than or equal to fifty percent (50%) of the Revolving Credit Facility, 0.375%.

"Wal-Mart" shall mean Wal-Mart Stores, Inc., Wal-Mart Stores East, LP and Wal-Mart Stores Texas, LP.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Governing Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting

such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms. (a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Draft Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Credit Parties and their Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio, negative covenant or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio, negative covenant or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent, the Revolver Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio, covenant or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by any of the Credit Parties pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans.

(a) Revolving Credit Loans. Subject to the terms and conditions set forth herein, each Revolving Credit Lender severally agrees to make revolving credit loans (each such loan, a "Revolving Credit Loan") to the Borrowers from time to time, on any Business Day during the Revolving Credit Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Revolving Credit Lender's Revolving Credit Commitment so long as (without duplication) after giving effect to any Revolving Credit Borrowing, (i) Overall Excess Availability shall be greater than $0, (ii) Total Revolving Credit Outstandings shall not exceed the Revolving Credit Facility and (iii) such Revolving Credit Lender's Revolving Credit Exposure shall not exceed its Revolving Credit Commitment. Within the limits of each Revolving Credit Lender's Revolving Credit Commitment, and subject to the other terms and conditions of this Agreement, the Borrowers may borrow, prepay and reborrow Revolving Credit Loans. Revolving Credit Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein; provided, however, that any Revolving Credit Loans made on the Restatement Effective Date shall be made as Base Rate Loans and may be converted to Eurodollar Rate Loans within two (2) Business Days after the Restatement Effective Date so long as the Borrowers provide to the Revolver Agent a Loan Notice requesting the conversion of such Base Rate Loans to Eurodollar Rate Loans on or before the Restatement Effective Date.

(b) Term Loans.

i. As of the Original Closing Date, each Term A Loan Lender made an extension of term loans to the Borrowers on the Original Closing Date in an aggregate amount equal to $33,000,000. On the Restatement Effective Date, such term loans originally made as of the Original Closing Date shall be repaid in part in the amount of $12,909,937.50. The remaining $20,000,000 of term loans shall be deemed continued as term loans hereunder (each such loan, a "Term A Loan"). Amounts that were borrowed or deemed borrowed as of the Restatement Effective Date under this Section 2.01(b)(i) once paid or prepaid, may not be reborrowed.

ii. Subject to the terms and conditions set forth herein, each Term B Loan Lender severally agrees to make a term loan (each such loan, a "Term B Loan") to the Borrowers on the Restatement Effective Date in an aggregate amount equal to such Term B Loan Lender's Term B Loan Commitment. Amounts borrowed under this Section 2.01(b)(ii) once paid or prepaid, may not be reborrowed. Term B Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein; provided, however, the Term B Loans made on the Restatement Effective Date shall be made as Base Rate Loans and may be converted to Eurodollar Rate Loans within two (2) Business Days after the Restatement Effective Date so long as the Borrowers provide to the Revolver Agent a Loan Notice requesting the conversion of such Base Rate Loans to Eurodollar Rate Loans on or before the Restatement Effective Date.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing of Revolving Credit Loans, each conversion of Revolving Credit Loans or Term B Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower Representative's irrevocable notice to the Revolver Agent, which may be given by telephone. Subject to the proviso in Section 2.01(a) respecting Borrowings occurring on the Restatement Effective Date, each such notice must be received by the Revolver Agent not later than 1:00 p.m. Eastern time (11:00 a.m. Mountain time, 10:00 a.m. Pacific time) (i) two (2) Business Days prior to the requested date of any Borrowing of, conversion to, or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephone notice by the Borrower Representative pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Revolver Agent, with a copy to the Administrative Agent, of a written Loan Notice appropriately completed and signed by a member of Senior Management or Financial Officer of the Borrower Representative, which may be given by any Electronic Medium. Each such Loan Notice shall specify (i) the Borrower requesting such Borrowing, (ii) the requested date of the Borrowing or conversion, as applicable (which shall be a Business Day), (iii) whether the Borrowers are requesting a Borrowing or a conversion of Revolving Credit Loans or Term B Loans from one Type to the other, (iv) the principal 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 (provided that only Revolving Credit Loans and Term B Loans may be converted), and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrowers fail to specify a Type of Loan in a Loan Notice or if the Borrowers fail 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 Eurodollar Rate Loans. If the Borrowers request a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice, but fail to specify an Interest Period, the Borrowers will be deemed to have specified an Interest Period of one (1) month. The Borrower Representative may not request more than one (1) Borrowing on any Business Day.

(b) Following receipt of a Loan Notice, the Revolver Agent shall promptly notify each Revolving Credit Lender of the amount of its Applicable Percentage of the applicable Revolving Credit Loans and if no timely notice of a conversion or continuation is provided by the Borrowers, the Revolver Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in Section 2.02(a). In the case of a Borrowing, each Revolving Credit Lender shall make the amount of its Revolving Credit Loan available to the Revolver Agent in immediately available funds at the Revolver Agent's Office not later than 1:00 p.m. Eastern time (11:00 a.m. Mountain time; 10:00 a.m. Pacific time) (or such later time as may be agreed upon by the Revolving Credit Lenders and the Revolver Agent) on the Business Day

specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Revolver Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Revolver Agent either by (i) crediting the Borrowers' operating account at East West Bank or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Revolver Agent by the Borrower Representative provided, however, that if, on the date a Loan Notice with respect to a Revolving Credit Borrowing is given by the Borrowers, there are L/C Borrowings outstanding, then the proceeds of such Revolving Credit Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to the Borrowers as provided above.

(c) Eurodollar Rate Loans. Except as otherwise provided herein, a Eurodollar Rate Loan that is a Revolving Credit Loan or a Term B Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) Notice of Interest Rates. The Administrative Agent as to Term A Loans or the Revolver Agent as to Revolving Credit Loans or Term B Loans shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for the applicable Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in The Wall Street Journal prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) Interest Periods. After giving effect to all Borrowings, all conversions of Revolving Credit Loans and Term B Loans from one Type to the other, and all continuations of Revolving Credit Loans and Term B Loans as the same Type, there shall not be more than five (5) Interest Periods in effect at any time.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

i. Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Revolving Credit Lenders set forth in this Section, (1) from time to time on any Business Day during the period from the Restatement Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit in Dollars for the account of any Borrower, and to amend Letters of Credit previously issued by it, in accordance with Section 2.03(b), and (2) to honor drawings under the Letters of Credit; and (B) the Revolving Credit Lenders severally agree to participate in Letters of Credit issued for the account of any Borrower and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (w) the Total

Revolving Credit Outstandings shall not exceed the Revolving Credit Facility, (x) the Revolving Credit Exposure of any Revolving Credit Lender shall not exceed such Lender's Revolving Credit Commitment, (y) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit and (z) Overall Excess Availability shall be greater than $0. Each request by a Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrowers that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrowers' ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrowers may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

ii. The L/C Issuer shall not issue any Letter of Credit if:

(A) the expiry date of the requested Letter of Credit would occur more than twelve (12) months after the date of issuance, unless the Required Lenders have approved such expiry date (but provisions for automatic renewal may be included to the extent permitted by the L/C Issuer); or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Revolving Credit Lenders have approved such expiry date.

iii. The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing the Letter of Credit, or any law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Restatement Effective Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Restatement Effective Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of the Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Revolver Agent and the L/C Issuer, the Letter of Credit is in an initial stated amount less than $100,000;

(D) the Letter of Credit is to be denominated in a currency other than Dollars;

(E) any Revolving Credit Lender is at that time a Defaulting Lender, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the L/C Issuer (in its reasonable discretion) with the Borrowers or such Revolving Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.16(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its reasonable discretion; or

(F) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

iv. The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

v. The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to the Letter of Credit.

vi. The L/C Issuer shall act on behalf of the Revolving Credit Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent and/or the Revolver Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" or "Revolver Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit.

i. Each Letter of Credit shall be issued or amended, as the case may be, upon the request of any Borrower delivered to the L/C Issuer (with a copy to the Revolver Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of

Credit Application may be sent by fax transmission, by United States mail, by overnight courier, by electronic transmission using the system provided by the L/C Issuer, by personal delivery or by any other means reasonably acceptable to the L/C Issuer. Such Letter of Credit Application must be received by the L/C Issuer and the Revolver Agent not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as the Revolver Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment; and (4) such other matters as the L/C Issuer may require. Additionally, the Borrower shall furnish to the L/C Issuer and the Revolver Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Revolver Agent may reasonably require.

ii. Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Revolver Agent (by telephone or in writing) that the Revolver Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Revolver Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Revolving Credit Lender, the Revolver Agent or any Credit Party, at least one (1) Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, following notice to the Administrative Agent, on the requested date, issue a Letter of Credit for the account of the applicable Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Revolving Credit Lender's Applicable Percentage times the amount of such Letter of Credit.

iii. Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the applicable Borrower, the Revolver Agent and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

i. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the Borrower Representative and the Revolver Agent thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrowers shall reimburse the L/C Issuer through the Revolver Agent in an amount equal to the amount of such drawing. If the Borrowers fail to so reimburse the L/C Issuer by such time, the Revolver Agent shall promptly notify each Revolving Credit Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Revolving Credit Lender's Applicable Percentage thereof. In such event, the Borrowers shall be deemed to have requested a Revolving Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, subject to the amount of the unutilized portion of the Revolving Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Loan Notice). Any notice given by the L/C Issuer or the Revolver Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

ii. Each Revolving Credit Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available (and the Revolver Agent may apply Cash Collateral provided for this purpose) for the account of the L/C Issuer at the Revolver Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Revolver Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrowers in such amount. The Revolver Agent shall remit the funds so received to the L/C Issuer.

iii. With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the Borrowers shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit Lender's payment to the Revolver Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Revolving Credit Lender in satisfaction of its participation obligation under this Section.

iv. Until each Revolving Credit Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Revolving Credit Lender's Applicable Percentage of such amount shall be solely for the account of the L/C Issuer.

v. Each Revolving Credit Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Revolving Credit Lender may have against the L/C Issuer, the Borrowers or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default; or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the Borrowers of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrowers to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

vi. If any Revolving Credit Lender fails to make available to the Revolver Agent for the account of the L/C Issuer any amount required to be paid by such Revolving Credit Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), then, without limiting the other provisions of this Agreement, the L/C Issuer shall be entitled to recover from such Revolving Credit Lender (acting through the Revolver Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such Revolving Credit Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Revolving Credit Lender (through the Revolver Agent) with respect to any amounts owing under this Section 2.03(c)(vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

i. At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Revolving Credit Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Revolver Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrowers or otherwise, including proceeds of Cash Collateral applied thereto by the Revolver Agent), the Revolver Agent will distribute to such Revolving Credit Lender its Applicable Percentage thereof in the same funds as those received by the Revolver Agent.

ii. the existence of any claim, counterclaim, setoff, defense or other right any Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement or by such Letter of Credit, the transactions contemplated hereby or any agreement or instrument relating thereto, or any unrelated transaction.

(e) Obligations Absolute. The obligation of the Borrowers to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

i. any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

ii. the existence of any claim, counterclaim, setoff, defense or other right that any Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement or by such Letter of Credit, the transactions contemplated hereby or any agreement or instrument relating thereto, or any unrelated transaction;

iii. any draft, demand, endorsement, certificate or other document presented under or in connection with such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

iv. waiver by the L/C Issuer of any requirement that exists for the L/C Issuer's protection and not the protection of the Borrowers or any waiver by the L/C Issuer which does not in fact materially prejudice the Borrowers;

v. honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

vi. any payment made by the L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under, such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

vii. any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

viii. any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower.

The Borrower Representative shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower Representative's instructions or other irregularity, the Borrower Representative will immediately notify the L/C Issuer. The Borrowers shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Revolving Credit Lender and the Borrowers agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight or time draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Revolver Agent, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Revolving Credit Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Credit Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude any Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Revolver Agent, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in Section 2.03(e); provided, however, that

anything in such clauses (including, without limitation, Section 2.03(e)) to the contrary notwithstanding, the Borrowers may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrowers which the Borrowers prove, as determined by a final nonappealable judgment of a court of competent jurisdiction, were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight or time draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring, endorsing or assigning or purporting to transfer, endorse or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP and UCP; Limitation of Liability. Unless otherwise expressly agreed by the L/C Issuer and the Borrowers when a Letter of Credit is issued (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to any Borrower for, and the L/C Issuer's rights and remedies against the Borrowers shall not be impaired by, any action or inaction of the L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the law or any order of a jurisdiction where the L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade—International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(h) Letter of Credit Fees. The Borrowers shall pay to the Revolver Agent for the account of each Revolving Credit Lender in accordance, subject to Section 2.16, with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to 3.00% per annum times the daily amount available to be drawn under such Letter of Credit. Letter of Credit Fees with respect to each Letter of Credit shall be (1) due and payable on the first Business Day of each month, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (2) computed on a monthly basis in arrears.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrowers shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit at the rate per annum specified in the East West Bank Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit on a monthly basis in arrears. Such fronting fee shall be due and payable on or prior to the date that is ten (10) Business Days following each month end, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In addition, the Borrowers shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.04 Intentionally Omitted.

2.05 Prepayments; Repayments.

(a) Voluntary Prepayments.

i. Prepayment of Term A Loans. The Borrower Representative may, upon notice to the Administrative Agent pursuant to a Prepayment Notice, at any time voluntarily prepay the entire amount of outstanding Term A Loans in whole (and, for the avoidance of doubt, not in part unless consented to in writing by the Term A Loan Lenders); provided that (i) the Revolver Agent consents to such prepayment, (ii) the Borrowers shall pay to the Administrative Agent (on behalf of each Term A Loan Lender) its Applicable Percentage of the Early Term Loan Termination Fee, if applicable, on the amount prepaid concurrently with such prepayment, (iii) such notice must be received by the Administrative Agent not later than 11:00 a.m. Eastern time (9:00 am Mountain time) three (3) Business Days prior to any such date of prepayment and (ii) any prepayment of Term A Loans shall be in the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment of the Term A Loans to be prepaid. The Administrative Agent will promptly notify each Term A Loan Lender of its receipt of each such notice, and of the amount of such Term A Loan Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrower Representative, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05.

ii. Prepayment of Term B Loans.

(A) The Borrower Representative may, upon notice to the Administrative Agent pursuant to a Prepayment Notice, at any time on or after June 30, 2016 voluntarily prepay the entire amount of outstanding Term B Loans in whole (and, for the avoidance of doubt, not in part) provided, that the Term B Loan Prepayment Conditions are satisfied (subject to clause (C), below).

(B) No prepayment of the Term B Loans prior to June 30, 2016 shall be permitted.

(C) Provided that no Default or Event of Default shall have occurred and be continuing, the Sponsors shall have the right, but not the obligation, to facilitate the Borrowers' repayment of the Term B Loans at any time on or after June 30, 2016 by making a cash equity contribution to the Parent in the amount necessary to permit the Borrowers to repay the entire aggregate outstanding principal amount of the Term B Loans and all accrued and unpaid interest thereon, the proceeds of which equity contribution the Parent shall apply to the repayment of such principal and interest. For the avoidance of doubt, repayment pursuant to this clause (C) shall not be subject to the payment conditions set forth in clause (A), above.

(D) For the avoidance of doubt, following the Maturity Date for the Term B Loan Facility, pursuant to Section 2.08(b) all Term B Loans shall accrue interest at the Default Rate.

(E) Any payment of the Term B Loans shall be accompanied by all accrued interest on the amount paid, together with any additional amounts required pursuant to Section 3.05.

(b) Advances in Excess of Overall Excess Availability. Subject to Section 2.17, if for any reason at any time, Overall Excess Availability is less than $0, the Borrowers shall immediately prepay the Obligations in an aggregate amount equal to such deficiency, which prepayment shall be applied in accordance with the priorities set forth in Section 8.03, in each case until Overall Excess Availability is equal to $0.

(c) Asset Dispositions. Immediately upon receipt by any Credit Party of Net Cash Proceeds from any asset disposition of Collateral (excluding dispositions of Inventory in the ordinary course of business and Permitted Asset Dispositions), the Borrowers shall prepay the Obligations in an amount equal to 100% of such Net Cash Proceeds so received (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.07(d).

(d) Casualty Events and Extraordinary Receipts. The Borrowers shall prepay the Obligations in an amount equal to 100% of (i) Net Cash Proceeds received by any Credit Party from Casualty Events with respect to Collateral and (ii) all Extraordinary Receipts (in each case, such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified Section 2.07(d).

(e) Equity Issuances. Immediately upon (a) the sale or issuance by any Credit Party or any of its Subsidiaries of any Capital Stock or (b) the receipt of any capital contribution by any Credit Party or any of its Subsidiaries on account of any Capital Stock issued by or in such Credit Party or such Subsidiary (in each case other than the sale or issuance of Capital Stock to, or receipt of any capital contributions from, any direct, indirect or beneficial owner of Capital Stock of such Credit Party or any of its Subsidiaries on the Original Closing Date) the Borrowers shall prepay the Obligations in an amount equal to 100% of such Net Cash Proceeds so received (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.07(d).

(f) Incurrence of Indebtedness. Immediately upon the incurrence or issuance by any Credit Party or any of its Subsidiaries of any Indebtedness other than Indebtedness of the type described in Sections 7.02(a), (b) and (d) through (j), the Borrowers shall prepay the Obligations in an amount equal to 100% of such Net Cash Proceeds so received (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.07(d).

(g) Daily Application of Funds in Collection Account. On and after the Restatement Effective Date, the Borrowers hereby irrevocably authorize and direct the Revolver Agent to apply all funds held in the Collection Account to the repayment of outstanding Revolving Credit Loans on a daily basis in accordance with Section 2.07(c); provided, that following the occurrence and during the continuance of an Event of Default, all funds held in the Collection Account shall be remitted to the Administrative Agent for application to the Obligations in the accordance with the priorities set forth in Section 8.03.

2.06 Termination or Reduction of Commitments.

(a) Revolving Credit Facility. The Borrower Representative may, with the consent of the Revolver Agent and Administrative Agent and upon notice to the Revolver Agent and the Administration Agent, terminate the Revolving Credit Facility in full or permanently reduce the Revolving Credit Facility in part; provided that (i) any such notice shall be received by the Revolver Agent and the Administrative Agent not later than 11:00 a.m. Eastern time (10:00 a.m. Mountain time; 8:00 a.m. Pacific time) five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $1,000,000 or any whole multiple of $1,000,000 in excess thereof (subject to any adjustments required to effect the pro rata repayment required pursuant to Section 2.05), (iii) the Borrower Representative shall not terminate or reduce the Revolving Credit Facility if, after giving effect thereto and to any concurrent prepayments hereunder, Overall Excess Availability would be less than $0, and (iv) the Borrowers shall pay to the Revolver Agent (on behalf of each Revolving Credit Lender in accordance with its Applicable Percentage) the Early Revolving Credit Facility Termination Fee, if applicable, on the amount terminated or reduced concurrently with such termination or reduction. The Revolver Agent will promptly notify the Revolving Credit Lenders of any such notice of termination or reduction of the Revolving Credit Facility. Any reduction of the Revolving Credit Facility shall be applied to the Revolving Credit Commitment of each Revolving Credit Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Revolving Credit Facility shall be paid on the effective date of such termination.

(b) Term Loan Facility. The aggregate Term A Loan Commitments of the Term A Loan Lenders on the Original Closing Date were automatically and permanently reduced to zero on the date of the Term Loan Borrowing on the Original Closing Date. The Term B Loan Commitment shall be automatically and permanently reduced to zero upon the making of the Term B Loans on the Restatement Effective Date.

2.07 Repayment of Loans.

(a) Maturity. In addition to the repayment of the Loans pursuant to Sections 2.05, the Borrowers shall repay (i) to the Revolver Agent, on behalf of the Revolving Credit Lenders, on the Maturity Date applicable thereto, the aggregate principal amount of all Revolving Credit Loans outstanding on such date, (ii) to the Administrative Agent, on behalf of the Term A Loan Lenders, on the Maturity Date applicable thereto, the aggregate principal amount of Term A Loans outstanding on such date, (iii) subject to the terms of Section 2.05(a)(ii), to the Revolver Agent, on behalf of the Term B Loan Lenders, on the Maturity Date applicable thereto, the aggregate principal amount of Term B Loans outstanding on such date (and, in the case of each of clauses (i) through (iii), together with all other Obligations owing in respect of such Revolving Credit Facility or Term Loan Facility) and (iv) to the Lenders, all other Obligations; provided, that no repayment (including any partial repayment) of the Term B Loans shall be made unless the Term B Loan Prepayment Conditions are satisfied (subject to Section 2.04(a)(ii)(C)). For the avoidance of doubt, failure to repay the Term B Loans on the Maturity Date applicable thereto due to failure to satisfy the Term B Loan Prepayment Conditions shall result in an Event of Default pursuant to Section 8.01(a).

(b) [Reserved].

(c) Revolving Credit Facility Payments. Subject to clause (d) below and subject to the terms of the applicable Agency Account Agreement, the Revolver Agent may, on a daily basis, apply funds transferred and credited to the Collection Account to the repayment of any outstanding Revolving Credit Loans in accordance with each Revolving Credit Lender's respective Applicable Percentage of such outstanding Revolving Credit Loans.

(d) The Administrative Agent shall apply any funds received into the Collection Account pursuant to Sections 2.05(c) through (f) to the prepayment of the Obligations in accordance with the order of priority set forth in Section 8.03.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below: (i) each Revolving Credit Loan and Term B Loan that is a 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 Margin; (ii) each Revolving Credit Loan and Term B Loan that is a Eurodollar Rate Loan shall bear interest on the

outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate determined by the Revolver Agent for such Interest Period plus the Applicable Margin; and (iii) each Term A Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Eurodollar Rate determined by the Administrative Agent plus the Applicable Margin.

(b) Following the occurrence and during the continuance of an Event of Default, the Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(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 accruing at the Default Rate shall be due and payable to the applicable Agent on demand by the Administrative Agent. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) Interest on Revolving Credit Loans and Term B Loans shall be paid directly to the Revolver Agent and applied in accordance with the terms hereof. Interest on Term A Loans shall be paid directly to the Administrative Agent and applied in accordance with the terms hereof.

2.09 Fees.

(a) Unused Facility Fee. The Borrowers shall pay to the Revolver Agent for the account of the Revolving Credit Lenders in accordance with their Applicable Percentages, an unused facility fee (the "Unused Facility Fee") equal to the Unused Facility Fee Rate times the daily average amount of Overall Unused Amount for the applicable calendar month for which such Unused Facility Fee is due. The Unused Facility Fee shall accrue at all times during the term of this Agreement that Revolving Credit Commitments are outstanding, including at any time during which one or more of the conditions in Article IV is not met, and shall be calculated and due and payable monthly in arrears on the first day of each calendar month, commencing with the first such date to occur after the Restatement Effective Date, and on the Maturity Date;

(b) Collateral Monitoring Fee. The Borrowers shall pay to the Revolver Agent, for its own account, a collateral monitoring fee equal to $500 for each full Fiscal Month to occur following the Restatement Effective Date and prior to the Maturity Date;

(c) Annual Loan Fee. The Borrowers shall pay to the Revolver Agent, for the ratable account of the Revolving Credit Lenders, on each anniversary of the Restatement Effective Date to occur prior to the Maturity Date, an annual fee in the amount of one-tenth of one percent (0.10%) of the then-current aggregate amount of the Revolving Credit Commitments;

(d) Other Fees. The Borrowers shall pay to the Administrative Agent the fees in the amounts and at the times specified in the Fee Letter. All such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(e) The parties hereto acknowledge that early termination fees in the aggregate amount of $398,198.75 were paid on the Restatement Effective Date pursuant to Section 4.01(l) in connection with (x) voluntary prepayments on the Restatement Effective Date of loans made by Crystal Financial LLC under the Existing Credit Agreement and (y) the voluntary permanent reduction on the Restatement Effective Date of revolving credit commitments of Crystal Financial LLC under the Existing Credit Agreement.

2.10 Computation of Interest and Fees. All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent or Revolver Agent, as applicable, in the ordinary course of business. The accounts or records maintained by the Administrative Agent or Revolver Agent, as applicable, and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent or Revolver Agent, as applicable, in respect of such matters, the accounts and records of the Administrative Agent or Revolver Agent, as applicable, shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent with respect to any Term Loan or through the Revolver Agent with respect to any Revolving Credit Loan, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent or Revolver Agent, as applicable) a Note, 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, amount and maturity of its Loans and payments with respect thereto.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, other than any payments of interest or fees due to the Revolving Credit Lenders or the Term B Loan Lenders, which shall be paid directly to the Revolver Agent, all payments by the Borrowers hereunder shall be

made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 12:00 p.m. Eastern time (10:00 am Mountain time) on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 p.m. Eastern time (10:00 am Mountain time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day (unless otherwise provided herein), and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) i. Funding by Lenders; Presumption by Agents. Unless the Administrative Agent or Revolver Agent, as applicable, shall have received notice from a Lender prior to the proposed date of any Borrowing of Loans that such Lender will not make available to the Administrative Agent or Revolver Agent, as applicable, such Lender's share of such Borrowing, the Administrative Agent or Revolver Agent, as applicable, may assume that such Lender has made such share available on such date in accordance with Section 2.02 and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent or Revolver Agent, as applicable, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent or Revolver Agent, as applicable, forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent or Revolver Agent, as applicable, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to such Loans made. If the Borrowers and such Lender shall pay such interest to the Administrative Agent or Revolver Agent, as applicable, for the same or an overlapping period, the Administrative Agent or Revolver Agent, as applicable, shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent or Revolver Agent, as applicable, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent or Revolver Agent, as applicable.

ii. Payments by Borrowers; Presumptions by Agents. Unless the Administrative Agent or Revolver Agent, as applicable, shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent or Revolver Agent, as applicable, for the account of the

Lender hereunder that the Borrowers will not make such payment, the Administrative Agent or Revolver Agent, as applicable, may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent or Revolver Agent, as applicable, forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent or Revolver Agent, as applicable, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrowers with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent or Revolver Agent, as applicable, funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent or Revolver Agent, as applicable, 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 or Revolver Agent, as applicable, shall return such funds promptly (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan or to make any payment under Section 10.04(c) 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 to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

i. if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

ii. the provisions of this Section shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrowers or any Subsidiary of the Borrowers (as to which the provisions of this Section shall apply).

The Borrowers consent to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrowers in the amount of such participation.

2.14 Collateral and Guarantees.

(a) Collateral. The Loans and the other Obligations shall be secured by valid, first priority, perfected and enforceable Liens in favor of the Administrative Agent, for the benefit of the holders of the Obligations, in all of the Collateral subject to the terms of the Security Documents.

(b) Guarantees. Payment of the Loans and the other Obligations shall be unconditionally guaranteed by each Guarantor subject to the terms of the Guarantees.

(c) Further Assurances. Each Credit Party covenants and agrees that it shall, and shall cause each of its Subsidiaries party to the Security Documents to, comply with all terms and conditions of each of the Security Documents and that each Credit Party shall, and shall cause each of its Subsidiaries party to the Security Documents to, at any time and from time to time at the request of the Administrative Agent or the Required Lenders execute and deliver such instruments and documents and do such acts and things as the Administrative Agent or the Required Lenders may reasonably request in order to provide for or protect or perfect the Lien of the Administrative Agent in the Collateral subject to the terms of the Security Documents.

2.15 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in this Agreement or any Other 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 this Agreement or any Other 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 Document; or

iii. the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

2.16 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. Such 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 the definition of "Required Lenders" and Section 10.01.

ii. Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent or Revolver Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent or Revolver Agent from a Defaulting Lender pursuant to Section 10.08 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 such Defaulting Lender to the Administrative Agent or Revolver Agent, as applicable, hereunder; second, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such 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 Borrowers, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to 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 such Defaulting Lender as a result of such

Defaulting Lender's breach of its obligations under this Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and sixth, to such 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 such 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 such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments hereunder. 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 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

iii. Certain Fees.

(A) Fees. No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a) 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) Letter of Credit Fees. Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.21.

(C) Defaulting Lender Fees. With respect to any fee payable under Section 2.09(a) or any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (1) pay to each Non-Defaulting Lender that is a Revolving Credit Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (2) pay to the L/C Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

iv. Reallocation of Applicable Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations shall be reallocated among the Non-Defaulting Lenders that are

Revolving Credit Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (A) the conditions set forth in Section 3.02 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (B) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender that is a Revolving Credit Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 2.15, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender that is a Revolving Credit Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

v. Cash Collateral. If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under applicable law, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.21.

(b) Defaulting Lender Cure. If the Borrowers and the Administrative Agent agree in writing that a Lender is no longer 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, to the extent applicable, purchase at par that portion of outstanding Revolving Credit Loans of the other Revolving Credit Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Credit Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such 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 Borrowers 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.

2.17 Protective Advances. The Administrative Agent shall be authorized, in its discretion, at any time, whether or not a Default or Event of Default exists or any conditions in Section 4.02 are not satisfied, without regard to the amount of Overall Excess Availability to make loans ("Protective Advances") if the Administrative Agent, in its Permitted Discretion, deems such Loans necessary or desirable to preserve or protect any Collateral or the Borrowers' business operations, or to enhance the collectability or repayment of the Obligations. All Protective Advances shall bear interest at the Default Rate. All Protective Advances shall be Obligations secured by the Collateral and shall be payable by the Borrowers on demand by the Administrative Agent. The Revolving Credit Lenders may, in their sole discretion, participate in such Protective Advances in which case, each Revolving Credit Lender and Term A Loan Lender shall participate in each Protective Advance pro rata between the Revolving Credit

Facility and the Term A Loan Facility and in accordance with each such Lenders' Applicable Percentage thereof and shall reimburse the Administrative Agent upon such election (such Protective Advances, "Pro Rata Protective Advances"). Any funding of Protective Advances (including Pro Rata Protective Advances) shall not constitute a waiver by the Administrative Agent or the Lenders of the Event of Default caused thereby. In no event shall the Borrowers or any other Credit Party be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

2.18 Loan Accounts.

(a) The Administrative Agent shall maintain in accordance with its usual and customary practices an account or accounts (the "Term A Loan Account") evidencing the Indebtedness of the Borrowers resulting from each Term A Loan from time to time. Any failure of the Administrative Agent to record anything in the Term A Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of the Borrowers to pay any amount owing hereunder.

(b) The Revolver Agent shall maintain in accordance with its usual and customary practices an account or accounts (the "Revolving Credit Loan Account") evidencing the Indebtedness of the Borrowers resulting from each Revolving Credit Loan from time to time. Any failure of the Revolver Agent to record anything in the Revolving Credit Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of the Borrowers to pay any amount owing hereunder.

(c) The Revolver Agent shall maintain in accordance with its usual and customary practices an account or accounts (the "Term B Loan Account") evidencing the Indebtedness of the Borrowers resulting from each Term B Loan from time to time. Any failure of the Revolver Agent to record anything in the Term B Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of the Borrowers to pay any amount owing hereunder.

(d) Entries made in any Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in any Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies the Administrative Agent or the Revolver Agent, as applicable, in writing within thirty (30) days after receipt or inspection that specific information is subject to dispute.

(e) The Administrative Agent and the Revolver Agent are authorized to, and at their sole election may, charge to the applicable Loan Account on behalf of the Borrowers and cause to be paid all fees, expenses, charges, costs and interest and principal, other than principal of the Loans, owing by the Borrowers under this Agreement or any of the other Loan Documents, even if the amount of such charges would cause Overall Excess Availability to be less than $0. At the option of the Administrative Agent and the Revolver Agent and to the extent permitted by law, any charges so made shall constitute part of the Loans hereunder. Alternatively, the Revolver

Agent is authorized, subject to Section 8.03, to charge to such deposit account maintained by any Borrower at East West Bank as the Borrower Representative may designate on behalf of the Borrowers and cause to be paid all fees, expenses, charges, costs and interest and principal, other than principal of the Loans, owing by the Borrowers to the Revolving Credit Lenders, the L/C Issuer or the Term B Loan Lenders under this Agreement or any of the other Loan Documents.

2.19 Borrower Representative. Each Credit Party hereby designates PETIQ as its representative and agent on its behalf for the purposes of taking all actions required (including in respect of compliance with covenants) on behalf of any Credit Party under the Loan Documents (the "Borrower Representative"). The Borrower Representative hereby accepts such appointment. The Administrative Agent and each Lender may regard any notice or other communication pursuant to any Loan Document from the Borrower Representative as a notice or communication from all Credit Parties, and may give any notice or communication required or permitted to be given to any Credit Party hereunder to the Borrower Representative on behalf of such Credit Party or Credit Parties. Each Credit Party agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Borrower Representative shall be deemed for all purposes to have been made by such Credit Party and shall be binding upon and enforceable against such Credit Party to the same extent as if the same had been made directly by such Credit Party.

2.20 Reserves and Eligibility Criteria. The Administrative Agent and Revolver Agent may (subject to Section 10.18), from time to time in its or their Permitted Discretion (x) establish, modify or eliminate Reserves and (y) adjust the eligibility criteria or establish new eligibility criteria with respect to Eligible Receivables, Eligible Inventory, Eligible Raw Materials Inventory, Eligible On-Hand Finished Goods Inventory, Eligible In-Transit Finished Goods Inventory, Eligible New Products Inventory and/or Eligible Subject Inventory.

2.21 Cash Collateral for L/C Obligations.

(a) Certain Credit Support Events. If (i) the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, (ii) as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, (iii) the Borrowers shall be required to provide Cash Collateral pursuant to Section 2.05 or 8.02(c), or (iv) there shall exist a Defaulting Lender, the Borrowers shall immediately (in the case of clause (iii) above) or within one (1) Business Day (in all other cases) following any request by the Revolver Agent or the L/C Issuer, provide Cash Collateral in an amount not less than the applicable Minimum Collateral Amount (determined in the case of Cash Collateral provided pursuant to clause (iv) above, after giving effect to Section 2.16(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. The Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuer and the Secured Parties, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided

as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.21(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent or the L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at East West Bank. The Borrowers shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.21 or Sections 2.03, 2.05, 2.16 or 8.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Revolving Credit Lender that is a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein in accordance with Section 8.03.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)(vii))) or (ii) the determination by the Administrative Agent and the L/C Issuer that there exists excess Cash Collateral following the application of Section 8.03; provided, however, (A) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (B) the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

i. Any and all payments by or on account of any obligation of any Credit Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Credit Party, then the Administrative Agent or such Credit Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

ii. If any Credit Party or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

iii. If any Credit Party or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Credit Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Credit Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Credit Parties. Without limiting the provisions of subsection (a) above, the Credit Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse the Administrative Agent for the payment of, any Other Taxes.

(c) Tax Indemnifications.

i. Each of the Credit Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender (with a copy to the Administrative Agent and Revolver Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Credit Parties shall, and do hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

ii. Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent and Revolver Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent or Revolver Agent, as applicable, for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (y) the Administrative Agent, Revolver Agent and the Credit Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent, Revolver Agent and the Credit Parties, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent, Revolver Agent or a Credit Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent, or to any Revolving Credit Lender by the Revolver 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 to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrowers to a Governmental Authority as provided in this Section 3.01, the Borrowers shall deliver to the Administrative Agent and the Revolver Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders; Tax Documentation.

i. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

ii. Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax (or any substantively comparable subsequent versions thereof or successors thereto);

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent

versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed copies of IRS Form W-8ECI (or any substantively comparable subsequent versions thereof or successors thereto);

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code, a certificate substantially in the form of Exhibit H (a "U.S. Tax Compliance Certificate"), and duly executed copies of IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY (or any substantively comparable subsequent versions thereof or successors thereto), accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto), a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

iii. Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Credit Party or with respect to which any Credit Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Credit Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Credit Party, upon the request of the Recipient, agrees to repay the amount paid over to the Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Credit Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-

Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to perform any of its obligations hereunder or make, maintain or fund, or charge interest with respect to any Credit Extension, or to determine or charge interest rates, in each case, based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Credit Extension or continue Loans at the Eurodollar Rate shall be suspended until such Lender notifies the Administrative Agent and the Borrower Representative that the circumstances giving rise to such determination no longer exist. Until such circumstances giving rise to the determination no longer exist, as set forth in a written notice provided by such Lender to the Administrative Agent and the Borrower Representative, all outstanding Loans of such Lender and Loans thereafter made by such Lender shall bear interest at the Base Rate plus 9.00% per annum (or at the Default Rate if an Event of Default has occurred that is continuing) in the amount specified therein.

3.03 Inability to Determine Rates. If the Administrative Agent determines in connection with any request for a Loan that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and/or for three month interest periods, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate or (c) the Eurodollar Rate with respect to a proposed Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, the obligation of the Lenders to make or maintain Loans at an interest rate based on the Eurodollar Rate shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice and during such time, all such outstanding Loans shall bear interest at the Base Rate plus 9.00% per annum (or at the Default Rate if an Event of Default has occurred that is continuing). Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Loans bearing interest at the Base Rate plus 9.00% per annum (or at the Default Rate if an Event of Default has occurred that is continuing) in the amount specified therein.

3.04 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

i. impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

ii. subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

iii. impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrowers will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender 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 such Lender, 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), then from time to time the Borrowers will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrowers shall be conclusive absent manifest error. The Borrowers shall pay such Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months

prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of (a) any continuation, payment or prepayment of any Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration or otherwise); (b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay or borrow any Loan on the date or in the amount notified by the Borrower Representative or (c) any assignment of a Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 10.13, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (all of such losses, costs or expenses, together with any administrative fees referred to in the following sentence, are referred to herein collectively as the "Breakage Costs"). The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires any Borrower to pay any Indemnified Taxes or additional amounts 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 at the request of the Borrower Representative 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 unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrowers may replace such Lender in accordance with Section 10.13.

3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder and resignation of the Administrative Agent and/or Revolver Agent.

ARTICLE IV
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions to the Restatement Effective Date. The obligation of each Lender and the L/C Issuer to make any Credit Extension hereunder is subject to satisfaction of the following conditions on or prior to the date hereof to the satisfaction of the Administrative Agent and Revolver Agent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or facsimile or other electronic image transmission (e.g., "PDF" or "TIF" via electronic mail) copies (followed promptly by originals) unless otherwise specified, each properly executed by a member of the Senior Management of the signing Credit Party, each dated the Restatement Effective Date (or, in the case of certificates of governmental officials, a recent date before the Restatement Effective Date):

i. (A) executed counterparts of this Agreement and the Reaffirmation Agreement, in each case sufficient in number for distribution to the Administrative Agent, the Revolver Agent and the Borrowers;

ii. a Note executed by the Borrowers in favor of each Lender requesting a Note;

iii. an officer's certificate of each Credit Party executing a Loan Document (other than Parent, which shall be provided as set forth in Section 6.23), (A) certifying and attaching true, correct and complete copies of: (1) the certificate or articles of incorporation or memorandum and articles of association (or such equivalent thereof) of such Credit Party, (2) the by-laws, limited liability company agreement, partnership agreement or other applicable Governing Document of such Credit Party, and (B) certifying and attaching true, correct and complete copies of the resolutions or votes of the board of directors or board of managers (or equivalent thereof) of such Credit Party, authorizing such Credit Party's entry into the Loan Documents to which it is a party; and (C) certifying the incumbency of members of the Senior Management of such Credit Party authorized to act in connection with this Agreement and the other Loan Documents to which such Credit Party is a party and providing a specimen signature of such members of the Senior Management of such Credit Party who will be signing Loan Documents on the Restatement Effective Date and thereafter;

iv. such documents and certifications as the Administrative Agent and/or the Revolver Agent may require to evidence that each Credit Party executing a Loan Document is validly existing, in good standing and qualified to engage in business (A) in its jurisdiction of incorporation or formation, as applicable, and (B) in each other jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification in such jurisdiction;

v. favorable legal opinions of counsel to the Credit Parties addressed to the Administrative Agent, Revolver Agent and each Lender, as to matters concerning the Credit Parties and the Loan Documents as the Administrative Agent or the Revolver Agent may reasonably request;

vi. a certificate of a member of the Senior Management of the Borrower Representative certifying that (A) the conditions specified in Sections 4.02(a), (b), (c) and (d) have been satisfied, (B) there has been no event or circumstance since January 31, 2015 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect and (C) all consents, licenses and approvals required in connection with the execution, delivery and performance by each Credit Party and the validity against each Credit Party of the Loan Documents to which such Credit Party is a party have been obtained, and that such consents, licenses and approvals shall be in full force and effect (including, without limitation, consents, approvals and/or amendments necessary under any document or instrument evidencing any Indebtedness of any Credit Party);

(b) The Administrative Agent shall have received duly executed Agency Account Agreements, signed by each of the applicable parties thereto, for each deposit account or securities account required to be subject to an Agency Account Agreement pursuant to the terms of Section 6.17 hereof;

(c) The Administrative Agent shall have received certificates of insurance from an independent insurance broker naming the Administrative Agent as additional insured or lender's loss payee thereunder, identifying insurers, types of insurance, insurance limits, and policy terms, and otherwise describing the insurance obtained in accordance with the provisions of this Agreement and the other Loan Documents, which shall be in amounts, types and terms and conditions reasonably satisfactory to the Administrative Agent;

(d) The Security Documents shall be effective to create in favor of the Administrative Agent a legal, valid and enforceable first priority security interest in and Lien upon the Collateral;

(e) The Administrative Agent and Revolver Agent shall have received from each Credit Party executing a Loan Document, a completed and executed Perfection Certificate and the results of UCC and intellectual property searches with respect to the Collateral, indicating no Liens other than Permitted Liens and otherwise in form and substance reasonably satisfactory to the Administrative Agent and Revolver Agent;

(f) The Administrative Agent and Revolver Agent shall have received a business plan and budget of the Parent and its Subsidiaries on a consolidated basis, including forecasts prepared by management of the Borrower Representative, of consolidated balance sheets and statements of income or operations and cash flows of the Parent and its Subsidiaries for the three years following the Restatement Effective Date;

(g) The Administrative Agent and the Revolver Agent shall have received an officer's certificate of the Borrower Representative dated as of the Restatement Effective Date and signed by a Financial Officer as to the Solvency of the Credit Parties and their Subsidiaries, on a consolidated basis, immediately after giving effect to the Loans hereunder and the other transactions contemplated hereby occurring on the Restatement Effective Date;

(h) The Administrative Agent and the Revolver Agent shall have been satisfied with the results of all business and legal due diligence, including without limitation:

i. the results of collateral examinations and appraisals performed with respect to the Collateral, the Credit Parties and their Subsidiaries, each in form and substance satisfactory to the Administrative Agent and the Revolver Agent; and

ii. the financial statements and projections referred to in Section 5.02, each in form and substance satisfactory to the Administrative Agent and the Revolver Agent;

(i) The Administrative Agent and Revolver Agent shall have received an initial Loan Advance Request and disbursement instructions from the Borrowers, indicating how the proceeds of the Loans to be made on the Restatement Effective Date are to be disbursed;

(j) The Administrative Agent and the Revolver Agent shall have received a funds flow memorandum in form, scope and substance reasonably satisfactory to the Administrative Agent and the Revolver Agent;

(k) The Revolver Closing Fee shall have been paid to the Revolver Agent on behalf of the Revolving Credit Lenders and the Term B Loan Closing Fee shall have been paid to East West Bank on behalf of the Term B Loan Lenders;

(l) Any fees required to be paid under the Loan Documents on or before the Restatement Effective Date shall have been paid (including, without limitation, the early termination fee due to Crystal Financial LLC pursuant to the Existing Credit Agreement);

(m) The Borrowers shall have paid all fees, charges and disbursements of counsel to the Administrative Agent and Revolver Agent to the extent invoiced prior to the Restatement Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent and the Revolver Agent);

(n) There shall be no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Credit Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against the Credit Parties, any of its Subsidiaries or any member of the Senior Management of any Credit Party or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) could reasonably be expected to result in material liabilities against the Credit Parties and their Subsidiaries, taken as a whole, either individually or in the aggregate except as specifically disclosed in Schedule 5.07, and there has been no Material Adverse Effect on the Credit Parties and their Subsidiaries, taken as a whole, as a result of the matters described on Schedule 5.07;

(o) The Administrative Agent and the Revolver Agent shall have received satisfactory written status updates regarding the Disclosed Litigation;

(p) No Credit Party nor any Subsidiary thereof is in default under or with respect to any (a) Contractual Obligation or Pharmaceutical License that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (b) Material Agreement. No Default shall have occurred or be continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document;

(q) The Administrative Agent shall have received an executed copy of (i) the amendment to the Agency Account Agreement in place on the Existing Operating Account and (ii) the Agency Account Agreement for each of the Borrower's operating accounts at East West Bank into which funds will be directed or deposited from the Existing Operating Account, in each case in form and substance satisfactory to the Administrative Agent and the Revolver Agent.

(r) The Administrative Agent and the Revolver Agent shall have received such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the Revolver Agent or the Lenders reasonably may require (including, if requested by the Revolver Agent, East West Bank's standard forms of automatic payment authorization and controlled account-disbursement authorization), each in form and substance reasonably satisfactory to the Administrative Agent and the Revolver Agent.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or reasonably acceptable or satisfactory to such Person unless the Administrative Agent shall have received notice from such Person prior to the proposed Restatement Effective Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender and the L/C Issuer to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of the Borrowers and each other Credit Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (but without any duplication of any materiality qualifications) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (but without any duplication of any materiality qualifications) as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in Section 5.02 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b) respectively, of Section 6.04.

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Borrower Representative shall have delivered to the Revolver Agent, with a copy to the Administrative Agent, a Request for Credit Extension in accordance with the requirements hereof, which shall include a Borrowing Base Certificate in form and substance reasonably acceptable to the Administrative Agent and Revolver Agent (such Borrowing Base Certificate to be the most recent Borrowing Base Certificate delivered to the Administrative Agent and Revolver Agent pursuant to Section 6.04(d) modified to reflect Total Outstandings on such date).

(d) Subject to Section 2.17, (i) after giving effect to such Credit Extension, Overall Excess Availability shall be greater than $0 and (ii) if a Revolving Credit Borrowing is requested, after giving effect thereto, Total Revolving Credit Outstandings shall not exceed the Revolving Credit Facility.

Each Request for Credit Extension submitted by the Borrower Representative shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a), (b), (c), and (d) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Each Credit Party signatory hereto represents and warrants to the Lenders and the Administrative Agent for itself and on behalf of its Subsidiaries as follows:

5.01 Corporate Authority, Etc.

(a) **Existence, Qualification and Power**. Each Credit Party and each Subsidiary thereof (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c) of this Section 5.01, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Governing Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Permitted Liens) under, or require any material payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any applicable Law.

(c) Governmental Authorization; Other Consents. No 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 (a) the execution, delivery or performance by, or enforcement against, any Credit Party of this Agreement or any other Loan Document or (b) the grant by any Credit Party of the Liens granted by it pursuant to the Security Documents, (c) the perfection or maintenance by any Credit Party of the Liens created under the Security Documents (including the first priority nature thereof), or (d) 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 Security Documents, except, in each case, for approvals, consents, exemptions, authorizations, actions, notice and filing which have been duly obtained, taken, given or made and are in full force and effect.

(d) Binding Effect. This Agreement has been, and each other Credit Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Credit Party, enforceable against each Credit Party that is party thereto in accordance with its terms, except as enforceability may be limited by any applicable Debtor Relief Laws, moratorium or similar laws affecting creditors' rights generally and the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.02 Financial Statements; Projections.

(a) There has been furnished to the Administrative Agent (for distribution to each of the Lenders) financial statements of the type described in Section 6.04(a) for the 2015 Fiscal Year. Such financial statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations, cash flows and changes in shareholders' equity for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Parent and its Subsidiaries as of the date thereof, including liabilities for Taxes, material commitments and Indebtedness.

(b) There has been furnished to the Administrative Agent (for distribution to each of the Lenders) an unaudited consolidated balance sheet of the Parent and its Subsidiaries as of the Fiscal Month of January, 2016 and unaudited consolidated statements of income or operations and cash flow of the Parent and its Subsidiaries (other than the Mark and Chappell Entities) as of the Fiscal Month of January, 2016, in each case, certified by a Financial Officer of the Borrowers. Such balance sheet and statement of income or operations and cash flows have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present the financial condition of the Parent and its Subsidiaries as of the date thereof and the results of operations, cash flows and changes in shareholders' equity for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments. There are no contingent liabilities of the Borrowers or any Subsidiary as of such date involving material amounts, known to the officers of the Borrowers or any Subsidiary required to be disclosed in such balance sheet and the notes related thereto in accordance with GAAP which were not disclosed in such balance sheet and the notes related thereto.

(c) There has also been furnished to the Administrative Agent (for distribution to each of the Lenders) projections of the Parent and its Subsidiaries (other than the Mark and Chappell Entities) for the 2016 Fiscal Year. Such projections were prepared in good faith on the basis of assumptions stated therein, which assumptions were reasonable in light of the conditions existing at the time of their delivery and represented, at the time of delivery, the Borrowers' best estimate of its future financial conditions and performance. To the knowledge of the Credit Parties, as of the Restatement Effective Date, no facts exist that (individually or in the aggregate) would reasonably be expected to result in any material adverse change in any of such projections (taken as a whole). Such projections have been prepared on a pro forma basis after giving effect to the transactions contemplated hereby. As of the Restatement Effective Date, such projections are based upon reasonable estimates and assumptions and reflect the reasonable estimates of the Credit Parties of the results of operations and other information projected therein.

5.03 Solvency. After giving effect to the Loans hereunder and the other transactions contemplated hereby, the Credit Parties and their Subsidiaries, on a consolidated basis, are Solvent.

5.04 No Material Adverse Change. Since January 31, 2015, there has occurred no Material Adverse Effect.

5.05 Ownership of Property; Liens. Each of the Credit Parties and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Credit Parties and their Subsidiaries is subject to no Liens, other than Liens permitted by Section 7.03.

5.06 Franchises, Patents, Copyrights, etc.. Each Credit Party possesses all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business without known material conflict with any rights of others except to the extent that the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Perfection Certificate delivered on the Restatement Effective Date sets forth a true, correct and complete list of all patents, patent applications, federally registered copyrights and copyright applications, trademarks and trademark applications owned by any Credit Party as of the Restatement Effective Date.

5.07 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Credit Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or any of its Subsidiaries that (a) purport to materially adversely affect this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) could reasonably be expected to result in material liabilities against the Credit Parties and their Subsidiaries, taken as a whole, either individually or in the aggregate except as disclosed in Schedule 5.07, and there has been no material adverse change in the status, or financial effect on the Credit Parties and their Subsidiaries, taken as a whole, of the matters described on Schedule 5.07.

5.08 No Default. No Credit Party nor any Subsidiary thereof has knowledge of any default under or with respect to any (a) Contractual Obligation or Pharmaceutical License that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (b) Material Agreement. No Default or Event of default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.09 Compliance with Laws. Each Credit Party and each Subsidiary thereof is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.10 Tax Status. The Credit Parties (i) have filed or caused to be filed all federal, material provincial and all material state, and material foreign income and all other material tax returns, reports and declarations required by any jurisdiction to which any of them is subject and

(ii) have paid all material Taxes (including withholdings) required to have been paid including in their capacity as tax withholding agents, except those being contested in good faith and by appropriate proceedings and for which the Credit Parties have set aside on their books reasonably adequate provisions therefor in accordance with GAAP (unless foreclosure or other similar enforcement action has been commenced in respect thereof or any Lien has been filed or otherwise perfected therefor, in which case such exception does not apply). There is no proposed material tax assessment or other claim against, and no material tax audit with respect to, the Borrowers or any Subsidiary. Proper and accurate amounts have been withheld by each Credit Party from its respective employees for all periods in material compliance with all material applicable, federal, state, local and foreign laws and such withholdings have been timely paid to the respective Governmental Authorities.

5.11 Insurance. The properties of the Credit Parties are insured with financially sound and reputable insurance companies not Affiliates of the Borrowers, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Credit Parties operate, which such insurance shall include general property insurance, general liability insurance and insurance covering contamination or recall of Inventory.

5.12 Holding Company and Investment Company Acts. None of any Credit Party, any Person controlling any Credit Party, or any Subsidiary of any Credit Party, (a) is subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code or (b) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.13 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS. To the best knowledge of each Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the best knowledge of each Credit Party, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Credit Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and neither any Credit Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iv) neither any Credit Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither any Credit Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) Neither any Credit Party nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan.

5.14 Regulations U and X. The proceeds of the Loans and Letters of Credit shall be used solely for the purposes specified in Section 6.11. No portion of any Loan is to be used for the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

5.15 True Copies of Governing Documents. As of the Restatement Effective Date, the Credit Parties have furnished or caused to be furnished to each of the Lenders true and complete copies of the Governing Documents (together with any amendments thereto) of each Credit Party.

5.16 Fiscal Year. The Credit Parties have a fiscal year ending December 31 of each year.

5.17 Subsidiaries, etc.. As of the Restatement Effective Date, the Borrowers do not have any Subsidiaries except as set forth on Schedule 5.17 hereto and, as of the Restatement Effective Date, all of the outstanding Capital Stock in such Subsidiaries has been validly issued, fully paid and nonassessable and are owned by the Borrowers (or a Subsidiary of the Borrowers) in the amounts specified on Schedule 5.17 free and clear of all Liens (other than Permitted Liens and Liens in favor the Administrative Agent granted under the Security Documents).

5.18 Environmental Compliance. Except as specifically disclosed in Schedule 5.18, (a) each Credit Party and each Subsidiary thereof is in compliance with the requirements of all Environmental Laws applicable to the business, operations and properties of such Credit Party and its Subsidiaries except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Credit Parties and

their Subsidiaries (x) are, and within the period of all applicable statutes of limitation have been, in compliance (in all material respects) with all applicable Environmental Laws; (y) hold all Environmental Permits (each of which is in full force and effect) required for any of their current operations or for any property owned, leased, or otherwise operated by any of them; and (z) are, and within the period of all applicable statutes of limitation have been, in compliance (in all material respects) with all of their Environmental Permits.

5.19 Bank Accounts. The Perfection Certificate delivered on the Restatement Effective Date sets forth the true, correct and complete account numbers and location of all bank accounts of the Credit Parties as of the Restatement Effective Date.

5.20 Labor Contracts. Except as set forth on Schedule 5.20, as of the Restatement Effective Date, none of the Credit Parties is party to any collective bargaining agreement. There are no material grievances, disputes or controversies with any union or other organization of any Credit Party's employees, or threats of strikes or work stoppages that would reasonably be expected to result in a Material Adverse Effect.

5.21 Disclosure. Each Credit Party has disclosed to the Administrative Agent all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Credit Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

5.22 No Equity Pledged. The Capital Stock of the Borrowers and their Subsidiaries is not pledged to any Person.

5.23 OFAC. No Credit Party, nor, any Related Party nor, to the knowledge of the Credit Parties, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (a) currently the subject of any Sanctions, (b) located, organized or residing in any Designated Jurisdiction, (c) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority, or (d) or has been(within the previous five (5) years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. Neither any Credit Party, nor any Subsidiary nor, to the knowledge of any Credit Party, any Affiliate of any Credit Party (x) is a Sanctioned Person, (y) has any of its assets in Sanctioned Countries, or (z) derives any of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No Loan, nor the proceeds from any Loan, has been used, directly or indirectly, to lend, contribute, provide or has otherwise made available to fund any activity or business in any Designated Jurisdiction or to fund any activity or business of any

Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including any Lender, the Revolver Agent or the Administrative Agent) of Sanctions.

5.24 Dissolution of Subsidiaries. The dissolution of D.A.N. Supply LLC, a Delaware limited liability company, has been duly authorized by all necessary actions pursuant to the Governing Documents of the Credit Parties. Prior to and at the time of such dissolution, D.A.N. Supply LLC had no assets or liabilities. Prodigy Technical Holdings, LLC, a Texas limited liability company, failed to maintain its legal existence as evidenced by receipt of a Certificate of Involuntary Termination from the Office of the Secretary of State of the State of Texas on July 28, 2015. Prior to and at the time of such involuntary termination, Prodigy Technical Holdings, LLC had no assets or liabilities.

ARTICLE VI
AFFIRMATIVE COVENANTS

Each Credit Party signatory hereto covenants and agrees for itself and on behalf of its Subsidiaries that, so long as any Lender shall have any Commitment hereunder or any Loan or other Obligation remains outstanding:

6.01 Punctual Payment. Each Credit Party will duly and punctually pay or cause to be paid when due all principal and interest on the Loans, the fees and all other Obligations and amounts provided for in this Agreement and the other Loan Documents to which it is a party and will cause to be paid any amounts owing by any Credit Party, all in accordance with the terms of this Agreement and such other Loan Documents.

6.02 Maintenance of Office; Certain Changes. Each Credit Party will maintain its chief executive office, distribution center, warehouse, shipping center, plant, factory, or other similar location at the locations identified in the Perfection Certificate delivered by such Credit Party to the Administrative Agent or at such other place as the Borrower Representative shall designate upon no less than (a) 30 days prior written notice to the Administrative Agent (or such shorter period as may be acceptable to the Administrative Agent) in the case of its chief executive office or a material distribution center, material warehouse or material plant (which, for the avoidance of doubt, shall include the facilities located in Florida, Utah, Texas and Indiana) or (b) 15 days prior written notice to the Administrative Agent (or such shorter period as may be acceptable to the Administrative Agent) in the case of any other distribution center, warehouse, shipping center, plant, factory or other similar location, in each case, where notices, presentations and demands to or upon any Credit Party in respect of the Loan Documents to which such Credit Party is a party may be given or made. Each Credit Party shall notify the Administrative Agent, in writing, not less than thirty (30) days' (or such shorter period as may be acceptable to the Administrative Agent) prior to any change in its name or the type of its organization, jurisdiction or organization, organizational identification number, or tax identification number.

6.03 Records and Accounts. Each Credit Party will (i) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with, and all financial statements provided for herein shall be prepared in accordance with GAAP

consistently applied; (ii) maintain adequate accounts and reserves for all taxes (including income taxes, depreciation, depletion, obsolescence and amortization of its properties, contingencies and other reserves); and (iii) at all times maintain the Auditor as the Credit Parties' accountants.

6.04 Financial Statements, Certificates and Information. The Credit Parties will deliver to the Administrative Agent, the Revolver Agent and, upon request, to the Lenders:

(a) as soon as practicable, but in any event no later than one hundred twenty (120) days after the end of each Fiscal Year, (i) the consolidated balance sheet of the Parent and its Subsidiaries, as at the end of such Fiscal Year, and the related consolidated statements of income or operations, cash flows and shareholders' equity for such Fiscal Year, each setting forth in comparative form the figures for the previous Fiscal Year and all such consolidated financial statements to be in reasonable detail, prepared in accordance with GAAP consistently applied and such consolidated financial statements to be audited and accompanied by a report and opinion prepared in accordance with generally accepted auditing standards by independent certified public accountants reasonably satisfactory to the Administrative Agent and certified without qualification and without expression of uncertainty as to the ability of the Borrowers and their Subsidiaries to continue as going concerns, together with a copy of their accountants' management letter (if any) for such Fiscal Year and (ii) a Compliance Certificate duly executed by a Financial Officer of the Borrower Representative, which, among other things, (A) attaches and certifies to the foregoing consolidated financial statements, accountants statements, management letters and a management discussion and analysis prepared in connection with such financial statements, (B) certifies that the information contained in such consolidated financial statements fairly presents in all material respects the financial condition of the Parent and its Subsidiaries on the dates indicated therein, (C) appends computations evidencing the Consolidated Fixed Charge Coverage Ratio for the Reference Period ended as of the last day of such Fiscal Year regardless of whether compliance with such covenant is then required, and to the extent applicable, specifying whether the Credit Parties have complied with Section 7.13, (D) appends calculations of the Consolidated EBITDA for the Credit Parties during such Fiscal Year and specifying whether the Credit Parties have complied with Section 7.14 and (E) states that such Financial Officer has reviewed this Agreement and the other Loan Documents and has no knowledge of any Default or Event of Default during such Fiscal Year, or if such Financial Officer has such knowledge, specifying each Default or Event of Default and the nature thereof;

(b) as soon as practicable, but in any event no later than thirty (30) days after the end of each Fiscal Month (or, in the case of the last Fiscal Month of each Fiscal Year, forty-five (45) days) (i) the unaudited monthly consolidated financial statements of the Parent and its Subsidiaries for such Fiscal Month, including the consolidated balance sheet of the Parent and its Subsidiaries, as at the end of such Fiscal Month, the related consolidated statements of income or operations, cash flows and shareholders' equity for such Fiscal Month and for the portion of the Fiscal Year then ended, each setting forth in comparative form the figures for the corresponding Fiscal Month of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, each, prepared in accordance with GAAP consistently applied and (ii) a Compliance Certificate duly

executed by a Financial Officer of the Borrowers, which, among other things, (A) attaches and certifies to the foregoing financial statements, (B) certifies that the information contained in such financial statements fairly presents in all material respects the financial condition of the Parent and its Subsidiaries on the date thereof (subject to year-end adjustments and the absence of footnotes), (C) sets forth in comparative form the results for and through such Fiscal Month with the most recent projections delivered to the Administrative Agent pursuant to Section 6.04(e), (D) appends computations evidencing the Consolidated Fixed Charge Coverage Ratio for the Reference Period ended as of the last day of such Fiscal Month regardless of whether compliance with such covenant is then required, and to the extent applicable, specifying whether the Credit Parties have complied with Section 7.13, (E) appends calculations of the Consolidated EBITDA for the Credit Parties for the Reference Period ended as of the last day of such Fiscal Month regardless of whether compliance with such covenant is then required and, to the extent applicable, specifying whether the Credit Parties have complied with Section 7.14, (F) sets forth (if applicable) reconciliations to reflect changes in GAAP since the date of the last audited financial statements of the Parent and its Subsidiaries and (G) states that such Financial Officer has reviewed this Agreement and the other Loan Documents and has no knowledge of any Default or Event of Default during such Fiscal Month, or if such Financial Officer has such knowledge, specifying each Default or Event of Default and the nature thereof to the Administrative Agent's reasonable satisfaction;

(c) as soon as practicable, but in any event no later than thirty (30) days after the end of each Fiscal Month, a management discussion and analysis prepared in connection with the financial statements of the Parent and its Subsidiaries for such Fiscal Month;

(d) as soon as available and in any event within two Business Days after the end of each calendar week, and at such other times as the Administrative Agent may reasonably require, (i) a Borrowing Base Certificate with respect to the Collateral of the Borrowers as of the close of business of such week on the immediately preceding Business Day, accompanied by accounts receivable and accounts payable agings and copies of the Borrowers' sales journal, cash receipts journal and credit memo for the relevant period, and such other supporting detail, documentation and information related thereto as the Administrative Agent shall reasonably request (including copies of all invoices prepared in connection with the Accounts) and (ii) a perpetual inventory and the Revolver Agent's standard form of Inventory report then in effect (or the form most recently requested by the Revolver Agent), by each category of Inventory, together with a description of the weekly change in each category of Inventory, in each case, as of the close of business on the last day of such week, in each case, accompanied by such supporting detail, documentation and information as the Administrative Agent shall reasonably request;

(e) As soon as practicable and in any event within twenty (20) days after the end of each Fiscal Month, (i) a summary and detailed aging of the Borrowers' Accounts in form and substance satisfactory to the Revolver Agent and Administrative Agent in their respective Permitted Discretion, (ii) a summary and detailed aging of the

Borrowers' accounts payable in form and substance satisfactory to the Revolver Agent and Administrative Agent in their respective Permitted Discretion, (iii) a listing of any held checks, (iv) a perpetual inventory report for the Borrowers by each category of Inventory and otherwise in form and substance satisfactory to the Revolver Agent and the Administrative Agent in their Permitted Discretion, and (v) reconciliations of Accounts, accounts payable, Inventory and loan balances to the general ledger;

(f) Within 30 days after each June 30 and December 31, a list of the names and addresses of all Account Debtors of the Borrowers;

(g) not later than January 31 of each Fiscal Year, an annual business plan and projections for the Borrowers and their Subsidiaries for the following Fiscal Year on a monthly basis (such projections to include consolidated balance sheets, statements of cash flows, statements of income or operations of the Borrowers and their Subsidiaries and Overall Excess Availability, in each case prepared on a month-by-month basis and such other matters reasonably requested by the Administrative Agent);

(h) promptly upon receipt thereof, copies of any detailed audit reports, financial control reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Credit Parties by independent accountants other consultants or advisors in connection with the accounts or books of ay Credit Party or any Subsidiary or any audit of any of them;

(i) immediately, and in any event within two (2) Business Days after receipt by a member of Senior Management thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from any Governmental Authority concerning any material investigation by such agency regarding financial or other operational results of any Credit Party or any Subsidiary;

(j) promptly following the request of the Administrative Agent, a report summarizing the insurance coverage in effect for each Credit Party and promptly following the modification, renewal, replacement of any insurance policy of any Credit Party, updated insurance certificates and endorsements evidencing such coverage;

(k) as soon as practicable, but in any event no later than ten (10) days following the end of each Fiscal Quarter (or more frequently at the election of the Credit Parties), either (x) updated Schedules 5.07, 5.17, and 7.08, an updated Exhibit A to the IP Security Agreement and an updated list of bank accounts in the Perfection Certificate identified in Section 5.19. in each case in substantially the same form as the most recent schedule of the same delivered to the Administrative Agent or (y) for any of the foregoing for which there has been no change since the previous Fiscal Quarter, a certificate confirming that there has been no change in such information, which such updated schedules or certificate of no change shall be satisfactory to the Administrative Agent; and

(l) promptly following a request therefor, from time to time such sales projections, budgets, operating plans or other financial data or information as the Administrative Agent, the Revolver Agent or any Lender may reasonably request.

6.05 Notices.

(a) Defaults. The Credit Parties will promptly (but in any event within three (3) Business Days) notify the Administrative Agent and each Lender in writing following Senior Management obtaining knowledge of the occurrence of (i) any Default or Event of Default or (ii) any "default", "event of default" or material breach under any Material Agreement or Pharmaceutical License or (iii) any termination or expiration of any Material Agreement or Pharmaceutical License.

(b) Material Adverse Effect. The Credit Parties shall promptly (but in any event within three (3) Business Days following Senior Management obtaining knowledge thereof) disclose in writing to the Administrative Agent (for distribution to each Lender) and Revolver Agent any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of any Credit Party or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between any Credit Party or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Credit Party or any Subsidiary, including (A) with respect to any litigation disclosed on Schedule 5.07 and (B) pursuant to any applicable Environmental Laws.

(c) ERISA Events. The Credit Parties shall promptly following Senior Management obtaining knowledge disclose in writing to the Administrative Agent and Revolver Agent the occurrence of any ERISA Event;

(d) Change in Accounting Policies or Financial Reporting. The Credit Parties shall promptly disclose in writing to the Administrative Agent notice of (i) any material change in accounting policies or financial reporting practices by the Borrowers or any Subsidiary, provided, that no such change shall alter the accounting methodology for inventory or Receivables (including the aging of Receivables) without the prior written consent of the Administrative Agent or (ii) discharge by any Credit Party of its independent accountants or any withdrawal or resignation by such independent accountants.

(e) Notice of Tax Claims, Litigation and Judgments. The Credit Parties will give notice to the Administrative Agent, Revolver Agent and each Lender in writing within three (3) Business Days' of Senior Management obtaining knowledge of (i) any written notice of proposed assessment or written notice of the commencement of any audit by any Governmental Authority for unpaid Taxes of any Credit Party or any Subsidiary that are due and payable, (ii) any commencement of any litigation or proceedings threatened in writing or any pending litigation affecting any Credit Party or any of its Subsidiaries or to which any Credit Party or any Subsidiary thereof is or becomes a party involving any claim against any Credit Party that has resulted in or

could reasonably be expected to result in (A) liabilities of more than $500,000 against any Credit Party or any Subsidiary or (B) a Material Adverse Effect or (iii) any commencement of (A) a criminal investigation or (B) a criminal conviction or penalty for any felony, in each case with respect to any Credit Party or member of Senior Management of any Credit Party. The Credit Parties will give notice to the Administrative Agent and each Lender, in writing, in form and detail reasonably satisfactory to the Administrative Agent, within five (5) Business Days' of any judgment not covered by insurance, final or otherwise, against any Credit Party in an amount in excess of $500,000 or of the entry of any non-monetary judgment that could reasonably be expected to have a Material Adverse Effect.

(f) Notification of Claim against Collateral. The Credit Parties will, promptly notify the Administrative Agent, Revolver Agent and each Lender in writing of any (i) Lien made or asserted against any of the Collateral or (ii) setoff, claims (including, with respect to the Real Estate, environmental claims), withholdings or other defenses in amounts greater than $100,000 or defenses to the Administrative Agent's rights with respect to the Collateral.

(g) Notices Concerning Inventory Collateral. The Borrowers shall provide to the Administrative Agent and Revolver prompt notice of (a) any physical count of any Borrower's Inventory, together with a copy of the results thereof certified by the Borrowers, (b) any determination by the Borrowers that the aggregate Inventory levels of the Borrowers are not adequate to meet the sales projections of the Borrowers, and (c) any failure of any Credit Party to pay rent at any leased location where Inventory is located, which failure continues for more than ten (10) days following the day on which such payment rent is due and payable. Immediately following the occurrence thereof, the Credit Parties shall deliver to the Administrative Agent and Revolver Agent, in form and substance acceptable to the Administrative Agent and Revolver Agent and with such supporting detail, documentation and information as the Administrative Agent or Revolver Agent shall reasonably request regarding any changes to standard cost of any Eligible On-Hand Finished Goods Inventory, Eligible In-Transit Finished Goods Inventory or Eligible Raw Materials Inventory, including without limitation, changes to better reflect the actual cost of such Inventory. For the avoidance of doubt, any changes to the calculations of such standard cost and/or methodology for valuing any such Eligible Inventory shall not take effect the "Cost" of such Eligible Inventory for the purposes of calculating the Borrowing Base unless such changes are acceptable to the Administrative Agent and Revolver Agent (subject to Section 10.18).

(h) Notification of Additional Intellectual Property Rights. Within thirty (30) days of the end of each Fiscal Quarter, the Credit Parties will notify the Administrative Agent in writing of any patents, patent applications, patent application disclosures filed with any patent office during such Fiscal Quarter, registered copyrights or mask works registered during such Fiscal Quarter, applications for registration of copyrights or mask works filed during such Fiscal Quarter and trademark and service mark registrations during such Fiscal Quarter, and trademark and service mark registration applications filed during such Fiscal Quarter, all of the foregoing whether a foreign or United States right, to the extent not listed on the Perfection Certificate most recently delivered to the Administrative Agent in accordance with this Agreement.

(i) Environmental Events. The Credit Parties will promptly give notice to the Administrative Agent, Revolver Agent and each Lender (a) of any violation of any Environmental Law that any Credit Party reports in writing or is reportable by such Person in writing (or for which any written report supplemental to any oral report is made) to any Governmental Authority and (b) upon any member of Senior Management of any Credit Party obtaining knowledge thereof, of any inquiry, proceeding, investigation, or other action, including a notice from any agency of potential Environmental Liability, of any Governmental Authority that, in the case of clauses (a) or (b) above, could reasonably be expected to result in a Material Adverse Effect.

(j) Prepayment Events. Promptly following the occurrence of any event for which the Borrowers are required to make a prepayment under Sections 2.05(c) through (f), together with all supporting information reasonably requested by the Administrative Agent.

(k) Change in CEO or CFO. The Credit Parties shall provide to the Administrative Agent and Revolver Agent prompt written notice of any change in any Credit Party's chief executive officer or chief financial officer.

(l) Labor Relations. The Credit Parties shall provide to the Administrative Agent and Revolver Agent prompt written notice of any collective bargaining agreement or other labor contract to which a Credit Party becomes a party, or the application for the certification of a collective bargaining agent.

(m) Fundamental Changes. The Credit Parties shall provide to the Administrative Agent and Revolver Agent promptly written notice of the occurrence of any event described in Section 7.05(a) and Section 7.05(b)(v).

Delivery by the Credit Parties to the Administrative Agent of any and all notices required to be delivered to the Lenders as herein required shall be deemed made upon receipt of such notices by the Administrative Agent.

6.06 Legal Existence; Maintenance of Properties.

(a) Except as permitted by Section 7.05, each Credit Party will do all things necessary to (i) maintain in full force and effect its legal existence and good standing under the laws of its jurisdiction of organization or incorporation, (ii) maintain its qualification to do business in each state or other jurisdiction in which the failure to do so would result in a Material Adverse Effect, and (iii) maintain all of its rights and franchises, except where the failure to maintain such right or franchise would not result in a Material Adverse Effect.

(b) Each Credit Party (i) will cause all of its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment (ii) will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Credit Parties may be necessary so that the business may carried on in the ordinary course, and (iii) will continue to engage in the line of businesses conducted by them on the Restatement Effective Date; provided that nothing in this Section 6.06(b) shall prevent any Credit Party from discontinuing the operation and maintenance of any of its properties if such discontinuance is permitted by Section 7.05(b).

6.07 Insurance. Each Credit Party will maintain with financially sound and reputable insurers insurance with respect to its material properties and business against such casualties and contingencies as shall be in accordance with the general practices of businesses engaged in similar activities in similar geographic areas and in amounts, containing such terms, in such forms and for such periods as may be commercially reasonable and in accordance with the terms of the Security Documents. Such policies of insurance shall name the Administrative Agent as an additional insured or lender's loss payee, as applicable and provide for not less than 30 days' prior notice (or not less than 10 days' in the case of the non-payment of premium) to the Administrative Agent of termination, lapse or cancellation of such insurance.

6.08 Taxes. Each Credit Party will (a) duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all Taxes, assessments and other governmental charges imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid might by law become a Lien or charge upon any of its property; provided that any such Taxes, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall be currently contested in good faith by appropriate proceedings and such Credit Party shall have set aside on its books adequate reserves in accordance with GAAP with respect thereto; and provided further that the Credit Parties will pay all such Taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose or otherwise enforce any Lien that may have attached as security therefor, (b) will withhold from each payment to be made to any of its past or present employees, officers or directors, and to any non-resident of the country in which it is a resident, the amount of all Taxes and all other deductions or withholdings required to be withheld therefrom and pay the same to the proper taxing authority within the time required under any applicable law and (c) collect from all Persons the amount of all Taxes required to be collected from them and remit the same to the proper taxing authority within the time required under any applicable law. Each Credit Party shall file or cause to be filed all federal, state, local and foreign income tax returns, and all other tax returns, reports, and declarations required by any jurisdiction to which it is subject as required by applicable Law.

6.09 Compliance with Laws, Contracts, Licenses, Permits; Leaseholds and Payment of Obligations Generally.

(a) Compliance with Laws, Contracts, Licenses and Permits. Each of the Credit Parties will comply with (i) the applicable Laws wherever its business is conducted, including, without limitation all Environmental Laws, (ii) the provisions of its Governing Documents, (iii) all agreements and instruments by which it or any of its properties may be bound, and (iv) all applicable decrees, orders, and judgments, provided, that in each case, such compliance shall be required by this Agreement only

where noncompliance with this Section 6.09(a)(i)-(iv) would result in a Material Adverse Effect. If any authorization, consent, approval, permit or license (including, without limitation, Pharmaceutical Licenses) from any Governmental Authority or any central bank or other fiscal or monetary authority shall become necessary or required in order that any Credit Party may fulfill any of its obligations hereunder or any of the other Loan Documents to which such Credit Party is a party or to conduct its business in any jurisdiction, each Credit Party will promptly take or cause to be taken all commercially reasonable steps within the power of such Credit Party to obtain such authorization, consent, approval, permit or license, and upon request of the Administrative Agent, to furnish the Administrative Agent and the Lenders with evidence thereof. In the event a Credit Party is unsuccessful in obtaining such authorization, consent, approval, permit or license, the Administrative Agent may, without limiting the generality of its discretionary rights with respect to Reserves, impose Reserves with respect to any Collateral held by such Person which may be affected by such failure to obtain such authorization, consent, approval, permit or license.

(b) Compliance with Terms of Leaseholds. Each Credit Party will make all payments and otherwise perform all material obligations in respect of all leases of real property to which such Credit Party is a party within any grace period provided therefor under such lease, notify the Administrative Agent of any default by any party with respect to such leases and cooperate with the Administrative Agent in all respects to cure any such default by a Credit Party, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

(c) Payment of Obligations Generally. Pay and discharge as the same shall become due and payable, all its other obligations and liabilities (except to the extent prohibited by Article VII), including (a) all lawful claims which, if unpaid, would by law become a Lien (other than a Permitted Lien) upon the Collateral or otherwise could reasonably be expected to result in a Material Adverse Effect and (b) all Indebtedness, as and when due and payable, but subject to any subordination provisions or intercreditor arrangements contained in any instrument or agreement evidencing such Indebtedness.

6.10 Physical Inventories. The Credit Parties, at their own expense, shall cause not less than two (2) physical inventories to be undertaken in each twelve (12) month period thereafter, conducted by such inventory takers as are reasonably satisfactory to the Administrative Agent and Revolver Agent and following such methodology as is consistent with the methodology used in the immediately preceding inventory or as otherwise may be satisfactory to the Administrative Agent and Revolver Agent. The Administrative Agent, Revolver Agent and the Lenders and/or their agents or representatives, at the expense of the Credit Parties, may participate in and/or observe each scheduled physical count of Inventory which is undertaken on behalf of any Credit Party. The Credit Parties, within ten (10) Business Days following the completion of such inventory, shall provide the Administrative Agent and Revolver Agent with a reconciliation of the results of such inventory (as well as of any other physical inventory undertaken by a Credit Party) and shall post such results to the Credit Parties' stock ledgers and general ledgers, as applicable. If any Event of Default exists and is continuing the Administrative Agent may cause such inventories to be taken as the Administrative Agent determines (each, at the expense of the Credit Parties).

6.11 Use of Proceeds. The proceeds of the Loans and Letters of Credit shall be used solely for (i) for working capital and general corporate purposes subject to the restrictions set forth in this Agreement and (ii) the payment of fees and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the other Loan Documents entered into on the Restatement Effective Date.

6.12 Covenant to Guarantee Obligations and Give Security.

(a) Upon the formation or acquisition of any new direct or indirect Subsidiary after the Original Closing Date (other than any CFC or a CFC Holding Company) by any Credit Party, then the Credit Parties shall, at the Credit Parties' expense:

i. within fifteen (15) Business Days after such formation or acquisition, cause such Subsidiary, and cause each direct and indirect parent of such Subsidiary (if it has not already done so and is not an Excluded Subsidiary), to duly execute and deliver to the Administrative Agent a Guarantee guaranteeing the other Credit Parties' obligations under the Loan Documents,

ii. within fifteen (15) Business Days after such formation or acquisition, furnish to the Administrative Agent a description of the real and personal properties of such Subsidiary, in detail reasonably satisfactory to the Administrative Agent,

iii. within fifteen (15) Business Days after such formation or acquisition, cause such Subsidiary and each direct and indirect parent of such Subsidiary (if it has not already done so) to duly execute and deliver to the Administrative Agent Security Documents, as specified by and in form and substance reasonably satisfactory to the Administrative Agent, securing payment of all the Obligations of such Subsidiary or such parent, as the case may be, under the Loan Documents and constituting Liens on all such real and personal properties,

iv. within fifteen (15) Business Days after such formation or acquisition, cause such Subsidiary and each direct and indirect parent of such Subsidiary (if it has not already done so) to take whatever action (including the recording of Mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents or such other actions as are necessary or desirable under any applicable Law) may be necessary or advisable 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 subsisting Liens on the properties purported to be subject to the Security Documents delivered pursuant to this Section 6.12, enforceable against all third parties in accordance with their terms,

v. within fifteen (15) Business Days after such formation or acquisition, deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Credit Parties reasonably acceptable to the Administrative Agent as to the matters contained in clauses (i), (iii) and (iv) above, and as to such other matters as the Administrative Agent may reasonably request, and

vi. as promptly as practicable after such formation or acquisition, deliver, upon the request of the Administrative Agent in its sole discretion, to the Administrative Agent with respect to each parcel of real property owned or held by the entity that is the subject of such formation or acquisition and that is to be subject to a Mortgage as provided in this Section 6.12, title reports, surveys and to the extent in the Credit Party's possession or to the extent required by applicable Law, engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance reasonably satisfactory to the Administrative Agent, provided, however, that to the extent that any Credit Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such real property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent.

(b) Upon the acquisition of any property by any Credit Party following the Original Closing Date, if such property, in the judgment of the Administrative Agent, shall not already be subject to a perfected first priority security interest in favor of the Administrative Agent for the benefit of the Secured Parties, then the Credit Parties shall, at the Credit Parties' expense (provided that notwithstanding anything contained in this Section 6.12(b), no more than 65% of the voting Capital Stock and 100% of the non-voting Capital Stock of any Excluded Subsidiary formed or acquired by any Credit Party shall be required to be subject to the security interest of the Administrative Agent):

i. within fifteen (15) Business Days after such acquisition, furnish to the Administrative Agent a description of the property so acquired in detail reasonably satisfactory to the Administrative Agent,

ii. within fifteen (15) Business Days after such acquisition, cause the applicable Credit Party to duly execute and deliver to the Administrative Agent Security Documents (to the extent not already delivered), as specified by and in form and substance reasonably satisfactory to the Administrative Agent, securing payment of all the Obligations of the applicable Credit Party under the Loan Documents and constituting Liens on all such properties,

iii. within fifteen (15) Business Days after such acquisition, cause the applicable Credit Party to take whatever action (including the recording of Mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents or such action necessary or desirable under applicable Law) may be necessary or advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on such property, enforceable against all third parties,

iv. within fifteen (15) Business Days after such acquisition, deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Credit Parties reasonably acceptable to the Administrative Agent as to the matters contained in clauses (ii) and (iii) above and as to such other matters as the Administrative Agent may reasonably request, and

v. as promptly as practicable after any acquisition of real property, deliver, upon the request of the Administrative Agent in its sole discretion, to the Administrative Agent with respect to such real property, flood zone determination forms, flood insurance certificates, title reports, surveys and engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent, provided, however, that to the extent that any Credit Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such real property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent;

(c) At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may deem necessary or desirable in obtaining the full benefits of, or (as applicable) in perfecting and preserving the Liens of, such Security Documents.

6.13 Certain Changes. Each Credit Party shall notify the Administrative Agent, in writing, not less than thirty (30) days' prior to (i) any change in its chief executive office, name or the type of its organization, jurisdiction or organization, organizational identification number, or tax identification number, (ii) the acquisition of any Real Estate pursuant to Section 7.05 or (iii) the acquisition of any material asset to the extent located in any jurisdiction other than those jurisdictions located in the United States of America or those jurisdictions specified on such Credit Party's Perfection Certificate.

6.14 Conduct of Business. Except as permitted by Section 7.05, each Credit Party will continue to engage primarily in the businesses engaged in by such Credit Party on the Restatement Effective Date, or such businesses as are reasonably related to the businesses engaged in by such Credit Party on the Restatement Effective Date.

6.15 Further Assurances. Each Credit Party will cooperate with the Lenders and the Administrative Agent and execute such further instruments and documents as the Lenders or the Administrative Agent shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

6.16 Inspections; Collateral Reports; Appraisals, etc.

(a) General. Each Credit Party shall permit the Lenders and the Administrative Agent, at the Credit Parties' expense, to visit and inspect any of the properties of any Credit Party accompanied by a representative of the Credit Party to the extent such representative does not interfere with such inspection, to examine the books of account of such Credit Party (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of such Credit Party with, and to be advised as to the same by, its and their officers, in each case, except when an Event of Default shall have occurred and be continuing, at such reasonable times and intervals and with prior or contemporaneous notice as the Administrative Agent or any Lender may reasonably request.

(b) Collateral Reports. From time to time upon the request of the Administrative Agent or the Required Lenders, at the Credit Parties' expense, the Credit Parties will obtain and deliver to the Administrative Agent, Revolver Agent and Lenders, or, if the Administrative Agent so elects, will cooperate with the Administrative Agent in the Administrative Agent's obtaining, a report of an independent collateral auditor reasonably satisfactory to the Administrative Agent (which may be affiliated with one of the Lenders) with respect to the Collateral, which report shall indicate whether or not the information set forth in the Borrowing Base Certificates delivered to the Administrative Agent, Revolver Agent and Lenders are accurate and complete in all material respects based upon a review by such auditors of the Receivables (including verification with respect to the amount, aging, identity and credit of the respective account debtors and the billing practices of the applicable Credit Parties), Inventory and Equipment (including, in each case, verification as to the value, location and respective types) and other Collateral; provided that the Credit Parties shall be required to incur the costs and expenses of no more than (i) two (2) such collateral value reports in any calendar year if no Reporting Monitoring Event shall have occurred during such calendar year or (ii) three (3) such collateral value reports in any calendar year if a Reporting Monitoring Event shall have occurred during such calendar year and (iii) an unlimited number of times following the occurrence and during the continuance of an Event of Default.

(c) Appraisals. From time to time upon the request of the Administrative Agent or the Required Lenders, at the Credit Parties' expense, the Credit Parties shall obtain and deliver to the Administrative Agent, Revolver Agent and the Lenders appraisal reports in form and substance and from Appraisers satisfactory to the Administrative Agent, including, without limitation of scope, among other things, the then current fair market, Net Orderly Liquidation Value and forced liquidation values of all or any portion of the Inventory, Equipment or other Collateral owned by the Credit Parties and describing changes to cost calculation methodology; provided that the Credit Parties shall not be required to incur the costs and expenses of more than (i) two (2) appraisals as to Inventory per calendar year and more than one (1) appraisal as to Equipment per calendar year (and not calculated on a combined basis) if no Reporting Monitoring Event shall have occurred during such calendar year or (ii) three (3) appraisals as to Inventory per calendar year and more than one (1) appraisal as to Equipment per calendar year (and not calculated on a combined basis) if a Reporting Monitoring Event shall have occurred during such calendar year and (iii) an unlimited number of times following the occurrence and during the continuance of an Event of Default.

(d) Communications with Accountants. Each Credit Party authorizes the Administrative Agent, Revolver Agent and the Lenders to communicate directly with such Credit Party's independent certified public accountants and authorizes such accountants to disclose to the Administrative Agent, Revolver Agent and the Lenders any and all financial statements and other supporting financial documents and schedules including copies of any management letter with respect to the business, financial condition and other affairs of such Credit Party. At the request of the Administrative Agent, Revolver Agent or any Lender, each Credit Party shall deliver a letter addressed to such accountants authorizing them to communicate directly with the Administrative Agent, Revolver Agent and the Lenders in accordance with the foregoing.

6.17 Bank Accounts.

(a) General. The Credit Parties shall (i) (a) instruct all commercial account debtors of the Credit Parties, pursuant to notices of assignment and instruction letters, in each case, in form and substance reasonably satisfactory to the Administrative Agent, to remit all cash proceeds of Receivables, checks and other items of payment directly to, and (b) other than with respect to cash and checks deposited in accounts described and subject to clause (b) below, cause, on each Business Day, all cash and checks received by the Credit Parties to be deposited directly to concentration depository accounts and/or lockbox accounts with East West Bank or other financial institutions which have entered into Agency Account Agreements in form and substance reasonably satisfactory to the Administrative Agent ("Concentration Accounts"), and (ii) other than with respect to funds deposited in accounts described and subject to clause (b) below, at all times ensure that all other cash, cash proceeds, checks and other items of payment (including (A) proceeds of any Collateral or any Net Cash Proceeds in connection with events or transactions described in Sections 2.05(c) through (f) and (B) all collections from account debtors in respect of Eligible Receivables) be immediately deposited directly into a Concentration Account or the Collection Account. Other than with respect to funds deposited in accounts described and subject to clause (b) below, each depository institution with a Concentration Account subject to an Agency Account Agreement shall be required to cause all funds held in each such Concentration Account to be transferred no less frequently than once each day to, and only to a Concentration Account designated by, and in the control of, the Administrative Agent (the "Collection Account"), which proceeds therein shall be applied to the payment of the Obligations in accordance with Sections 2.07(c) and (d). All funds deposited in accounts described and subject to clause (b) below, shall be transferred by the Borrowers no less frequently than once each day to the Collection Account. The Administrative Agent agrees that it will not provide an "Access Termination Notice" (as defined in any Agency Account Agreement) prior to the occurrence and continuance of an Event of Default.

(b) Other Accounts. The Credit Parties (i) shall cause their primary deposit accounts (including their primary operating account(s)) to be maintained at East West Bank and be subject to an Agency Account Agreement, (ii) shall cause all other deposit accounts (including, without limitation, the Existing Operating Account), all securities accounts and all commodities accounts (other than Excluded Accounts) of the Credit Parties to be subject to Agency Account Agreements, unless the Administrative Agent and the Revolver Agent shall have consented otherwise with respect to accounts subject to so called "zba" arrangements which shall be required to operate such that all funds held in such zba accounts shall be automatically transferred to the Borrowers' Concentration Account at East West Bank on a daily basis, with such Concentration Account subject to an Agency Account Agreement in form and substance satisfactory to the Administrative Agent and the Revolver Agent, and (iii) shall close the Existing Operating Account within one hundred and twenty (120) days after the Restatement Effective Date (or such longer period as may be agreed to by the Revolver Agent and Administrative Agent in writing).

6.18 Lien Waivers. Each Credit Party shall use commercially reasonable efforts to obtain a Lien Waiver from each (a) mortgagee or beneficiary under a mortgage or deed of trust with respect to all real property owned by such Credit Party, (b) each lessor of all leased property leased by such Credit Party and (c) each warehouseman, processor, shipper, repairman, mechanic, bailee or other similar Person in possession of any other Collateral with respect to (x) each location in Florida, Utah, Idaho, Texas, Indiana and such other states as Agent may determine, and (ii) any other distribution center, warehouse, plant, factory, or other similar location where any Collateral is stored or located, which agreement shall be reasonably satisfactory in form and substance to the Administrative Agent. In the event a Credit Party is unsuccessful in obtaining such Lien Waivers, the Administrative Agent may, without limiting the generality of its discretionary rights with respect to Reserves, impose Reserves with respect to such location or with respect to any Collateral held by such Person. To the extent any Credit Party enters into a lease following the Restatement Effective Date for a location that is a chief executive office, distribution center, warehouse, shipping center, plant, factory or similar location, such Credit Party shall, prior to the entry into such lease, commercially reasonable efforts to obtain a Lien Waiver from each lessor of leased property with respect thereto.

6.19 Cycle Counts. The Credit Parties shall maintain policies for cycle counts of its Inventory subject to frequency, scope and procedures reasonably acceptable to the Administrative Agent.

6.20 Internal Controls. The Credit Parties shall maintain and ensure compliance with policies reasonably acceptable to the Administrative Agent requiring the approval of multiple members from among the Senior Management and/or Financial Officers for the payment of expenses or issuance of disbursements in excess of $50,000 (for the avoidance of doubt, policies excepting ordinary course inventory purchases and recurring ordinary course payments for rent, payroll (and other employee wage and benefit payments), insurance and taxes shall be acceptable to the Administrative Agent).

6.21 Expiration Reporting. The Credit Parties shall maintain the system implemented by the Credit Parties to track expiration dates and "best if used by" dates for their manufactured products in substantially the manner maintained as of the Restatement Effective Date and shall not materially modify such system without the prior written consent of the Administrative Agent.

6.22 Mark and Chappell Stock Pledge. No later than five (5) Business Days following the Restatement Effective Date, the Administrative Agent shall have received a pledge of 65% of the voting Capital Stock, and to the extent applicable 100% of the non-voting Capital Stock, of Mark and Chappell Limited evidenced by a pledge agreement dated as of a recent date herewith in form and substance satisfactory to the Administrative Agent and the membership interests pledged pursuant thereto.

6.23 Parent Secretary Certificate. No later than five (5) Business Days following the Restatement Effective Date, the Administrative Agent shall have received an officer's certificate of the Parent of the type described in Section 4.01(a)(iii).

6.24 Lien Waivers; Bailee Letters. The Credit Parties shall use commercially reasonable efforts to deliver not later than thirty (30) days following the Restatement Effective Date executed acknowledgments for each Lien Waiver as required by, and in form and substance acceptable to, the Administrative Agent.

ARTICLE VII
NEGATIVE COVENANTS

Each Credit Party signatory hereto covenants and agrees for itself and on behalf of its Subsidiaries that, so long as any Lender shall have any Commitment hereunder or any Loan or other Obligation remains outstanding:

7.01 Investments. None of the Credit Parties nor any of its Subsidiaries will make any Investment in any Person, except for Investments which consist of:

(a) Investments comprised of notes payable, or stock or other securities issued by account debtors to such Credit Parties pursuant to negotiated agreements with respect to settlement of such account debtor's accounts in the ordinary course of business;

(b) Capital Stock (i) issued and outstanding on the Restatement Effective Date in its Subsidiaries in existence on the Restatement Effective Date and (ii) issued following the Restatement Effective Date by a Credit Party to another Credit Party;

(c) Investments consisting of (i) intercompany loans by and among the Credit Parties so long as the Administrative Agent has a first priority, perfected Lien in such intercompany loans and has received the Intercompany Note evidencing such intercompany loans, together with transfer powers executed in blank in connection therewith, (ii) intercompany loans made by any Subsidiary to any Credit Party on terms and conditions acceptable to the Administrative Agent, including the Administrative Agent's receipt of a Subordination Agreement, and (iii) intercompany loans by a Credit Party to any Subsidiary that is not a Credit Party not to exceed $250,000 in the aggregate outstanding at any time;

(d) Investments by a Subsidiary that is not a Credit Party in another Subsidiary that is also not a Credit Party;

(e) Investments consisting of any Credit Party or any Subsidiary Guaranteeing (i) the Obligations of the Credit Parties and (ii) other Indebtedness if such Credit Party or such Subsidiary would be permitted to directly incur such Indebtedness under Section 7.02;

(f) Investments in cash or Cash Equivalents;

(g) Investments consisting of loans to its respective employees on an arm's-length basis in the ordinary course of business consistent with past practices for travel expenses, relocation costs and similar purposes up to a maximum of $50,000 per employee at any one time outstanding and $250,000 in the aggregate at any one time outstanding;

(h) Permitted Acquisitions; and

(i) Investments existing as of the Restatement Effective Date and set forth on Schedule 7.01.

7.02 Restrictions on Indebtedness. None of the Credit Parties nor any of its Subsidiaries will incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

(a) Indebtedness secured by purchase money security interests and Capitalized Leases permitted by Section 7.03(a)(x) and any refinancing thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof, changing the amortization thereof (other than to extend the same), accelerating the maturity date thereof , decreasing the weighted average life thereof or increasing the cash pay interest thereof; provided, that the aggregate amount of such Indebtedness described in this subclause (a) shall not exceed $2,000,000;

(b) Indebtedness of the Credit Parties consisting of the Obligations under the Loan Documents;

(c) [Reserved];

(d) Indebtedness of any Credit Party outstanding as of the Restatement Effective Date and reflected on Schedule 7.02 hereto and any refinancing thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof, changing the amortization thereof (other than to extend the same), decreasing the weighted average life thereof, accelerating the maturity date thereof or increasing the cash pay interest thereof and that are otherwise on terms and conditions no less favorable as a whole to such Credit Party, the Administrative Agent or any other Secured Party, as determined by the Administrative Agent than the terms of the Indebtedness being refinanced, amended or modified;

(e) unsecured Subordinated Debt incurred after the Restatement Effective Date on terms and conditions acceptable to the Administrative Agent in its sole discretion, provided that (i) the maturity date of such Subordinated Debt shall be at least one hundred and eighty (180) days following the Maturity Date (after taking in account any extension thereof) and (ii) the aggregate amount of such Subordinated Debt shall not exceed $5,000,000;

(f) Indebtedness consisting of any Investment permitted by Sections 7.01(c), (d), (e) or (g);

(g) Guarantees by (i) any Credit Party of Indebtedness of any other Credit Party permitted by this Section 7.02, (ii) any Subsidiary that is not a Credit Party of any Indebtedness of any Credit Party permitted by this Section 7.02 and (iii) any Subsidiary that is not a Credit Party of any Indebtedness of any other Subsidiary that is also not a Credit Party permitted by this Section 7.02;

(h) Indebtedness consisting of contingent liabilities under surety bonds and similar instruments incurred in the ordinary course of business; and

(i) Indebtedness in respect of netting services, automatic clearing house arrangements, treasury management services and similar arrangements in the ordinary course of business in each case in connection with deposit and securities account;

(j) Indebtedness of the Mark and Chappell Entities constituting earn-out obligations under the Share Purchase Agreement dated June 21, 2013, by and among M&C USA, LLC and the Sellers (as defined therein), as in effect as of the date hereof;

(k) other Indebtedness not to exceed $1,000,000 in the aggregate outstanding at any time.

7.03 Restrictions on Liens.

(a) Permitted Liens. None of the Credit Parties nor any of its Subsidiaries will create or incur or suffer to be created or incurred or to exist any Lien upon any of their respective property or assets of any character whether now owned or hereafter acquired, or upon the income or profits therefrom other than:

i. to the extent constituting a Lien, non-exclusive licenses of Intellectual Property (other than to the extent such licenses would restrict the ability of the Credit Party or the Administrative Agent to sell or license the subject Intellectual Property or impair the security interests granted to the Administrative Agent) in the ordinary course of business not interfering with the business of any Credit Party;

ii. leases or subleases of real property granted to third parties in the ordinary course of business not interfering with the business of any Credit Party or its Subsidiaries, so long as any such third party shall have entered into a non-disturbance agreement in form and substance satisfactory to the Administrative Agent;

iii. Liens of landlords, carriers, warehousemen, mechanics and materialmen and other like Liens created in the ordinary course of business, for amounts not yet due or which are being contested in good faith by appropriate proceedings and as to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

iv. pledges or deposits made in connection with worker's compensation, employee benefit plans, unemployment or other insurance, old age pensions, or other Social Security benefits, and good faith deposits in connection with tenders, contracts, bids, statutory obligations or leases to which it is a party or deposits to secure, or in lieu of, surety, penalty or appeal bonds, performance bonds, letters of credit and other similar obligations or arising as a result of progress payments under government contracts or contracts with public utilities, in each case, in the ordinary course of business;

v. minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to similar properties which do not materially interfere with the present or proposed use of the Credit Party's real property;

vi. Liens in favor of the Administrative Agent and the other Secured Parties securing the Obligations;

vii. Liens in existence on the Restatement Effective Date and listed on Schedule 7.03; provided that (i) the Lien does not extend to any additional property and (ii) to the extent such amount secured constitutes Indebtedness, such Indebtedness is permitted by Section 7.02(e);

viii. Liens created after the date hereof by conditional sale or other title retention agreements (including Capitalized Leases and pursuant to sale-leaseback transactions permitted by this Agreement) or in connection with purchase money Indebtedness with respect to equipment and fixed assets acquired by any Credit Party, involving the incurrence of an aggregate amount of purchase money Indebtedness and obligations with respect to conditional sale or title retention agreements of not more than $2,000,000 outstanding at any one time for all such Liens (provided that such Liens attach only to the assets subject to such purchase money debt and such Indebtedness is incurred within one hundred twenty (120) days following such purchase and does not exceed 100% of the purchase price of the subject assets);

ix. Liens securing judgments for the payment of money not constituting an Event of Default so long as the enforcement of such Lien has been effectively stayed and so long as such Lien is junior to the Lien in favor of the Administrative Agent granted under the Security Documents;

x. Liens in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry to secure usual and customary fees, returned items and other like exposure with respect to such account relating to deposit or securities accounts maintained by the Borrowers or any of their Subsidiaries with such banking institution; and

xi. other Liens not permitted above securing Indebtedness or other obligations not to exceed $500,000 in the aggregate at any time outstanding; provided that no such Lien shall at any time attach to any component of the Borrowing Base).

(b) Restrictions on Negative Pledges and Upstream Limitations. No Credit Party shall nor shall any Subsidiary (a) enter into or permit to exist any arrangement or agreement (excluding this Agreement and the other Loan Documents) which directly or indirectly prohibits any Credit Party or any Subsidiary from creating, assuming or incurring any Lien upon its properties, revenues or assets whether now owned or hereafter acquired, or from making Guarantees of the Obligations, or (b) enter into any agreement, contract or arrangement (excluding this Agreement and the other Loan Documents) restricting the ability of any Subsidiary of any Credit Party to pay or make dividends or distributions in cash or kind to any Credit Party, to make loans, advances or other payments of whatsoever nature to any Credit Party, or to make transfers or distributions of all or any part of its assets to any Credit Party in each case other than customary anti-assignment provisions contained in leases, licensing agreement and other agreements restricting the assignment thereof entered into by any Credit Party or any Subsidiary in the ordinary course of its business, but only if such anti-assignment provisions do not impair the perfection or enforceability of the security interests granted to the Administrative Agent other than in the case of clauses (a) and (b) above.

7.04 Restricted Payments; Prepayments.

(a) Restricted Payments. No Credit Party nor any Subsidiary shall make any Restricted Payment, except (a) Restricted Payments to a Credit Party; (b) Restricted Payments solely in shares of common stock or warrants to purchase common stock so long as no Change of Control would result therefrom, (c) Restricted Payments in the form of splits of Capital Stock or reclassifications of Capital stock into additional shares of common stock, (d) repurchases of Capital Stock in any Credit Party or any Subsidiary deemed to occur upon “cashless” exercise of stock options or warrants, (e) any Permitted Tax Distributions by Parent (and any distribution to Parent by any other Credit Party to allow Parent to make Permitted Tax Distributions), (f) so long as no Event of Default shall have occurred or be continuing or would result therefrom, payments by Borrowers to Parent to enable Parent to purchase, redeem, retire or otherwise acquire shares of its Capital Stock (or options or rights to acquire its Capital Stock) held by current or former officers, directors or employees of any Credit Party, in an aggregate cash amount not exceeding $250,000 during any Fiscal Year for all such purchases, redemptions, retirements and acquisitions during any Fiscal Year and (g) Restricted Payments, so long as the Restricted Payment Conditions shall be satisfied.

(b) Payments. No Credit Party nor any Subsidiary shall (i) pay, prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness other than with respect to any Subordinated Debt, those payments expressly permitted to be made under the Subordination Agreement applicable thereto, (ii) make any payments in respect of earn-out obligations of the type described in Section 7.02(j) unless each of the following conditions is satisfied: (A) such proposed earn-out payments do not exceed two million five-hundred thousand Euros (€2,500,000) in the aggregate, (B) no Event of Default has occurred and is continuing or would result therefrom (C) the Indebtedness creating the payment obligation is non-recourse to any Credit Party and (D) the Borrowers shall have delivered a certificate to the Administrative Agent and Revolver Agent, prior to any such proposed earn-out payment, certifying (x) the average daily Overall Excess Availability for the period of thirty consecutive days prior to such proposed earn-out payment, determined on a pro forma basis as if such proposed earn-out payment had occurred on the first day of such thirty day period, is not less than $3,000,000, (y) the Overall Excess Availability as of the date of incurrence of such proposed earn-out payment, determined on a pro forma basis as if such proposed earn-out payment had already occurred, is not less than $3,000,000 and (z) the Borrowers shall be in compliance with Sections 7.13 and 7.14, determined on a pro forma basis after giving effect to such proposed earn-out payment, and (iii) make any payment in respect of any Term B Loan to any Term B Loan Lender, provided that Borrower may make such payment so long as Borrower satisfies the conditions set forth in Section 2.05(a)(ii).

7.05 Merger, Consolidation and Disposition of Assets.

(a) Mergers and Acquisitions. None of the Credit Parties nor any Subsidiary will become a party to any merger, dissolution, liquidation or consolidation, except for, so long as no Default or Event of Default is continuing or would result therefrom:

i. Permitted Acquisitions;

ii. the merger or consolidation of one or more of the Credit Parties with and into a Credit Party (other than Parent); provided that such Credit Party shall be the surviving entity); and

iii. the merger or consolidation of any Subsidiary that is not a Credit Party with any other Subsidiary that is not a Credit Party.

(b) Disposition of Assets. No Credit Party nor any Subsidiary shall dissolve, liquidate or sell, transfer, convey, assign or otherwise dispose of any of its properties or other assets, including any Capital Stock of any of its Subsidiary (whether in a public or a private offering or otherwise), any of its Receivables or any of its other Investments, other than:

i. the sale of Inventory in the ordinary course of business;

ii. dispositions of assets among Credit Parties (other than Capital Stock of Subsidiaries);

iii. dispositions of obsolete or worn out Equipment or fixtures no longer useful in the business, whether now owned or hereafter acquired, in the ordinary course of business;

iv. termination of a lease of real or personal property that is not necessary for the ordinary course of business, does not constitute assets included in the Borrowing Base, does not relate to a location containing Borrowing Base assets, could not reasonably be expected to have a Material Adverse Effect and does not result from a Credit Party's default;

v. so long as no Default or Event of Default is continuing or would result therefrom, sales of Equipment now owned or hereafter acquired by any Credit Party, the fair market value or book value of which shall not exceed $250,000 in the aggregate, provided, that (i) at the time of such disposition no Default or Event of Default shall exist or shall result from such disposition and (ii) the Borrowers shall have delivered a certificate to the Administrative Agent and Revolver Agent identifying such equipment to be sold and certifying that after giving effect to such sale or other disposition Overall Excess Availability shall not be less than $0;

vi. non-exclusive licenses of Intellectual Property in the ordinary course of business (other than to the extent such licenses would restrict the ability of the Credit Party or the Administrative Agent to sell or license the subject Intellectual Property or impair the security interests granted to the Administrative Agent); and

vii. any sale, transfer or other disposition of all Equity Interests of the Mark and Chappell Entities, or all or substantially all of the assets of the Mark and Chappell Entities; provided, that prior to and after giving effect to any such transaction, no Default or Event of Default shall have occurred and be continuing.

7.06 Sale and Leaseback. No Credit Party nor any Subsidiary shall engage in any sale-leaseback or similar transaction or incur any Synthetic Lease Obligations involving any of its assets, except sale-leaseback transactions consummated prior to the Restatement Effective Date and described on Schedule 7.06.

7.07 Accounting Changes; Change of Fiscal Year. No Credit Party nor any Subsidiary will make any change in (i) accounting policies or reporting practices, except as permitted by GAAP or (ii) their Fiscal Year (except to make the Fiscal Year of a Subsidiary end on December 31).

7.08 Transactions with Affiliates. No Credit Party nor any Subsidiary will engage in any transaction with any Affiliate or its or any of its Affiliate's employees, officers or directors, whether or not in the ordinary course of business, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such Affiliate, on terms less favorable to such Credit Party or Subsidiary or Affiliate than would have been

obtainable on an arm's-length basis in the ordinary course of business, provided, that the sum of all such transactions described in this Section 7.08 excluding Existing Affiliate Transactions shall not exceed $500,000 and, provided further, that the foregoing restriction shall not apply to (i) transactions solely among the Credit Parties otherwise permitted hereunder, (ii) transactions solely among Subsidiaries that are not Credit Parties otherwise permitted hereunder and (iii) the issuance by any Credit Party or any of its Subsidiaries of any Capital Stock to any Affiliate so long as no Change of Control shall result therefrom. All such affiliate transactions described in this Section 7.08 and having occurred on or before the Restatement Effective Date are listed on Schedule 7.08 (such affiliate transactions, "Existing Affiliate Transactions").

7.09 No Speculative Transactions. No Credit Party shall engage in any transaction involving commodity options, futures contracts or similar transactions, except for non-speculative hedges of risks in the ordinary course of business.

7.10 Change in Terms of Governing Documents; Material Agreements. No Credit Party nor any Subsidiary shall change or amend, modify, supplement or waive the terms of any (a) of its Governing Documents or any Material Agreements, except amendments, modifications, supplements or waivers that do not adversely affect the rights or interests of the Administrative Agent or the Lenders (the Credit Parties acknowledge and agree that any such change, modification, or supplement to Section 4.1(b) of that certain Fifth Amended and Restated Limited Liability Company Agreement of True Science Delaware Holdings, LLC shall be materially adverse to the rights or interest of the Administrative Agent and the Lenders) or (b) any Subordinated Debt Document, only to the extent permitted by the Subordination Agreement applicable thereto.

7.11 Change in Nature of Business. No Credit Party nor any Subsidiary shall engage in any line of business substantially different from those lines of business conducted by such Credit Party on the Restatement Effective Date.

7.12 Margin Regulations. No Credit Party shall use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.13 Fixed Charge Coverage Ratio. The Credit Parties shall not permit the Consolidated Fixed Charge Coverage Ratio, determined as of any Financial Test Date, to be less than 1.10 to 1.00.

7.14 Minimum EBITDA. The Credit Parties shall not permit Consolidated EBITDA, determined as of any Financial Test Date, for such Reference Period corresponding to such Financial Test Date, to be less than the Minimum Required EBITDA.

7.15 Sanctions. The Credit Parties shall not permit any Loan or the proceeds of any Loan, directly or indirectly, to be lent, contributed or otherwise made available to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Revolver Agent, Administrative Agent, or otherwise) of Sanctions.

7.16 Anti-Corruption Laws. The Credit Parties shall not directly or indirectly use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions.

7.17 No Pledges of Equity or Receivables. The Credit Parties shall not permit the Capital Stock of the Borrowers or their Subsidiaries to be pledged to any Person or suffer any Lien to exist on the Capital Stock of the Borrowers or their Subsidiaries, other than the Administrative Agent. In addition, notwithstanding anything herein or in the Loan Documents to the contrary, the Credit Parties shall not permit or suffer to exist any Lien to be granted on rights to the payment of money evidenced by the contracts set forth on Schedule 7.17 (the "Note Receivable Contracts"). In the event the right to the payment of money evidenced by the Note Receivable Contracts as of the Restatement Effective Date, are evidenced by any other document, instrument, note or other contract, the Credit Parties shall take all steps reasonably necessary to deliver to the Administrative Agent all necessary indorsement, assignment control agreements, instruments or other documents duly executed and as reasonably requested by the Administrative Agent for the purposes of obtaining and maintaining perfection and control of such Collateral.

7.18 Holding Company. Notwithstanding anything to the contrary contained herein, Parent shall not engage in any business or activity or own any assets other than (a) the ownership of all outstanding Equity Interests of PETIQ, (b) maintaining its organizational existence, (c) participating in tax, accounting and other administrative activities as the parent of the consolidated group of companies, including the Credit Parties, (d) the execution and delivery of the Loan Documents to which it is a party and the performance of its obligations thereunder, and (e) activities incidental to the businesses or activities described in clauses (a) through (d) of this Section. This restriction shall apply regardless of any affirmative or negative covenant set forth herein to the contrary.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

(a) Non-Payment. Any Credit Party shall fail to pay (i) any principal of the Loans when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment; or (ii) any interest on the Loans, the fees or other sums due hereunder or under any of the other Loan Documents, within three (3) Business Days after the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment;

(b) Specific Covenants. Any Credit Party shall fail to comply with any of its covenants contained in Sections 6.03, 6.04(a), 6.04(b), 6.04(d), 6.04(f), 6.04(g), 6.04(h), 6.05(a), 6.05(b), 6.05(d), 6.05(e), 6.05(f), 6.05(g), 6.05(k), 6.05(m), 6.06(a), 6.07, 6.10, 6.11, 6.12, 6.14, 6.16, 6.17(a), 6.22 or Article 7;

(c) Other Defaults. Any Credit Party shall fail (or, to the extent applicable, fail to cause its Subsidiaries) to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 8.01) and such failure continues for thirty (30) days;

(d) Representations and Warranties.

i. Generally. Any representation or warranty of any Credit Party in this Agreement or any of the other Loan Documents or in any other document or instrument delivered pursuant to or in connection with this Agreement shall prove to have been false in any material respect (but without any duplication of any materiality qualifications) upon the date when made or deemed to have been made or repeated;

ii. Borrowing Base Certificates. Without limiting the generality of the foregoing contained in clause (i) above, any information contained in any Borrowing Base Certificate is untrue, incorrect or misleading (other than (i) inadvertent errors not exceeding $50,000 in the aggregate so long as the Administrative Agent receives a corrected Borrowing Base Certificate no later than two (2) Business Days after the receipt of such Borrowing Base Certificates containing such errors, or (ii) errors understating the Borrowing Base);

(e) Inability to Pay Debt; Insolvency Proceedings; Etc. Any Credit Party or any of its Subsidiaries shall make an assignment for the benefit of creditors, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of such Credit Party or such Subsidiary or of any substantial part of the assets of any Credit Party or such Subsidiary or shall commence any case or other proceeding relating to any Credit Party or such Subsidiary under any Debtor Relief Law, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any such petition or application (including a bankruptcy application) shall be filed or any such case or other proceeding shall be commenced against any Credit Party or such Subsidiary and such Credit Party or such Subsidiary shall indicate its approval thereof, consent thereto or acquiescence therein or such petition or application shall not have been dismissed or stayed within sixty (60) days following the filing thereof; a decree or order (including a bankruptcy order) is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating any Credit Party or any Subsidiary bankrupt or insolvent, or approving a petition or a bankruptcy application in any such case or other proceeding, or a decree or order (including a bankruptcy order) for relief is entered in respect of any Credit Party or any Subsidiary in an involuntary case under federal bankruptcy laws as now or hereafter constituted;

(f) Judgments. There shall remain in force for more than thirty (30) days, whether or not consecutive, any final judgment against any Credit Party (considered collectively) that exceeds in the aggregate $500,000 which is not covered by insurance policies as to which coverage has been accepted unless such judgment has been discharged, satisfied, bonded or stayed pending appeal;

(g) ERISA Event. An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Credit Parties under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the $500,000, or (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the $500,000;

(h) Indebtedness. Any Credit Party shall fail to pay at maturity, or within any applicable period of grace, any obligation for Indebtedness in excess of $500,000, or fail to observe or perform any term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing Indebtedness in excess of $500,000 for such period of time as would permit (assuming the lapse of time and/or giving of appropriate notice if required and assuming such breach has not been cured within the applicable grace period thereunder) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof;

(i) Invalidity of Loan Documents; Etc. If any of the Loan Documents shall be cancelled, terminated, revoked, rescinded or otherwise ceases to be in full force and effect other than in accordance with their terms; or the Administrative Agent's security interests, mortgages or Liens in the Collateral shall cease to be valid and perfected, or shall cease to have the priority contemplated by the Security Documents, other than in accordance with the terms thereof or with the express prior written agreement of the Lenders; or any action at law, suit or in equity or other legal proceeding to cancel, revoke, rescind or declare void any of the Loan Documents shall be commenced by or on behalf of any Credit Party, any Subsidiary or any of their respective equity holders; or any court or any other Governmental Authority shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(j) Change of Control. A Change of Control shall occur;

(k) Loss of Collateral; Labor Matters; Force Majeure; Etc. There shall occur any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, expropriation, act of God or public enemy, or other casualty, which in any such case causes the cessation or substantial curtailment of revenue producing activities at any facility of any Credit Party if such event or circumstance is not covered by business interruption insurance;

(l) Conduct of Business. Except as otherwise expressly permitted hereunder, any Credit Party shall (i) take any action, or shall make a determination, whether or not yet formally approved by any Credit Party's management or board of directors (or equivalent governing body), to (A) suspend the operation of all or a material portion of its business in the ordinary course, (B) suspend the payment of any material obligations in the ordinary course or suspend the performance under Material Agreements in the ordinary course of business, (C) solicit proposals for the liquidation of, or undertake to liquidate, all or a material portion of its assets or business, or (iv) solicit proposals for the employment of, or employ, an agent or other third party to conduct a wind-down of any material portion of its Business or (ii) be enjoined, restrained or in any way prevented by the order of any Governmental Authority from conducting any part of their business unless such order would not have a Material Adverse Effect;

(m) Licenses, Permits, Etc. There shall occur the loss, suspension or revocation of, or failure to renew, any license or permit (including, without limitation, any Pharmaceutical License) now held or hereafter acquired by any Credit Party if such loss, suspension, revocation or failure to renew could have a Material Adverse Effect;

(n) Subordinated Debt. (i) Any "event of default" under any Subordinated Debt Document shall occur, or (ii) the holders of all or any part of the Subordinated Debt shall accelerate the maturity of all or any part of the Subordinated Debt, or (iii) other than in accordance with the express terms of Section 7.04, the Subordinated Debt shall be prepaid, redeemed or repurchased in whole or in part or an offer to prepay, redeem or repurchase the Subordinated Debt in whole or in part shall be required to be made, or (iv) the Obligations shall cease for any reason to rank senior in right of payment to any Subordinated Debt;

(o) Criminal Actions. Any Credit Party, any of its Subsidiaries or any member of the Senior Management of any Credit Party or any of its Subsidiaries shall be indicted or convicted for a state or federal crime having the force of law for a felony that could reasonably be expected to (i) materially impair (A) the ability of the Credit Parties to operate their business, (B) any Loan Document, or (C) any rights or remedies of the Administrative Agent or any Lender under any Loan Document or (ii) result in a material declination in value of the Collateral.

(p) Material Agreements. Any "event of default" under any Material Agreement shall occur or any Material Agreement shall be terminated, expire, or otherwise fail to be in full force and effect; and

(q) Chief Officers. The chief executive officer or chief financial officer of the Credit Parties in existence on the Restatement Effective Date shall resign, be terminated or otherwise cease to be the chief executive officer or chief financial officer, as the case may be, of the Credit Parties and the Credit Parties do not (i) promptly begin a process customary for firms of comparable size, industry and location of PETIQ of identifying and appointing a replacement chief executive officer or chief financial officer, as the case may be, (ii) appoint an interim chief executive officer or chief financial officer, as the case may be, reasonably satisfactory to the Administrative Agent within thirty (30) days

of such resignation, termination or cessation and (iii) appoint a replacement chief executive officer or chief financial officer, as the case may be, reasonably satisfactory to the Administrative Agent within a reasonable period of time; provided, that if the Administrative Agent does not notify the Credit Parties of any objection to a proposed successor chief executive officer or chief financial officer within fifteen (15) Business Days after receiving written notice of a proposed appointment, such proposed successor chief executive officer or chief financial officer shall be deemed to be satisfactory to the Administrative Agent.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent may, or at the request of the Required Lenders, shall take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) 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, (whereupon the Early Termination Fee shall be due and payable) without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Credit Parties;

(c) require that the Borrowers Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and

(d) exercise on behalf of itself and the other Secured Parties all rights and remedies available to it and the other Secured Parties under the Loan Documents, applicable law or equity;

provided, however, that upon the occurrence of an Event of Default under Section 8.01(e), the obligation of each Lender to make Loans and any obligations of the L/C Issuer to make L/C Credit Extensions 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 (including the Early Termination Fee), in each case without further act of the Administrative Agent or any Lender. No termination of the commitments hereunder shall relieve any Credit Party of any of the Obligations.

8.03 Application of Funds. In the event that, following the occurrence and during the continuance of any Event of Default, the Administrative Agent, the Revolver Agent or any Lender, as the case may be, receives any monies in connection with the enforcement of any of the Loan Documents, or otherwise with respect to the realization upon any of the Collateral, the Administrative Agent may apply (and shall apply at (a) the request of the Required Lenders or (b) following the exercise of remedies pursuant to Section 8.02, including without limitation, pursuant to the proviso thereof) such monies as follows (and the Revolver Agent and each Lender shall comply with the instructions of the Administrative Agent in the case of any such monies received by the Revolver Agent or such Lender):

i. First, to payment of outstanding Pro Rata Protective Advances ratably among the holders thereof in proportion to the respective amounts described in this clause First and if the Revolving Credit Lenders have declined to participate in Protective Advances pursuant to Section 2.17, to payment of outstanding Protective Advances not to exceed 10% of the Borrowing Base as of the date of the making of such Protective Advances funded by the Administrative Agent;

ii. Second, to payment of that portion of the Obligations owing to the Administrative Agent and/or Revolver Agent constituting (a) indemnities and expenses due and payable under this Agreement and the other Loan Documents (including reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent and/or Revolver Agent), and (b) the fees due and payable under the Fee Letter;

iii. Third, to the payment of that portion of the Obligations constituting (i) indemnities and expenses (including reasonable and documented fees, charges and disbursements of counsel to Revolving Credit Lenders and amounts payable under Article III) due and payable to the Revolving Credit Lenders under this Agreement and the other Loan Documents, (ii) accrued and unpaid interest and fees (including Unused Facility Fees, Early Revolving Credit Facility Termination Fees and Letter of Credit Fees) due and payable to the Revolving Credit Lenders and the L/C Issuer , (iii) unpaid principal of the Revolving Credit Loans and L/C Borrowings, ratably among the holders thereof and (iv) Cash Management Obligations then owing under Secured Cash Management Agreements, but excluding any Excluded Cash Management Obligations;

iv. Fourth, if the Revolving Credit Lenders have declined to participate in Protective Advances pursuant to Section 2.17, to payment of outstanding Protective Advances funded by the Administrative Agent remaining outstanding after the application of clause First above;

v. Fifth, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrowers pursuant to Sections 2.03 and 2.21.

vi. Sixth, to the payment of that portion of the Obligations constituting (i) indemnities and expenses (including reasonable and documented fees, charges and disbursements of counsel to Term A Loan Lenders and amounts payable under Article III) due and payable to the Term A Loan Lenders under this Agreement and the other Loan Documents, (ii) accrued and unpaid interest and fees (including the Early Term Loan Termination Fee) due and payable to the Term A Loan Lenders and (iii) unpaid principal of the Term A Loans ratably among the holders thereof;

vii. Seventh, to the payment of that portion of the Obligations constituting (i) indemnities and expenses (including reasonable and documented fees, charges and disbursements of counsel to Term B Loan Lenders and amounts payable under Article III) due and payable to the Term B Loan Lenders under this Agreement and the other Loan Documents, (ii) accrued and unpaid interest and fees due and payable to the Term B Loan Lenders and (iii) unpaid principal of the Term B Loans ratably among the holders thereof;

viii. Eighth, to the payment of that portion of the Obligations constituting Excluded Cash Management Obligations;

ix. Ninth, the payment in full of all other Obligations due and payable ratably among the holders thereof; and

x. Tenth, the balance, if any, after all of the Obligations have been indefeasible paid in full, to the Borrowers or as otherwise required by Law.

All payments applied to the Loans pursuant to this Section 8.03 shall be applied to the Loans owing to the Lenders in accordance with their respective Applicable Percentages.

ARTICLE IX
ADMINISTRATIVE AGENT AND REVOLVER AGENT

9.01 Appointment and Authority.

(a) Each of the Lenders and the L/C Issuer hereby irrevocably appoints Crystal to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent 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 are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuer, and neither any Borrower nor any other Credit 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 capacity as a potential Cash Management Bank) and the L/C Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as the collateral agent of such Lender and the L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit 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 Security 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, 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.

(c) Each Revolving Credit Lender and the L/C Issuer hereby appoints East West Bank (together with any successor Revolver Agent pursuant to Section 9.06) as the Revolver Agent hereunder and authorizes the Revolver Agent to (x) execute and deliver the Loan Documents and accept delivery thereof on its behalf from any Credit Party, (y) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to the Revolver Agent under such Loan Documents and (z) exercise such powers as are reasonably incidental thereto.

9.02 Rights as a Lender. The Person serving as the Administrative Agent or Revolver 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 or Revolver 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 or Revolver Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Credit Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent or Revolver Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent and Revolver Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent and Revolver Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent or Revolver 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 and Revolver Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose it to liability or that is contrary to any Loan Document or applicable law, including, for the avoidance of doubt, any action that may be in violation of the 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; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Credit Parties or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or Revolver Agent or any of their Affiliates in any capacity.

The Administrative Agent and Revolver Agent, respectively, 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 a court of competent jurisdiction in a final non-appealable order. The Administrative Agent and Revolver Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent or Revolver Agent by a Credit Party, a Lender or the L/C Issuer.

The Administrative Agent and Revolver Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or Revolver Agent.

9.04 Reliance by Agents.

The Administrative Agent and Revolver 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 and Revolver Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent and Revolver Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Administrative Agent or Revolver Agent, as applicable, shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent and Revolver Agent may consult with legal counsel, independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The 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 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. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.06 Resignation of Agents. Either Agent may resign at any time by giving not less than thirty (30) days' prior written notice of its resignation to the Lenders, the L/C Issuer, the other Agent and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be an Affiliate of the Lenders or other bank or financial institution with an office in the United States; provided that upon any resignation of Revolver Agent, Crystal Financial LLC shall have the right (but not the obligation) to become the successor Revolver Agent. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the L/C Issuer appoint a successor meeting the qualifications set forth above; provided that if the retiring Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders and the L/C Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments or other amounts then owed to the retiring Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor as provided for above in this Section. Upon the acceptance of a successor's appointment hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article 9 and Section 10.04 shall continue in effect for the benefit of such retiring Agent its sub agents and its respective Related Parties in respect of any actions taken or omitted to be taken by any of them prior to such resignation.

Any resignation by East West Bank as Revolver Agent pursuant to this Section shall also constitute its resignation as L/C Issuer. If East West Bank resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Revolving Lenders to make Revolving Credit Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). Upon the appointment of a successor L/C Issuer hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, (ii) the retiring L/C Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to East West Bank to effectively assume the obligations of East West Bank with respect to such Letters of Credit.

9.07 Non-Reliance. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent, Revolver Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent, Revolver 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.

9.08 [Reserved]

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

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 plan of reorganization, 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 in any such proceeding.

9.10 Collateral and Guarantee Matters. Each of the Lenders (including in its capacity as a potential Cash Management Bank) and the L/C Issuer irrevocably authorizes the Administrative Agent at its option and in its discretion,

(a) to 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 in cash of all Obligations (other than contingent indemnification obligations), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder (other than sales among Credit Parties), or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

(b) to 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 7.02(a); and

(c) to release any Guarantor from its obligations under the Security Documents and release any related Collateral if such Person ceases to be a Subsidiary as a result of a transaction permitted by Section 7.05.

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 Guarantees pursuant to this Section 9.10.

The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

9.11 Disbursement and Collection Duties. Subject to Section 8.03, the Administrative Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders, the L/C Issuer and the Revolver Agent (except as otherwise provided in the following sentence below as to the rights and authority of the Revolver Agent), and is hereby authorized, to act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection with the Loan Documents, and each Person making any payment in connection with any Loan Document to any Secured Party is hereby authorized to make such payment to the Administrative Agent. Subject to Section 2.07 (c) and (d), the Revolver Agent shall have the sole and exclusive right and authority (to the exclusion of the Administrative Agent, the Lenders and L/C Issuer), and is hereby authorized, to (x) act as the disbursing and collecting agent for the Revolving Lenders and the L/C Issuer with respect to all payments of principal and interest made in respect of the Revolving Credit Loans and the L/C Obligation and fees pursuant to Section 2.09 related thereto and (y) to perform such other duties and exercise such other powers as are specifically provided to the Revolver Agent in this Agreement.

9.12 Secured Cash Management Agreements. Except as otherwise expressly set forth herein, no Cash Management Bank that obtains the benefit of the provisions of Section 8.03, any Guaranty or any Collateral by virtue of the provisions hereof 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) (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of any Guaranty or any Collateral Document) 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, Cash Management Obligations arising under Secured Cash Management Agreements except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Cash Management Obligations arising under Secured Cash Management Agreements in the case of the termination of this Agreement.

ARTICLE X
MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrowers or any other Credit Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers or the applicable Credit Party, as the case may be, and acknowledged by the Administrative Agent and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) extend, increase or decrease the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided that for the avoidance of doubt, mandatory prepayments pursuant to Section 2.05 may be postponed, delayed, reduced, waived or modified with the consent of the Required Lenders;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing or (subject to clause (y) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest or any fees due hereunder at the Default Rate;

(d) i. change Section 2.13 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby or the order of the application of payments thereunder, in each case, without the written consent of each Lender or (ii) change Section 2.05 in a manner that would alter the pro rata sharing of Revolving Credit Commitments reductions required thereby without the written consent of each Lender affected thereby;

(e) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender;

(f) i. release all or substantially all of the Collateral in any transaction or series of related transactions, (ii) release all or substantially all of the Guarantors party to the Guarantees, (iii) subordinate the Obligations hereunder to any other Indebtedness, (iii) except as provided by operation of applicable law, subordinate the Liens on all or substantially all of the Collateral granted in favor of the Administrative Agent for itself and the other Secured Parties under the Security Documents to any other Lien, in each case, without the written consent of each Lender;

(g) i. increase the advance rates set forth in or otherwise amend the definition of "Borrowing Base" without the written consent of each Lender, (ii) make less restrictive the eligibility criteria contained in the definitions of "Eligible Receivables", "Eligible Inventory", "Eligible On-Hand Finished Goods Inventory", "Eligible In-Transit Finished Goods Inventory", "Eligible New Products", "Eligible Raw Materials Inventory" or "Eligible Subject Inventory" without the written consent of each Lender or (iii) amend Section 2.17 without the consent of each Lender, in each case, in a manner which would result in a greater amount of credit being made available to the Borrowers (it being understood and agreed that, subject to Section 10.18, the foregoing shall not limit, restrict or impair the rights of the Administrative Agent to impose or establish any and all Reserves, and thereafter to reduce or eliminate such Reserves or to determine the eligibility of Collateral for inclusion in the calculation of the Borrowing Base); or

(h) amend or modify any of the Interlender Provisions without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it, (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, (iii) no amendment, waiver or consent shall, unless in writing and signed by the Revolver Agent in addition to the Lenders required above, affect the rights or duties of the Revolver Agent under this Agreement or any other Loan Document (iv) Section 10.06(g) 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 and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Lender that is a Credit Party, any Affiliate of any Credit Party or any Defaulting Lender (collectively, the "Disqualified Lenders") shall have any right to exercise any voting, consent, elective or request right as a Lender, 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 may be effected with the consent of all Lenders other than Disqualified Lenders), except that (x) the Commitment of any Disqualified Lender may not be increased or extended without the consent of such Disqualified Lender and (y) any waiver, amendment or the modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Disqualified Lender more adversely than other affected Lenders shall require the consent of such Disqualified Lender.

10.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

i. if to any Borrower, any other Credit Party, the Administrative Agent, the Revolver Agent or the L/C Issuer, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

ii. if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

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 facsimile 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 sent delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including through any Electronic Medium) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Revolver Agent, the L/C Issuer or the Borrowers may, in its or their discretion, agree to accept notices and other communications to it or to them hereunder by electronic communications pursuant to procedures approved by it or them, 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.

(c) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, the Revolver Agent and the L/C Issuer may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrowers, the Administrative Agent, the Revolver Agent and the L/C Issuer. In addition, each Lender agrees to notify the Administrative Agent and Revolver Agent from time to time to ensure that the Administrative Agent and Revolver Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(d) Reliance by Administrative Agent, Revolver Agent, L/C Issuer and Lenders. The Administrative Agent, the Revolver Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Loan Advance Requests and Letter of Credit Applications) purportedly given by or on behalf of the Borrowers 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 Borrowers shall indemnify the Administrative Agent, the Revolver Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers. All telephonic notices to and other telephonic communications with the Administrative Agent or Revolver Agent may be recorded by the Administrative Agent or Revolver Agent, as applicable, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Lender, the Administrative Agent or Revolver Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

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 Credit 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 and the L/C Issuer; 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) the L/C Issuer from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.13), or (d) 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 Credit 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), (c) and (d) 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.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable documented out-of-pocket expenses incurred by the Administrative Agent, the Revolver Agent and their respective Affiliates (including the reasonable and documented fees, charges and disbursements of one firm of outside counsel for such Persons, and one local or special counsel to such Persons in any relevant jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof

(whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable documented out-of-pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Revolver Agent, the L/C Issuer or any Lender, which, in the case of any Lender, other than the Administrative Agent and its Affiliates, shall be limited to one firm of outside counsel for all such Lenders (including the reasonable and documented fees, charges and disbursements of counsel) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrowers. The Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), the Revolver Agent, each Lender, the L/C Issuer and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees, charges and disbursements of any outside counsel for any Indemnitee which, in the case of the Lenders, other than the Administrative Agent and its Affiliates, shall be limited to one firm of outside counsel for all such Lenders), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrowers or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof), the Revolver Agent and each of their Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrowers or any other Credit Party, or any Environmental Liability related in any way to the Borrowers or any other Credit Party, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrowers or any other Credit Party, and regardless of whether any such Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrowers or any other Credit Parties against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrowers or such other Credit Parties has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that any Borrower for any reason fails to pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (and any sub-agent thereof), the Revolver Agent, the L/C Issuer or any Related Party of the Administrative Agent, the Revolver Agent or the L/C Issuer, each Lender severally agrees to pay to the Administrative Agent (and any sub-agent thereof), the Revolver Agent, the L/C Issuer or such Related Party, as the case may be, such Lender's pro rata share of the Aggregate Commitments (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 (and any sub-agent thereof), the Revolver Agent or the L/C Issuer in its respective capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (and any sub-agent thereof), the Revolver Agent or the L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrowers shall not assert, and the Borrowers hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent and/or the Revolver Agent and/or the L/C Issuer, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of any Credit Party is made to the Administrative Agent, the Revolver Agent, the L/C Issuer 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 fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or, if permitted hereunder, the Revolver Agent, the L/C

Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer 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 or Revolver Agent, as applicable, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including, for purposes of this subsection (b), participations in L/C Obligations) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

i. Except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $500,000 in the case of any assignment, unless each of the Administrative Agent and, so long as no Event

of Default has occurred and is continuing, the Borrower Representative otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

ii. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitments assigned.

iii. No consent shall be required for any assignment except to the extent required by subsection (b)(i) and (b)(v)of this Section and, in addition:

(A) the consent of the Borrower Representative (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund, provided that the Borrower Representative shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within seven (7) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the L/C Issuer shall be required for any assignment in respect of a Revolving Credit Commitment.

iv. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500 payable to the Administrative Agent; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

v. Except as agreed by the Administrative Agent and the Required Lenders (a) prior to an Event of Default, no such assignment shall be made (I) to any Credit Party or any Affiliate or Subsidiary of any Credit Party, (II) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (II) or (III) to a natural person and (b) subject to Section 10.06(b)(vi), prior

to a Specified Event of Default no such assignment shall be made to any Prohibited Assignee. In addition, the consent of the Borrower Representative shall be required with respect to any assignment (x) prior to an Event of Default, with respect to an assignment to the Persons described in clauses (a)(II), (a)(III), and (y) prior to a Specified Event of Default, with respect to an assignment to the Persons described in clause (b). For the avoidance of doubt, the consent of the Borrower Representative shall not be required following an Event of Default in the case of an assignment described in clause (x) of the preceding sentence or following a Specified Event of Default in the case of an assignment described in clause (y) of the preceding sentence.

vi. Prior to any assignment to a Prohibited Assignee following a Specified Event of Default pursuant to Section 10.06(b)(v)(b), (x) the Borrowers shall have five (5) Business Days following notice to Borrowers of any proposed assignment to a Prohibited Assignee to repay all Obligations together with all accrued and unpaid interest and fees thereon (including, for the avoidance of doubt, any early termination fee due thereupon) and (y) the Sponsors shall have five (5) Business Days following notice to Borrowers of any proposed assignment to a Prohibited Assignee to purchase from the Lenders in immediately available funds the full amount (at par) of all Obligations together with all accrued and unpaid interest and fees thereon (including, for the avoidance of doubt, any early termination fee due thereupon), all in amounts as specified by the Administrative Agent and determined in good faith and subject to documentation reasonably acceptable to the Administrative Agent and without recourse or warranty.

vii. 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 Borrowers 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, the L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Applicable Percentage. 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.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the 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 and obligations of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may 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. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than, prior to an Event of Default, a natural Person, a Defaulting Lender, a Prohibited Assignee or any Credit Party or any Affiliate or Subsidiary of any Credit Party) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including, in the case of any Revolving Credit Lender, such Lender's participation in the L/C Obligations) 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 Borrowers, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided 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 Borrowers (solely for tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. 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. For the avoidance of doubt, the Administrative Agent (in its capacity as such) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Resignation as L/C Issuer after Assignment. Notwithstanding anything to the contrary contained herein, if at any time East West Bank assigns all of its Revolving Commitment and Revolving Credit Loans pursuant to subsection (b) above, East West Bank may, upon thirty (30) days' notice to the Borrowers and the Lenders, resign as L/C Issuer. In the event of any such resignation as L/C Issuer, the Borrowers shall be entitled to appoint from among the Lenders a successor L/C Issuer hereunder; provided, however, that (i) such appointment shall be subject to the consent of the Administrative Agent and (ii) no failure by the Borrowers to appoint any such successor shall affect the resignation of East West Bank as L/C Issuer. If East West Bank resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Revolving Credit Lenders to make Revolving Credit Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). Upon the appointment of a successor L/C Issuer, (A) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, and (B) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to East West Bank to effectively assume the obligations of East West Bank with respect to such Letters of Credit.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Special Purpose Funding Vehicles. Notwithstanding any provision to the contrary, any Lender (a "Granting Lender") may assign to one or more special purpose funding vehicles (each, an "SPC") all or any portion of its funded Loans (without, in the case of Revolving Credit Loans, the corresponding Revolving Credit Commitment), without the consent of any Person or the payment of a fee, by execution of a written assignment agreement in a form agreed to by such Granting Lender and such SPC, and may grant any such SPC the option, in such SPC's sole discretion, to provide the Borrowers all or any part of any Loans that such Lender would otherwise be obligated to make pursuant to this Agreement. Such SPCs shall have all the rights which a Lender making or holding such Loans would have under this Agreement, but no obligations. The Granting Lender making such assignment shall remain liable for all its original obligations under this Agreement, including its Commitment (although the unused portion thereof shall be reduced by the principal amount of any Loans held by an SPC). Notwithstanding such assignment, the Administrative Agent and Borrowers may deliver notices to the Granting Lender making such assignment (as agent for the SPC) and not separately to the SPC unless the Administrative Agent and Borrowers are requested in writing by the SPC (or its agent) to deliver such notices separately to it. The Borrowers shall, at the request of any such Granting Lender, execute and deliver to such Person as such Lender may designate, a Note in the amount of such Granting Lender's original Note to evidence the Loans of such Granting Lender and related SPC.

(i) Assignment by Crystal Entities. Notwithstanding anything in this Agreement or the other Loan Documents, (x) no Crystal Entity shall be required to comply with Section 10.06(b) (other than Section 10.06(b)(v) and (vi)) in connection with any transaction involving any other Crystal Entity or any of its or their lenders or funding or financing sources, none of the foregoing shall be considered an assignee hereunder, provided, that Crystal gives notice of such assignment to the Borrower no later than seven (7) Business Days prior to such assignment, and (y) there shall be no limitation or restriction on (I) the ability of any Crystal Entity to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, or any Obligation to any other Crystal Entity or any lender or financing or funding source of a Crystal Entity or (II) any such lender's or funding or financing source's ability to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, or any Obligation; provided, however, that with respect to any assignment by Crystal pursuant to subsections (x) and (y) hereof, Crystal shall continue to be liable as a "Lender" under this Agreement and the other Loan Documents unless such other Person complies with the provisions of this Agreement to become a "Lender".

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Revolver Agent, the Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' Related Parties (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 regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrowers or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, the Revolver Agent, the L/C Issuer or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, "Information" means all information received from the Borrowers or any Credit Party relating to the Borrowers or any Credit Party or any of their respective businesses, other than any such information that is available to the Administrative Agent, the Revolver Agent, the L/C Issuer or any Lender on a nonconfidential basis prior to

disclosure by the Borrowers or any Credit Party, provided that, in the case of information received from the Borrowers or any Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Revolver Agent, the L/C Issuer and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrowers or a Credit Party, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

Notwithstanding anything to the contrary contained in this Section 10.07, each Credit Party consents to the publication by the Administrative Agent and/or the Revolver Agent of any press releases, tombstones, advertising or other promotional materials (including, without limitation, via any Electronic Medium) relating to the financing transactions contemplated by this Agreement using such Credit Party's name, product photographs, logo or trademark. No party hereto shall or shall permit any of its Affiliates to, issue any press release or other public disclosure relating to the closing of the credit facilities provided for herein using the name, logo or otherwise referring to Crystal or of any of their Affiliates or the Loan Documents to which Crystal or any of their affiliates are a party to without the prior written consent (including via e-mail) of such Person (not to be unreasonably withheld) except to the extent required to do so under applicable Requirements of Law and then, only after consulting with such Persons.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of any Credit Party against any and all of the obligations of any Credit Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer or their respective Affiliates, irrespective of whether or not such Lender, the L/C Issuer or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Credit Party may be contingent or unmatured or are owed to a branch or office of such Lender, the L/C Issuer or such Affiliate different from the branch or office holding such deposit or obligated on such 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 2.12 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, the L/C Issuer 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. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify the Borrower Representative and the Administrative Agent, promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 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 or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Replacement of Lenders. If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then (x) the Borrowers may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent and (y) the Administrative Agent may upon notice to such Lender, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and, if such Lender is a Revolving Credit Lender, its L/C Advances, 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 (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the Administrative Agent shall have consented to such assignment and the applicable assignee shall have consented to the applicable amendment, waiver or consent.

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 any Borrower to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW (OTHER THAN THE NEW YORK GENERAL OBLIGATIONS LAW §5-1401)).

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO EACH IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER, THE OTHER CREDIT PARTIES SIGNATORY HERETO OR THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO EACH IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THE FIRST SENTENCE OF SUBSECTION (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.15 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined), the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Credit Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Credit Parties and their Subsidiaries, which information includes the name and address of the Credit Parties and their Subsidiaries and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Credit Parties and their Subsidiaries in accordance with the Act. The Credit Parties shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" or anti-money laundering rules and regulations, including the Act.

10.16 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES. IN THE EVENT OF ANY EXPRESS CONFLICT OR INCONSISTENCY BETWEEN THE TERMS OF THIS AGREEMENT AND THE TERMS OF ANY OTHER LOAN DOCUMENT, THE TERMS OF THIS AGREEMENT SHALL GOVERN, IT BEING UNDERSTOOD THAT PROVISIONS OF OTHER LOAN DOCUMENTS THAT SUPPLEMENT TERMS OF THIS AGREEMENT SHALL NOT BE DEEMED TO BE INCONSISTENT BECAUSE OF THEIR NATURE AS SUPPLEMENTARY PROVISIONS.

10.17 Joint and Several. The obligations of the Credit Parties hereunder and under the other Loan Documents are joint and several.

10.18 Borrowing Base Administration. Notwithstanding any other provisions of this Agreement or any of the other Loan Documents to the contrary, with regard to any determination of the Borrowing Base and any component thereof (including, without limitation, Reserves, advance rates, eligibility criteria, reporting requirements and appraisals, examinations and collateral audits), the Revolver Agent shall have rights at least as expansive as the rights afforded to the Administrative Agent relating to the determination thereof. In addition, in the event that

the Administrative Agent and Revolver Agent cannot agree on issues relating to the Borrowing Base, including, without limitation, Reserves, advance rates, eligibility criteria, reporting requirements and appraisals, examinations and collateral audits or any other action or determination relating to the determination of the Borrowing Base, the determination shall be made by the Person either asserting the more conservative credit judgment (that is, that would result in the least amount of credit being available to the Borrowers hereunder) or declining to permit the requested action.

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 Credit Parties acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Revolver Agent and the Lenders are arm's-length commercial transactions between the Credit Parties and their respective Affiliates, on the one hand, and the Administrative Agent, the Revolver Agent and the Lenders, on the other hand, (B) each Credit Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Credit 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, the Revolver Agent 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 any Credit Party or any of its Affiliates, or any other Person and (B) none of the Administrative Agent, the Revolver Agent or any Lender has any obligation to any Credit Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Revolver Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Credit Parties and their Affiliates, and none of the Administrative Agent, the Revolver Agent nor any Lender have any obligation to disclose any of such interests to the Credit Parties or any of their Affiliates. To the fullest extent permitted by law, the Credit Parties hereby waive and release any claims that they may have against the Administrative Agent and the Revolver Agent with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.20 Interlender Provisions. The Interlender Provisions are hereby incorporated into this Agreement and shall become a part hereof. In the event of any conflict between this Agreement and the Interlender Provisions, the Interlender Provisions shall control.

[*The Remainder of this Page Left Intentionally Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

The Borrowers:

PETIQ, LLC
an Idaho limited liability company

By /s/ Cord Christensen
Name: Cord Christensen
Title: Chief Executive Officer

TRUE SCIENCE HOLDINGS, LLC,
a Florida limited liability company

By /s/ Cord Christensen
Name: Cord Christensen
Title: Manager

TRURX LLC,
an Idaho limited liability company

By /s/ Cord Christensen
Name: Cord Christensen
Title: Manager

TRU PRODIGY, LLC,
a Texas limited liability company

By /s/ Cord Christensen
Name: Cord Christensen
Title: Manager

The Guarantor:

PETIQ HOLDINGS, LLC,
a Delaware limited liability company

By /s/ Cord Christensen
Name: Cord Christensen
Title: Chief Executive Officer

[Signature Page to Amended and Restated Credit Agreement]

The Administrative Agent:

CRYSTAL FINANCIAL LLC, as
Administrative Agent

By /s/ Evren Ozargun
Name: Evren Ozargun
Title: Managing Director

[Signature Page to Amended and Restated Credit Agreement]

The Revolver Agent:

EAST WEST BANK, as
Revolver Agent

By /s/ David A. Lehner
Name: David A. Lehner
Title: Senior Vice President

[Signature Page to Amended and Restated Credit Agreement]

The L/C Issuer:

EAST WEST BANK, as
L/C Issuer

By /s/ David A. Lehner
Name: David A. Lehner
Title: Senior Vice President

The Lenders:

CRYSTAL FINANCIAL LLC,
as a Term A Loan Lender

By /s/ Evren Ozargun
Name: Evren Ozargun
Title: Managing Director

[Signature Page to Amended and Restated Credit Agreement]

EAST WEST BANK,
as a Revolving Credit Lender and a Term B Loan Lender

By /s/ David A. Lehner
Name: David A. Lehner
Title: Senior Vice President

[Signature Page to Amended and Restated Credit Agreement]

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
PetIQ, Inc.:

We consent to the use of our reports included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Boise, Idaho
May 13, 2016