As filed with the Securities and Exchange Commission on July 21, 2015

File No. 001-37454

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

AMENDMENT NO. 1
TO
FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(B) OR (G) OF
THE SECURITIES EXCHANGE ACT OF 1934

CSW INDUSTRIALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**75-1072796**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5400 Lyndon B. Johnson Freeway, Suite 1300	
(Address of principal executive offices)	**75240** **(Zip Code)**

(972) 233-8242
(Registrant's telephone number, including area code)

Copy to

R. Scott Cohen
James E. O'Bannon
Alain A. Dermarkar
Jones Day
2727 North Harwood St.
Dallas, Texas 75201
(214) 220-3939
Fax: (214) 969-5100

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

Title of each class to be so registered	**Name of each exchange on which each class is to be registered**
Common Stock, $0.01 par value	**Nasdaq**

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

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	☐

INFORMATION REQUIRED IN REGISTRATION STATEMENT

This Registration Statement on Form 10 (the "Form 10") incorporates by reference information contained in the preliminary information statement filed as Exhibit 99.1 hereto (the "Information Statement"). The cross-reference table below identifies where the items required by Form 10 can be found in the Information Statement.

Item No.	Item Caption	Location in Information Statement
Item 1.	**Business.**	The information required by this item is contained under the sections of the Information Statement entitled "*Summary*," "*Business*," "*The Share Distribution*," "*Certain Relationships and Related Party Transactions*" and "*Where You Can Find More Information*."
Item 1A.	**Risk Factors.**	The information required by this item is contained under the section of the Information Statement entitled "*Risk Factors*."
Item 2.	**Financial Information.**	The information required by this item is contained under the sections of the Information Statement entitled "*Selected Historical Financial Data*," "*Unaudited Pro Forma Combined Financial Statements*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*."
Item 3.	**Properties.**	The information required by this item is contained under the section of the Information Statement entitled "*Business—Properties*."
Item 4.	**Security Ownership of Certain Beneficial Owners and Management.**	The information required by this item is contained under the section of the Information Statement entitled "*Security Ownership by Certain Beneficial Owners and Management*."
Item 5.	**Directors and Executive Officers.**	The information required by this item is contained under the section of the Information Statement entitled "*Management*."
Item 6.	**Executive Compensation.**	The information required by this item is contained under the section of the Information Statement entitled "*Compensation of Directors*" "*Compensation of Executive Officers*" and "*Management*."
Item 7.	**Certain Relationships and Related Transactions, and Director Independence.**	The information required by this item is contained under the sections of the Information Statement entitled "*Management*" and "*Certain Relationships and Related Party Transactions*."
Item 8.	**Legal Proceedings.**	The information required by this item is contained under the section of the Information Statement entitled "*Business—Legal Proceedings*."
Item 9.	**Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.**	The information required by this item is contained under the sections of the Information Statement entitled "*Risk Factors*," "*The Share Distribution*," "*Dividend Policy*," "*Security Ownership by Certain Beneficial Owners and Management*" and "*Description of Our Capital Stock*."

Item No.	Item Caption	Location in Information Statement
Item 10.	**Recent Sales of Unregistered Securities.**	The information required by this item is contained under the sections of the Information Statement entitled "*Description of Our Capital Stock*."
Item 11.	**Description of Registrant's Securities to be Registered.**	The information required by this item is contained under the sections of the Information Statement entitled "*Risk Factors*," "*Dividend Policy*" and "*Description of Our Capital Stock*."
Item 12.	**Indemnification of Directors and Officers.**	The information required by this item is contained under the section of the Information Statement entitled "*Indemnification and Limitation of Liability of Directors and Officers*."
Item 13.	**Financial Statements and Supplementary Data.**	The information required by this item is contained under the sections of the Information Statement entitled "*Index to Combined Financial Statements*" (and the financial statements referenced therein).
Item 14.	**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**	None.
Item 15.	**Financial Statements and Exhibits**	

(a) Financial Statements

The information required by this item is contained under the section of the Information Statement entitled "Index to Combined Financial Statements" (and the financial statements referenced therein).

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit No.	Description
2.1	Form of Distribution Agreement
2.2	Asset Purchase Agreement by and among Strathmore Holdings, LLC, Strathmore Products, Inc., Strathmore Products of Longview, LLC, Strathmore Products of Houston, LLC, SP Waller, LLC, Eric T. Burr and William M. Udovich and the Whitmore Manufacturing Company, effective as of April 1, 2015
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant
3.2	Form of Amended and Restated Bylaws of the Registrant
10.1	Form of Tax Matters Agreement
10.2*	Form of Employee Matters Agreement
10.3	Credit Agreement, dated as of April 27, 2015 among the Whitmore Manufacturing Company, as borrower, the lenders party thereo, JP Morgan Chase Bank, N.A., as administrative agent, J.P. Morgan Securities LLC and SunTrust Robinson Humphrey, Inc., as joint lead arrangers and joint bookrunners, and SunTrust Bank, as syndication agent
10.4	Credit Agreement, dated as of July 27, 2011, by and between The RectorSeal Corporation and JPMorgan Chase Bank, N.A., as amended
10.5*	Form of Director and Officer Indemnification Agreement
21.1	List of Subsidiaries
99.1	Information Statement, Subject to Completion, dated July 21, 2015
*	To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CSW INDUSTRIALS, INC.

Date: July 21, 2015

/s/ Joseph B. Armes

Joseph B. Armes
Chief Executive Officer

EXHIBIT INDEX

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Exhibit 2.1

DISTRIBUTION AGREEMENT

BY AND BETWEEN

CAPITAL SOUTHWEST CORPORATION

AND

CSW INDUSTRIALS, INC.

DATED AS OF [●], 2015

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

DISTRIBUTION AGREEMENT

This Distribution Agreement (this "Agreement") is dated as of [●], 2015, by and between Capital Southwest Corporation, a Texas corporation ("Capital Southwest"), and CSW Industrials, Inc., a Delaware corporation and a wholly-owned subsidiary of Capital Southwest ("CSWI" and, together with Capital Southwest, the "Parties").

WHEREAS, the Board of Directors of Capital Southwest has determined that it is in the best interests of Capital Southwest and its shareholders to separate the CSWI Businesses from Capital Southwest's other businesses on the terms and conditions set forth herein;

WHEREAS, the Board of Directors of Capital Southwest has authorized the distribution to the holders of the issued and outstanding shares of common stock, par value $0.25 per share, of Capital Southwest (the "Capital Southwest Common Stock") as of the Record Date of all the issued and outstanding shares of common stock, par value $0.01 per share, of CSWI (each such share is individually referred to as a "CSWI Share" and collectively referred to as the "CSWI Common Stock"), respectively, on the basis of one CSWI Share for every share of Capital Southwest Common Stock (the "Share Distribution"); and

WHEREAS, the Parties have determined to set forth in this Agreement and the Ancillary Agreements the principal corporate and other transactions required to effect the Share Distribution, as well as the other agreements that will govern certain other matters prior to and following the Share Distribution.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. Unless otherwise defined herein or unless the context otherwise requires, as used in this Agreement, the following terms have the following meanings:

"Action" means any demand, action, suit, arbitration, inquiry, proceeding, investigation, audit, counter suit, hearing or litigation of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" means, when used with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with such specified Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise. Unless expressly provided herein to the contrary, for purposes of this Agreement, neither CSWI nor any CSWI Company shall be deemed to be an Affiliate of Capital Southwest or any of its Subsidiaries, and neither Capital Southwest nor any of its Subsidiaries (other than CSWI or any CSWI Company) shall be deemed to be an Affiliate of CSWI or any of its Subsidiaries.

"Agent" has the meaning set forth in Section 2.2(a).

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Ancillary Agreements" means all of the written agreements, instruments, understandings, assignments or other arrangements (other than this Agreement) entered into by the Parties in connection with the transactions contemplated hereby (including the Internal Reorganization and the Contribution), including the Tax Matters Agreement, the Employee Matters Agreement and the Sublease.

"Business Day" means any day other than a Saturday, Sunday or a day on which commercial banking institutions located in Dallas, Texas are authorized or obligated by Law to close.

"Capital Southwest" has the meaning set forth in the preamble to this Agreement.

"Capital Southwest Business" means the business of acting as a business development company under the Investment Company Act of 1940.

"Capital Southwest Common Stock" has the meaning set forth in the recitals to this Agreement.

"Capital Southwest Indemnitees" means Capital Southwest and its Affiliates and Representatives, and each of their respective heirs, executors, successors and assigns.

"Capital Southwest Liabilities" means any and all Liabilities of Capital Southwest and its Affiliates (including CSWI and the CSWI Companies), other than CSWI Liabilities, including any and all Liabilities arising out of or resulting from (a) the ownership or operation of the Capital Southwest Business or any other business, in each case as conducted at any time prior to, on or after the Distribution Date or (b) the use by CSWI or any of its Affiliates prior to the consummation of the Share Distribution of any Capital Southwest Marks.

"Capital Southwest Marks" shall include all names, logos or trademarks of Capital Southwest and its Affiliates and all intellectual property rights therein and all trademarks and logos comprised of or derivative of any of the foregoing, in each case other than any CSWI Marks.

"Claim Notice" has the meaning set forth in Section 4.3(a).

"Code" means the Internal Revenue Code of 1986.

"Commission" means the United States Securities and Exchange Commission.

"Confidential Information" has the meaning set forth in Section 5.4(a).

"Contribution" has the meaning set forth in Section 2.1(b).

"CSWI" has the meaning set forth in the preamble to this Agreement.

"CSWI Businesses" means the businesses of each of CSWI and the CSWI Companies prior to, on and after the Distribution Date.

"CSWI Common Stock" has the meaning set forth in the recitals to this Agreement.

"CSWI Companies" means The RectorSeal Corporation, The Whitmore Manufacturing Company, Jet-Lube, Inc., Balco, Inc., Strathmore Holdings, LLC, Smoke Guard, Inc. and CapStar Holdings Corporation, and each of their respective Subsidiaries.

"CSWI Indemnitees" means CSWI and each of the CSWI Companies and each of their respective Affiliates and Representatives, and each of their respective heirs, executors, successors and assigns.

"CSWI Liabilities" means any and all Liabilities, to the extent relating to, arising out of or resulting from (a) the ownership or operation of the CSWI Businesses (including any discontinued business or any business which has been sold or transferred), as conducted at any time prior to, on or after the Distribution Date, (b) the ownership or operation of any business conducted by CSWI or any CSWI Company at any time prior to, on or after the Distribution Date (c) the incorporation of CSWI, (d) the post-Share Distribution operation of CSWI as a holding company of the CSWI Companies and (e) any other Liabilities that are expressly assumed by CSWI under this Agreement or any Ancillary Agreement.

"CSWI Marks" means "CSW Industrials" and the logo attached as Schedule A.

"CSWI Share" has the meaning set forth in the recitals to this Agreement.

"Direct Claim" has the meaning set forth in Section 4.4.

"Distribution Date" means such date as may be determined by the Board of Directors of Capital Southwest or a committee of such Board of Directors, as the date as of which the Share Distribution shall be effected.

"Employee Matters Agreement" means the Employee Matters Agreement, by and between Capital Southwest and CSWI, which agreement shall be entered into prior to or on the Distribution Date.

"Encumbrance" means, with respect to any property or asset, any lien, pledge, charge, claim, encumbrance, security interest, option, mortgage, easement, or deed of trust, hypothecation, assignment, preemptive purchase right, or other adverse claim of any kind in respect of such property or asset.

"Exchange Act" means the Securities Exchange Act of 1934.

"Financial Requirements" has the meaning set forth in Section 5.1(c).

"Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.

"Indemnified Party" has the meaning set forth in Section 4.3(a).

"Indemnifying Party" has the meaning set forth in Section 4.3(a).

"Indemnitee" has the meaning set forth in Section 4.3(a).

"Information Statement" means the information statement, attached as an exhibit to the Registration Statement, and any related documentation provided to holders of Capital Southwest Common Stock in connection with the Share Distribution, including any amendments or supplements thereto.

"Internal Reorganization" has the meaning set forth in Section 2.1(a).

"Law" means any statute, law, ordinance, regulation, rule, code or other requirement of, or Order issued by, a Governmental Authority.

"Liabilities" means any and all debts, liabilities and obligations of any kind, whether accrued or not accrued, known or unknown, asserted or unasserted, matured or unmatured, conditional or unconditional, patent or latent, liquidated or unliquidated, determined or determinable, absolute or contingent, due or to become due, written or oral, whenever or however arising (including, whether arising out of any Law or Contract, or tort based on negligence or strict liability) and whether or not the same would be required by United States generally accepted accounting principles to be reflected in financial statements or disclosed in the notes thereto.

"Losses" means any and all Liabilities, claims, Actions, assessments, deficiencies, Taxes, interest, penalties and costs and expenses (including attorneys' fees and out-of-pocket disbursements).

"Management Agreements" means [●] and any other agreement pursuant to which CSWI or any CSWI Company is obligated to pay management or other related fees to Capital Southwest or any of its Affiliates.

"NASDAQ" means The NASDAQ Stock Market LLC.

"Notice Period" has the meaning set forth in Section 4.3(a).

"Order" means any orders, judgments, injunctions, awards, decrees, writs or other legally enforceable requirement handed down, adopted or imposed by, including any consent decree, settlement agreement or similar written agreement with, any Governmental Authority or any arbitration or mediation tribunal.

"Parties" has the meaning set forth in the preamble to this Agreement.

"Permitted Encumbrances" means, collectively, (a) Encumbrances reflected or reserved against or otherwise disclosed in the audited financial statements of any of the CSWI Companies and (b) mechanics', materialmen's, warehousemen's, carriers', workers', or repairmen's liens or other similar common law or statutory Encumbrances arising or incurred in the ordinary course of business and not securing any amount that is past due.

"Person" means any natural person, corporation, business trust, limited liability company, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Record Date" means such date as may be determined by the Board of Directors of Capital Southwest or a committee of such Board of Directors, as the record date for the Share Distribution.

"Records" has the meaning set forth in Section 5.1(a).

"Registration Statement" means the registration statement on Form 10 filed with the Commission to effect the registration of the CSWI Shares pursuant to the Exchange Act.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Share Distribution" has the meaning set forth in the recitals to this Agreement.

"Sublease" means the Sublease, by and between Capital Southwest and CSWI, which agreement shall be entered into prior to or on the Distribution Date.

"Subsidiary" means with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interests entitled to vote on the election of members to the board of directors or similar governing body or, in the case of a Person with no governing body, more than 50% of the equity or voting interests. Unless expressly provided herein to the contrary, for purposes of this Agreement, neither CSWI nor any CSWI Company shall be deemed to be a Subsidiary of Capital Southwest or any of its Subsidiaries.

"Tax" means any tax, charge, fee, duty, levy, impost or other assessment imposed by any federal, state, local or foreign Governmental Authority, including income, gross receipts, excise, property, sales, use, license, capital stock, transfer, franchise, payroll, withholding, social security, value added or other tax, and any interest, penalties or additions attributable thereto.

"Tax Matters Agreement" means the Tax Matters Agreement, by and between Capital Southwest and CSWI, which agreement shall be entered into prior to or on the Distribution Date.

"Third Party Claim" has the meaning set forth in Section 4.3(a).

"Transferred Assets" means:

(a) all of the capital stock or other equity interests in each of the CSWI Companies;

(b) $[●] in cash;

(c) the CSWI Marks; and

(d) the assets listed on Schedule B.

Section 1.2 Reference; Interpretation. Unless the context requires otherwise, (a) all references to Sections, Articles or Schedules are to the Sections, Articles or Schedules of or to this Agreement, (b) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with United States generally accepted accounting principles, consistently applied, and as in effect on the date of this Agreement, (c) words in the singular include the plural and vice versa, (d) all references to $ or dollar amounts will be to lawful currency of the United States, (e) to the extent the term "day" or "days" is used, it will mean calendar days unless Business Days are specified, (f) the pronoun "his" refers to the masculine, feminine and neuter, the words "herein," "hereby," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Article or other subdivision, (g) the term "including" means "including without limitation," (h) the term "or" will be disjunctive but not exclusive, (i) the term "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase will not mean simply "if," and (j) any reference to any contract or Law is a reference to it as amended, modified and supplemented from time to time (and, in the case of a Law, to (i) any successor provision and (ii) the rules and regulations promulgated thereunder). Neither this Agreement nor any Ancillary Agreement shall be construed against either Party as the principal draftsperson hereof or thereof.

ARTICLE II

INTERNAL REORGANIZATION AND CONTRIBUTION; SHARE DISTRIBUTION; CERTAIN COVENANTS

Section 2.1 Internal Reorganization and Contribution.

(a) Prior to the Share Distribution, Capital Southwest will:

(i) cause Balco, Inc. to redeem the outstanding minority interest in its common stock held by certain members of its management; and

(ii) cause Capital Southwest Venture Corporation to distribute all of the outstanding preferred stock of CapStar Holdings Corporation owned by Capital Southwest Venture Corporation to Capital Southwest;

(such actions, collectively, the "Internal Reorganization").

(b) Following the completion of the Internal Reorganization, Capital Southwest will, sell, transfer and convey to CSWI, and CSWI will acquire from Capital Southwest, all of Capital Southwest's right, title and interest in and to the Transferred Assets, free and clear of all Encumbrances other than Permitted Encumbrances (the "Contribution").

(c) In furtherance of the Contribution, Capital Southwest will, prior to the Share Distribution, deliver or cause to be delivered to CSWI:

(i) certificates evidencing (A) all shares of capital stock of The RectorSeal Corporation, (B) 80% of the shares of capital stock of The Whitmore Manufacturing Company, (C) all shares of capital stock of Balco, Inc. and (D) all shares of capital stock of CapStar Holdings Corporation, each duly endorsed in blank or accompanied by a stock power duly endorsed in blank;

(ii) an amount in cash equal to $[●], by wire transfer of immediately available funds, to an account designated by CSWI; and

(iii) a bill of sale and assignment and assumption agreement, transferring to CSWI all of Capital Southwest's right, title and interests in and to the CSWI Marks and the Transferred Assets set forth on Schedule B.

Section 2.2 Share Distribution.

(a) On or prior to the Distribution Date, Capital Southwest shall deliver to Capital Southwest's stock transfer agent (the "Agent") a single stock certificate representing all of the issued and outstanding CSWI Shares, in each case, endorsed by Capital Southwest in blank, for the benefit of the holders of Capital Southwest Common Stock, and Capital Southwest shall instruct the Agent to distribute, on or as soon as practicable following the Distribution Date, such number of the CSWI Shares to holders of record of shares of Capital Southwest Common Stock on the Record Date, all as further contemplated by the Registration Statement and hereby. CSWI shall provide any share certificates that the Agent shall require in order to effect the Share Distribution. The Share Distribution shall be effective on the Distribution Date.

(b) The CSWI Common Stock issued in the Share Distribution is intended to be distributed only pursuant to a book entry system. Capital Southwest shall instruct the Agent to deliver the CSWI Common Stock previously delivered to the Agent to a depositary and to mail to each holder of record of Capital Southwest Common Stock on the Record Date, a statement of the CSWI Common Stock credited to such holder's account. If following the Share Distribution a holder of CSWI Common Stock requests physical certificates instead of participating in the book entry system, the Agent shall issue certificates for such shares.

(c) Capital Southwest will direct the Agent, as soon as practicable after the effectiveness of the Share Distribution, to (i) determine the number of whole shares and fractional shares of CSWI Common Stock allocable to each holder, (ii) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions or otherwise as determined by the Agent at the then prevailing trading prices on behalf of holders that would otherwise be entitled to fractional share interests, and (iii) distribute to each such holder, or for the benefit of each beneficial owner of fractional shares, such holder or beneficial owner's ratable share of the net proceeds of such sales, based upon the weighted average gross selling price per share of CSWI Common Stock after making appropriate deductions for any amount required to be withheld under applicable Law and less any applicable transfer, stock transfer, stamp or similar Taxes. CSWI will be responsible for payment of any brokerage fees associated with such sales. None of Capital Southwest, CSWI, any CSWI Company or the Agent will guarantee any minimum sale price for the fractional shares of CSWI Common Stock. None of Capital Southwest, CSWI, any CSWI Company or the Agent will pay any interest on the proceeds from the sale of such shares.

(d) If the aggregation of fractional shares results in any remaining fractional shares, CSWI will redeem such fractional shares for cash at a price equal to the weighted average gross selling price per share of CSWI Common Stock received by the Agent and will pay such funds to the Agent for payment as cash in lieu of fractional shares.

Section 2.3 Capital Southwest Determinations. Capital Southwest shall have the sole and absolute discretion to determine whether to proceed with all or part of the Share Distribution and all terms thereof, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Share Distribution and the timing of and conditions to the consummation of the Share Distribution.

Section 2.4 Charter; Bylaws. On or prior to the Distribution Date, CSWI and Capital Southwest shall take all necessary actions to provide for the adoption of the form of Certificate of Incorporation and Bylaws in substantially the form filed by CSWI with the Commission as exhibits to the Registration Statement.

Section 2.5 Directors. On or prior to the Distribution Date, Capital Southwest and CSWI shall take all necessary action to cause the Board of Directors of CSWI to consist of the individuals identified in the Registration Statement as directors of CSWI as of immediately following the Distribution Date.

Section 2.6 Election of Officers. On or prior to the Distribution Date, CSWI shall take all actions necessary and desirable so that as of the Distribution Date the officers of CSWI will be as set forth in the Information Statement.

Section 2.7 Certain Licenses and Permits. On or prior to the Distribution Date or as soon as reasonably practicable thereafter, Capital Southwest shall use its commercially reasonable efforts to transfer or cause to be transferred any transferable licenses, permits and authorizations issued by any Governmental Authority which relate to the CSWI Businesses but which are held in the name of Capital Southwest or any of its Affiliates, to the appropriate CSWI Company.

Section 2.8 State Securities Laws. Prior to the Distribution Date, Capital Southwest and CSWI shall take all such action as may be necessary or appropriate under state securities Laws or “blue sky” Laws in order to effect the Share Distribution.

Section 2.9 Listing Application. Prior to the Distribution Date, Capital Southwest and CSWI shall prepare and file with NASDAQ a listing application and related documents and shall take all such other actions with respect thereto as shall be necessary or desirable in order to cause NASDAQ to list on or prior to the Distribution Date, subject to official notice of issuance, the CSWI Shares.

Section 2.10 Misallocated Transfers. In the event that, at any time from and after the Distribution Date, a Party discovers that it or any of its Affiliates is the owner of, receives or otherwise comes to possess any asset (including the receipt of payments made pursuant to contracts and proceeds from accounts receivable with respect to the period on or prior to the Distribution Date) or is liable for any Liability that is attributable to the other Party or any Affiliate of the other Party pursuant to this Agreement or any Ancillary Agreement, such Party will promptly convey, or cause to be conveyed such asset or Liability to the Person so entitled thereto or responsible therefor (and the relevant Party will cause such entitled Person to accept such asset or assume such Liability).

Section 2.11 Ancillary Agreements. On or prior to the Distribution Date, each of Capital Southwest and CSWI shall enter into, the Ancillary Agreements and any other agreements in respect of the Share Distribution reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby.

Section 2.12 Termination of Management Agreements. The Parties will cause each of the Management Agreements to be terminated effective as of the Distribution Date.

Section 2.13 Release. Except as otherwise provided in the Ancillary Agreements, effective as of consummation of the Share Distribution, each Party hereby irrevocably waives, releases and discharges, and shall cause its Affiliates not to assert, to the fullest extent permitted by applicable Law, any claims, or take or bring any actions, against the other Party or any of its Affiliates or Representatives in relation to any and all Liabilities, Actions or claims of whatever kind or nature, in law, equity or otherwise, arising from, connected or related to, caused by or based on any facts, conduct, activities, agreements, transactions, events or occurrences known or unknown, of any type that existed, occurred, happened, arose or transpired from the beginning of time through the Distribution Date, including (except as otherwise provided in the Ancillary Agreements) any Liabilities, Actions or claims arising out of, related to or otherwise in connection with: (a) the management, operation or conduct by such Party or its Affiliates of the Capital Southwest Business or the CSWI Business, as the case may be; (b) the Share Distribution, the Internal Reorganization and the Contribution; (c) the terms of this Agreement; and (d) any other decision that may have been made, or any action taken, relating to the formation of CSWI and the consummation of the Internal Reorganization, the Contribution and the Share Distribution; provided, however, that nothing in this Section 2.13 shall affect any Party's rights or obligations under this Agreement or any Ancillary Agreement or any Liabilities owed by a Party or its Affiliates to a director, officer, employee or other Representative or equity holder of the other Party or its Affiliates in their capacity as such. The Parties acknowledge and agree that the purpose of this Section 2.13 is to make clear the intent of the Parties that, following consummation of the Share Distribution, the only Liability that any Party shall have to any other Party or its Affiliates shall be its obligations under and pursuant to the terms of this Agreement and the Ancillary Agreements and there shall be no Liability in respect of any event, occurrence, action or inaction on or prior to the Share Distribution.

Section 2.14 Discharge of Liabilities. Except as otherwise expressly provided herein or in any of the Ancillary Agreements, all intercompany trade, accounts receivable and accounts payable between Capital Southwest, on the one hand, and CSWI or any CSWI Company, on the other hand, in existence immediately prior to the Distribution Date shall be repaid, redeemed, settled, released or cancelled as of the Distribution Date.

Section 2.15 Further Assurances. If at any time after the Share Distribution any further action is reasonably necessary or desirable to carry out the purposes of this Agreement and the Ancillary Agreements, each Party shall take all such necessary action and do and perform all such acts and things, and execute and deliver all such agreements, to the extent reasonably requested to do so by the other Party, and each Party agrees to execute and deliver such documents, in a form reasonably satisfactory to such Party, as may be reasonably necessary to evidence the assumption of any Liabilities hereunder. Without limiting the foregoing, each Party shall use its commercially reasonable efforts promptly to obtain all consents and approvals, to enter into all agreements and to make all filings and applications that may be required for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, including all applicable filings with, and approvals from, any Governmental Authority.

ARTICLE III

CONDITIONS

Section 3.1 Conditions Precedent to Consummation of the Share Distribution. The Share Distribution shall not be effected unless and until the following conditions have been satisfied or waived by Capital Southwest, in its sole and absolute discretion, at or before the Distribution Date:

(a) the Registration Statement shall have been declared effective by the Commission under the Exchange Act, with no stop order in effect with respect thereto, and no Actions for such purpose shall be pending before, or threatened by, the Commission;

(b) Capital Southwest shall have mailed the Information Statement (and such other information concerning CSWI, the Share Distribution and such other matters as the Parties shall determine and as may otherwise be required by Law) to the shareholders of Capital Southwest;

(c) Capital Southwest shall have received an opinion from a nationally recognized accounting firm engaged by Capital Southwest, in form and substance satisfactory to Capital Southwest in its sole and absolute discretion, that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and the Share Distribution should qualify as tax-free to Capital Southwest and Capital Southwest's shareholders (except for cash received in lieu of fractional shares) for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) and related provisions of the Code;

(d) the Board of Directors of Capital Southwest shall have declared the distribution of outstanding shares of common stock of CSWI to Capital Southwest shareholders as of the Record Date, which declaration may be made or withheld at its sole and absolute discretion;

(e) all actions and filings necessary or appropriate under applicable U.S. federal or state securities Laws and state "blue sky" Laws and any comparable laws under any foreign jurisdictions in connection with the Share Distribution shall have been taken and become effective;

(f) no Order preventing the consummation of, or materially limiting the benefits of, the Share Distribution shall be in effect;

(g) the CSWI Shares shall have been approved for listing on NASDAQ, subject to official notice of issuance;

(h) each of this Agreement and the Ancillary Agreements shall have been executed and delivered by each of the parties thereto and no party to this Agreement or to any of the Ancillary Agreements will be in material breach of any such agreement; and

(i) no other events or developments shall have occurred that, in the judgment of the Board of Directors of Capital Southwest, in its sole discretion, would result in the Share Distribution having a material adverse effect on Capital Southwest or its shareholders.

Section 3.2 Right Not to Close. Each of the conditions set forth in Section 3.1 is for the benefit of Capital Southwest, and the Board of Directors of Capital Southwest may, in its sole and absolute discretion, determine whether to waive any condition, in whole or in part. Any determination made by the Board of Directors of Capital Southwest concerning the satisfaction or waiver of any or all of the conditions in Section 3.1 will be conclusive and binding on the Parties. The satisfaction of the conditions set forth in Section 3.1 will not create any obligation on the part of Capital Southwest to any other Person to effect the Share Distribution or in any way limit Capital Southwest's right to terminate this Agreement as set forth in Section 6.10.

ARTICLE IV

INDEMNIFICATION

Section 4.1 Indemnification by Capital Southwest. From and after the Distribution Date, Capital Southwest shall indemnify, defend and hold harmless the CSWI Indemnitees from and against any and all Losses of the CSWI Indemnitees to the extent arising out of, related to or otherwise in connection with:

(a) any breach by Capital Southwest of any of its or its Affiliates' covenants or agreements set forth in this Agreement or any of the Ancillary Agreements (excluding the Tax Matters Agreement, for which any indemnification for Taxes will be determined pursuant to that agreement);

(b) any claims or Actions by any shareholder of Capital Southwest, stockholder of CSWI or any other Person, in each case in respect of or related to this Agreement, any Ancillary Agreement (excluding the Tax Matters Agreement, for which any indemnification for Taxes will be determined pursuant to that agreement), the Registration Statement or any of the transactions contemplated by this Agreement or any Ancillary Agreement, including the Internal Reorganization, the Contribution and the Share Distribution;

(c) any claims or Actions by employees or former employees of Capital Southwest, CSWI or any CSWI Company in respect of any stock options, restricted stock or other awards with respect to any rights to any equity interests in or securities exercisable or convertible into equity interests of Capital Southwest; and

(d) any Capital Southwest Liability (other than any Liability that is subject to indemnification under the Tax Matters Agreement).

Section 4.2 Indemnification by CSWI. From and after the Distribution Date, CSWI shall indemnify, defend and hold harmless the Capital Southwest Indemnitees from and against any and all Losses of the Capital Southwest Indemnitees to the extent arising out of, related to or otherwise in connection with:

(a) any breach by CSWI of any of its or its Affiliates' covenants or agreements set forth in this Agreement or any of the Ancillary Agreements (excluding the Tax Matters Agreement); and

(b) any CSWI Liability (other than any Liability that is subject to indemnification under the Tax Matters Agreement).

Section 4.3 Third Party Claim Indemnification Procedures.

(a) In the event that any written claim or demand for which an indemnifying party (an "Indemnifying Party") may have liability to any indemnified party (an "Indemnified Party") hereunder is asserted against or sought to be collected from any Indemnified Party by a third Person (a "Third Party Claim"), such Indemnified Party shall promptly, but in no event more than 30 days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party, as applicable, in writing of such Third Party Claim (a "Claim Notice"); provided, however, that the failure to timely give a Claim Notice shall affect the rights of an Indemnified Party hereunder only if such failure has a prejudicial effect on the Indemnifying Party with respect to such Third Party Claim. Notice under this Section 4.3 shall be provided in accordance with Section 6.5. The Indemnifying Party shall have 20 days (or such lesser number of days set forth in the Claim Notice as may be required by court proceeding in the event of a litigated matter) after receipt of the Claim Notice (the "Notice Period") to notify the Indemnified Party, as applicable, that it desires to defend the Indemnified Party against such Third Party Claim. For the avoidance of doubt, knowledge of a Third Party Claim by a Person who is an officer or director of both Capital Southwest and CSWI shall not constitute notice for purposes of this Section 4.3.

(b) In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Party Claim, the Indemnifying Party, as the case may be, shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. Once the Indemnifying Party, as the case may be, has duly assumed the defense of a Third Party Claim, the Indemnified Party shall have the right, but not the obligation, to participate in any such defense and to employ separate counsel of its choosing. The Indemnified Party's participation in any such defense shall be at its own expense unless (i) representation of the Indemnified Party's interests by the Indemnifying Party's counsel would involve an actual conflict of interest or (ii) the Indemnified Party assumes the defense of a Third Party Claim after the Indemnifying Party, as the case may be, has failed to diligently pursue a Third Party Claim it has assumed, as provided in the first sentence of Section 4.3(c), in which case the Indemnifying Party shall pay the expenses of the Indemnified Party's counsel. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any Third Party Claim on a basis that would result in (A) the imposition of a consent Order that would restrict the future activity or conduct of the other party or any of its Affiliates, (B) a finding or admission of a violation of Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates, (C) a finding or admission that would have an adverse effect on other claims made or threatened against the Indemnified Party or any of its Affiliates, or (D) any monetary liability of the Indemnified Party that will not be promptly paid or reimbursed by the Indemnifying Party. The Indemnified Party shall cooperate in the defense of any Third Party Claim, including by providing access to such personnel, support and relevant business records and other documents, as may be reasonably requested by the Indemnifying Party in connection with such defense.

(c) If the Indemnifying Party (i) elects not to defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise or (ii) after assuming the defense of a Third Party Claim, fails to use its reasonable best efforts to defend diligently such Third Party Claim within 10 Business Days after receiving written notice from the Indemnified Party to the effect that Indemnifying Party, as the case may be, has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; it being understood that the Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defense of such Third Party Claim. The Indemnifying Party shall not, without the prior written consent of the other party, settle, compromise or offer to settle or compromise any Third Party Claim on a basis that would result in (A) the imposition of a consent Order that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (B) a finding or admission of a violation of Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates, (C) a finding or admission that would have an adverse effect on other claims made or threatened against the Indemnified Party or any of its Affiliates, or (D) any monetary liability of the Indemnified Party that will not be promptly paid or reimbursed by the Indemnifying Party.

Section 4.4 Direct Claim Indemnification Procedures. Any claim for indemnification of Losses under this Article IV that is not a Third Party Claim (a "Direct Claim") by an Indemnified Party shall be asserted by giving prompt written notice thereof to the Indemnified party; provided, however, that any delay in providing, or the failure to provide such notification, shall not affect the right of the Indemnified Party to indemnification hereunder except to the extent that the Indemnifying Party is materially prejudiced by the delay or failure. Such notice shall describe the Direct Claim in reasonable detail, including (to the extent practicable) copies of any written evidence thereof and shall indicate the estimated amount of Losses, if reasonably determinable, that have been sustained by the Indemnified Party. The Indemnifying Party will have until 5:00 PM Central time on the date that is 20 Business Days after the Direct Claim is asserted to respond in writing to such Direct Claim. If such response by the Indemnifying Party is not received within such 20 Business Day period, the Indemnifying Party will be deemed to have accepted such claim. If the response of the Indemnifying Party rejecting the Direct Claim is received by the Indemnified Party within such 20 Business Day period, however, the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Article IV.

Section 4.5 Indemnification Payments.

(a) Indemnification required by this Article IV shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or a Loss is incurred, by wire transfer of immediately available funds.

(b) The amount of any claim by an Indemnitee under this Agreement shall be reduced to reflect any insurance proceeds actually received (net of costs or any mandatory premium increases) by any Indemnitee that result from the Losses that gave rise to such indemnity. Notwithstanding the foregoing, no Indemnitee will be obligated to seek recovery for any Losses from any third Person before seeking indemnification under this Agreement and in no event will an Indemnifying Party's obligation to indemnify and hold harmless any Indemnitee pursuant to this Agreement be conditioned upon the status of the recovery of any offsetting amounts from any such third Person.

(c) For all applicable income Tax purposes, the Parties shall treat any payment made by one Party to the other Party pursuant to this Article IV as a capital contribution by Capital Southwest to CSWI or a distribution by CSWI to Capital Southwest, as the case may be, immediately prior to the Share Distribution, except as otherwise mandated by applicable Law.

Section 4.6 Indemnification Rights. The sole and exclusive remedy of a Party with respect to any and all claims relating to this Agreement or the transactions contemplated by this Agreement (other than claims of, or causes of action arising from, knowing and intentional fraud and except for seeking specific performance or other equitable relief to require a Party to perform its obligations under this Agreement to the extent permitted hereunder and thereunder and except as otherwise provided herein or in any Ancillary Agreement) will be pursuant to the indemnification provisions set forth in this Article IV or any Ancillary Agreement. The rights and obligations of each Party and any Indemnitee hereunder shall survive the distribution, sale or transfer by any Party of any assets or the delegation or assignment by it of any Liabilities and shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Indemnitee, the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder and any termination of this Agreement.

ARTICLE V

ACCESS TO INFORMATION

Section 5.1 Provision of Corporate Records; Record Retention.

(a) From and after the Distribution Date, upon the prior written request by CSWI for agreements, documents, books, records or files including accounting, Tax and financial records (collectively, "Records") which relate to CSWI or a CSWI Company or the conduct of the CSWI Businesses prior to the Share Distribution, or which CSWI determines are necessary or advisable (i) in order for CSWI to prepare its financial statements, (ii) for use in any Action or in order to satisfy audit, accounting, regulatory or other similar legal or regulatory requirements, or (iii) to comply with reporting, disclosure, filing or other requirements imposed on CSWI or its Affiliates by a Governmental Authority, Capital Southwest shall arrange, as soon as reasonably practicable following the receipt of such request, to promptly provide, at the sole cost and expense of CSWI, appropriate copies of such Records (or the originals thereof if CSWI has a reasonable need for such originals) in the possession or control of Capital Southwest.

(b) From and after the Distribution Date, upon the prior written request by Capital Southwest for Records which relate to Capital Southwest or its current or former Subsidiaries (including for this purpose CSWI and the CSWI Companies) or the conduct of the Capital Southwest Business prior to the Share Distribution, or which Capital Southwest determines are necessary or advisable (i) in order for Capital Southwest to prepare its financial statements, (ii) for use in any Action or in order to satisfy audit, accounting, regulatory or other similar legal or regulatory requirements, or (iii) to comply with reporting, disclosure, filing or other requirements imposed on Capital Southwest or its Affiliates by a Governmental Authority, CSWI shall arrange, as soon as reasonably practicable following the receipt of such request, to promptly provide, at the sole cost and expense of Capital Southwest, appropriate copies of such Records (or the originals thereof if Capital Southwest has a reasonable need for such originals) in the possession or control of CSWI or any of the CSWI Companies.

(c) Except when a longer retention period is otherwise required by Law or agreed to in writing by any Party, Capital Southwest, CSWI and the CSWI Companies shall retain all Records relating to the Capital Southwest Business and the CSWI Businesses as of the Distribution Date for the periods of time provided in each Party's record retention policy (with respect to the documents of such party and without regard to the Share Distribution or its effects) as in effect on the Distribution Date. Following the expiration of the retention period specified in the immediately preceding sentence, Capital Southwest or CSWI may offer in writing to deliver such Records to the other and, if such offer is not accepted within 90 days, the offered Records may be destroyed or otherwise disposed of at any time following the expiration of such 90-day period. If a recipient of such offer shall request in writing prior to the scheduled date for such destruction or disposal that any of the Records proposed to be destroyed or disposed of be delivered to such requesting Party, the Party proposing the destruction or disposal shall promptly arrange for delivery of such of the Records as was requested (at the cost of the requesting Party).

Section 5.2 Access to Information. From and after the Distribution Date, each of Capital Southwest and CSWI shall afford to the other and its authorized Representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the Representatives, properties, and Records of, in the possession of or in the control of the non-requesting Party and its Subsidiaries insofar as such access is reasonably required by the requesting Party pursuant to Section 5.1.

Section 5.3 Witnesses; Documents and Cooperation in Actions. From and after the Distribution Date, each of Capital Southwest and CSWI shall use their commercially reasonable efforts to make available to the other, upon reasonable written request, its and its Subsidiaries' Representatives as witnesses and any Records within its control or which it otherwise has the ability to make available, to the extent that such Persons or Records may reasonably be required in connection with the prosecution, evaluation, pursuit, settlement, compromise or defense of any Action, including any Third Party Claim, in which the requesting Party may from time to time be involved. This provision shall not apply to any Action brought by one Party against another Party (as to which production of documents and witnesses shall be governed by applicable discovery rules). Without limiting any provision of this Section 5.3, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Third Party Claim.

Section 5.4 Confidentiality.

(a) Each Party acknowledges that prior to the Distribution Date, Capital Southwest and its Affiliates, on the one hand, and CSWI and the CSWI Companies, on the other hand, have each had access to certain non-public confidential information relating to financial statements, clients, customers, potential clients or customers, employees, suppliers, equipment, designs, programs, strategies, analyses, profit margins, sales, methods of operation, plans, products, technologies, materials, trade secrets, strategies, prospects or other proprietary information of the other ("Confidential Information"), and that the unauthorized use or disclosure of any Confidential Information at any time may irreparably damage Capital Southwest and its Affiliates or CSWI and the CSWI Companies, as the case may be. Capital Southwest and its Affiliates, on the one hand, and CSWI and the CSWI Companies on the other hand, shall keep, and shall cause their respective Affiliates and Representatives to keep, confidential all Confidential Information concerning the other Party in their possession, their custody or under their control to the extent such information (i) relates to or was acquired during the period prior to the Distribution Date, (ii) relates to any Ancillary Agreement, (iii) is obtained in the course of performing services for the other Party pursuant to any Ancillary Agreement, or (iv) is based upon or is derived from Confidential Information described in the preceding clauses (i), (ii), or (iii), and each Party shall not (without the prior written consent of the other) otherwise release or disclose such information to any other Person, except such Party's auditors, attorneys, consultants and advisors, subject to Section 5.4(b). Each Party shall be deemed to have satisfied its obligation to hold confidential any Confidential Information concerning or owned by the other Party or, in the case of CSWI, any CSWI Company, if it exercises the same care as it takes to preserve confidentiality for its own similar information. The covenants in this Section 5.4 shall survive the transactions contemplated by this Agreement and shall continue indefinitely. This Section 5.4 shall not apply to information (A) that has been in the public domain through no fault of such Party, (B) that has been later lawfully acquired from other sources by such Party, provided that such source is not and was not bound by a confidentiality agreement, (C) the use or disclosure of which is permitted by this Agreement or any other Ancillary Agreement or any other agreement entered into pursuant hereto, (D) that is immaterial and its disclosure is required as part of the conduct of that Party's business and would not reasonably be expected to be detrimental to the interests of the other Party, (E) that the other Party has agreed in writing may be so used or disclosed, or (F) the Party can demonstrate by contemporaneous written records was already in the possession of the such Party on a non-confidential basis at the time of disclosure.

(b) If any Party or, in the case of CSWI, any CSWI Company, either determines that it is required to disclose pursuant to applicable Law, or receives any demand under lawful process or from any Governmental Authority to disclose or provide, Confidential Information of the other Party (or in the case of CSWI, any CSWI Company) that is subject to the confidentiality provisions of Section 5.4(a), such Party shall notify the other Party prior to disclosing or providing such information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide such information if and to the extent required by such Law or by lawful process or such Governmental Authority; provided, however, that the Person shall only disclose such portion of the Confidential Information as is required to be disclosed or provided.

Section 5.5 Privileged Matters. Except as may be otherwise provided in an Ancillary Agreement, the Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution Date have been and will be rendered for the benefit of Capital Southwest, CSWI and the CSWI Companies, and that Capital Southwest, CSWI and each of the CSWI Companies should be deemed to be the client for the purposes of asserting all privileges which may be asserted under applicable Law. To allocate the interests of each Party in the information as to which any Party is entitled to assert a privilege, the Parties agree as follows:

(a) Capital Southwest shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the Capital Southwest Business (including with respect to Liabilities as to which CSWI is required to provide indemnification under Article IV), whether or not the privileged information is in the possession of or under the control of Capital Southwest or CSWI or the CSWI Companies. Capital Southwest shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the subject matter of any claims constituting Capital Southwest Liabilities, now pending or which may be asserted in the future, whether or not the privileged information is in the possession of or under the control of Capital Southwest or CSWI or the CSWI Companies.

(b) CSWI shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the CSWI Businesses (including with respect to Liabilities as to which Capital Southwest is required to provide indemnification under Article IV), whether or not the privileged information is in the possession of or under the control of Capital Southwest or CSWI or the CSWI Companies. CSWI shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the subject matter of any claims constituting CSWI Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by CSWI or the CSWI Companies, whether or not the privileged information is in the possession of CSWI or the CSWI Companies or under the control of Capital Southwest or CSWI or the CSWI Companies.

(c) The Parties agree that they shall have a shared privilege, with equal right to assert or waive, subject to the restrictions in this Section 5.5, with respect to all privileges not allocated pursuant to the terms of Sections 5.5(a) and (b).

(d) Subject to Sections 5.5(a) and (b), no Party may waive any privilege which could be asserted under any applicable Law, and in which the other Party has a shared privileged, without the consent of the other Party, which consent shall not be unreasonably withheld or delayed, except as provided in subsection (e) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within 20 days after notice upon the other Party requesting such consent.

(e) In the event of any litigation or dispute between or among the Parties, any Party and a Subsidiary of the other Party, or a Subsidiary of one Party and a Subsidiary of the other Party, either such Party may waive a privilege in which the other Party has a shared privilege, without obtaining the consent of the other Party; provided, however, that such waiver of a shared privilege shall be effective only as to the use of information with respect to the litigation or dispute between the Parties and/or their Subsidiaries, and shall not operate as a waiver of the shared privilege with respect to any Third Party Claims.

(f) If a dispute arises between or among the Parties or their respective Subsidiaries regarding whether a privilege should be waived to protect or advance the interest of any Party, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other Party, and shall not unreasonably withhold consent to any request for a waiver by the other Party. Each Party specifically agrees that it will not withhold consent to a waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any Party or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of information subject to a shared privilege or as to which another Party has the sole right hereunder to assert a privilege, or if any Party obtains knowledge that any of its or any of its Subsidiaries' current or former Representatives have received any subpoena, discovery or other request which arguably calls for the production or disclosure of such privileged information, such Party shall promptly notify the other Party of the existence of the request and shall provide the other Party a reasonable opportunity to review the information and to assert any rights it or they may have under this Section 5.5 or otherwise to prevent the production or disclosure of such privileged information.

(h) The transfer of all Records and other information pursuant to this Agreement is made in reliance on the agreement of Capital Southwest and CSWI, as set forth in Sections 5.4 and 5.5, to maintain the confidentiality of privileged information and to assert and maintain all applicable privileges. The access to information being granted pursuant to Sections 5.1, 5.2 and 5.3, the agreement to provide witnesses and individuals pursuant to Section 5.3, the furnishing of notices and documents and other cooperative efforts contemplated by Section 5.3, and the transfer of privileged information between and among the Parties and their respective Subsidiaries, Affiliates and Representatives pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

Section 5.6 Ownership of Information. Any information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to Article IV or this Article V shall be deemed to remain the property of the providing Person. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.

Section 5.7 Cost of Providing Records and Information. A Party requesting Records, information or access to Representatives, witnesses or properties, under Articles IV or V, agrees to reimburse the other Party and its Subsidiaries for the reasonable out-of-pocket costs, if any, incurred in seeking to satisfy the request of the requesting Party.

Section 5.8 Other Agreements Providing for Exchange of Information. Nothing in this Article V shall limit any rights of the Parties under the Tax Matters Agreement. The rights and obligations granted under this Article V are subject to any specific limitations, qualifications or additional provisions on cooperation, access to information, privilege and the sharing, exchange or confidential treatment of information set forth in any Ancillary Agreement or in any other agreement to which Capital Southwest and CSWI or a CSWI Company is a party.

Section 5.9 Compliance with Laws and Agreements. Subject to Section 5.8 in connection with the Tax Matters Agreement, nothing in this Article V shall be deemed to require any Person to provide any information if doing so would, in the opinion of counsel to such Person, be inconsistent with any legal or constitutional obligation applicable to such Person.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Complete Agreement; Construction. This Agreement, including the schedules hereto, and the Ancillary Agreements shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Section 6.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party. The delivery of an executed Agreement by facsimile or other electronic delivery shall be sufficient to bind the Party so delivering such Agreement.

Section 6.3 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Date.

Section 6.4 Distribution Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, all costs and expenses incurred on or prior to the Distribution Date (whether or not paid on or prior to the Distribution Date) in connection with the preparation, execution, delivery, printing and implementation of this Agreement and any Ancillary Agreement, the Registration Statement, the Share Distribution, the Internal Reorganization, the Contribution and the consummation of the transactions contemplated thereby, shall be charged to and paid by Capital Southwest. Such expenses shall be deemed to be Capital Southwest Liabilities. Except as otherwise set forth in this Agreement or any Ancillary Agreement, each Party shall bear its own costs and expenses incurred after the Distribution Date. Any amount or expense to be paid or reimbursed by any Party to any other Party shall be so paid or reimbursed promptly after the existence and amount of such obligation is determined and written demand therefor is made.

Section 6.5 Notices. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To Capital Southwest:

Capital Southwest Corporation
5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240
Attention: Chief Executive Officer

To CSWI:

CSW Industrials, Inc.
5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240
Attention: Chief Executive Officer

Section 6.6 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 6.7 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 6.8 Assignment. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that either Party may assign this Agreement to a purchaser of all or substantially all of the properties and assets of such Party; provided, that no such assignment will relieve the assigning Party of its obligations hereunder.

Section 6.9 Successors and Assigns. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 6.10 Termination. This Agreement (including Article IV) may be terminated and the Share Distribution may be amended, modified or abandoned at any time prior to the Share Distribution by and in the sole discretion of Capital Southwest without the approval of CSWI or the shareholders of Capital Southwest. In the event of such termination, no Party shall have any liability of any kind to any other Party or any other Person. After the Share Distribution, this Agreement may not be terminated except by an agreement in writing signed by the Parties; provided, however, that Article IV shall not be terminated or amended after the Share Distribution in respect of a third party beneficiary thereto without the consent of such Person.

Section 6.11 Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and shall not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each CSWI Indemnitee and Capital Southwest Indemnitee who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement.

Section 6.12 Title and Headings. Titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 6.13 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF DELAWARE.

Section 6.14 Waiver of Jury Trial. The Parties hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement.

Section 6.15 Specific Performance. From and after the Share Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party to this Agreement who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Share Distribution, the remedies at Law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any loss, that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 6.16 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

CAPITAL SOUTHWEST CORPORATION

By: _____
Name:
Title:

CSW INDUSTRIALS, INC.

By: _____
Name:
Title:

Exhibit 2.2

ASSET PURCHASE AGREEMENT

by and among

STRATHMORE HOLDINGS, LLC,

STRATHMORE PRODUCTS, INC.,

STRATHMORE PRODUCTS OF LONGVIEW, LLC,

STRATHMORE PRODUCTS OF HOUSTON, LLC,

SP WALLER, LLC,

ERIC T. BURR

and

WILLIAM M. UDOVICH

Effective as of April 1, 2015

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), effective as of 12:01 am on April 1, 2015 (the "Effective Date"), is made and entered into by and among Strathmore Holdings, LLC, a Delaware limited liability company (the "Purchaser"), Strathmore Products, Inc., a New York corporation ("Strathmore Products"), Strathmore Products of Longview, LLC, a New York limited liability company ("Strathmore Longview"), Strathmore Products of Houston, LLC, a Texas limited liability company ("Strathmore Houston"), SP Waller, LLC, a Texas limited liability company ("SP Waller" and, together with Strathmore Products, Strathmore Longview and Strathmore Houston, the "Sellers"), Eric T. Burr ("Burr") and William M. Udovich ("Udovich" and, together with Burr, the "Shareholders"), and The Whitmore Manufacturing Company, a Delaware corporation that is the parent of the Purchaser ("Whitmore").

RECITALS:

WHEREAS, upon and subject to the terms and conditions set forth herein, the Sellers propose to sell to the Purchaser, and the Purchaser proposes to purchase from the Sellers, substantially all of the assets used or held for use by the Sellers in the conduct of their respective businesses, and the Purchaser proposes to assume certain of the liabilities and obligations of the Sellers as set forth herein.

NOW, THEREFORE, in consideration of the respective representations, warranties, covenants, agreements and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, each Party hereby agrees as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. The following terms, as used herein, have the meanings set forth below:

"AAA" has the meaning set forth in Section 11.15(a).

"AAA Rules" has the meaning set forth in Section 11.15(a).

"Accounting Referee" has the meaning set forth in Section 3.5(d).

"Accounts Receivable" means all trade accounts receivable and notes receivable evidencing obligations of third parties to make payment to the Sellers, excluding advances and receivables due from the Sellers and their Affiliates.

"Affiliate" of any specified Person means any other Person that directly or indirectly, through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such specified Person.

"Allocation Principles" has the meaning set forth in Section 3.7.

"Arbiter" has the meaning set forth in Section 11.15(a).

"Assets" has the meaning set forth in Section 2.1.

"Assignment and Assumption Agreement" has the meaning set forth in Section 9.1(l).

"Assumed Contracts" has the meaning set forth in Section 2.1(e).

"Assumed Liabilities" has the meaning set forth in Section 2.3(b).

"Business" means the businesses of the Sellers on the date of this Agreement, including, without limitation, the manufacture or distribution of industrial coatings products and any services related thereto.

"Business Day" means any day except Saturday, Sunday or any day on which The Federal Reserve Bank of New York is closed for business.

"Cap" has the meaning set forth in Section 10.5(a).

"Cash" means cash, cash equivalents and marketable securities.

"Cash Consideration" has the meaning set forth in Section 3.1.

"Cause" shall include, but not be limited to, any of the following: (i) any material or repetitive violation of Whitmore or Purchaser policy, rule, regulation or directive, (ii) commission of an act of fraud, embezzlement, willful misconduct, dishonesty or breach of fiduciary duty, (iii) use (including being under the influence) or possession of illegal drugs, (iv) use of alcohol that impedes job performance; (v) violation of state or federal laws applicable to Whitmore or Purchaser, (vi) misappropriation of funds or of any corporate opportunity, (vii) commission of any act that would constitute a felony, (viii) gross, willful or wanton negligence in rendering services to Whitmore or Purchaser, (ix) conduct, whether in connection with the performance of duties as an employee or outside of employment, that could reasonably be expected to result in material prejudice to the interests of Whitmore or Purchaser if employee fails to cease such conduct immediately after receipt of notice by Whitmore or Purchaser to cease such conduct and (x) acceptance of employment with any other employer.

"Clay Remediation" has the meaning set forth in Section 7.12.

"Closing" means the consummation of the purchase and sale of the Assets, as set forth in Article VIII of this Agreement.

"Closing Date" means the date on which the Closing occurs.

"Closing Date Indebtedness" means, without duplication, (i) the principal of and accrued interest in respect of (A) any indebtedness of the Sellers (or indebtedness of a Shareholder on behalf of any Seller) for borrowed money and (B) any indebtedness of the Sellers evidenced by notes, debentures, bonds or other similar instruments for the payment of which any Seller is responsible or liable; (ii) all obligations of the Sellers issued or assumed as the deferred purchase

price of property, all conditional sale obligations of the Sellers and all obligations of the Sellers under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the ordinary course of business consistent with past practice and included in the Assumed Liabilities); (iii) all obligations of the Sellers under leases required to be capitalized in accordance with GAAP; (iv) all obligations of the Sellers for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) all obligations of the type referred to in clauses (i) through (iv) of the Sellers for the payment of which any Seller is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; (vi) all obligations of the type referred to in clauses (i) through (v) of another Person secured by any Lien on any asset or property of any Seller (whether or not such obligation is assumed by such Seller); (vii) any unpaid interest, fees, costs or expenses incurred in connection with any Indebtedness specified in clauses (i) through (vi) above or under any related facility; and (viii) any early termination or repayment penalties reasonably anticipated to be incurred upon the termination or repayment in full, on or about the Effective Date, of any Closing Date Indebtedness specified in clauses (i) through (vi) above or under any related facility.

"Closing Date Press Release" has the meaning set forth in Section 7.2.

"Closing Statement" has the meaning set forth in Section 3.2.

"COBRA Coverage" means continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA and any applicable state Law.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Common Stock" has the meaning set forth in Section 4.3(a).

"Confidential Information" means any data or information concerning the Sellers (including trade secrets), without regard to form, regarding (for example and including) (a) business process models; (b) proprietary software; (c) research, development, products, services, marketing, selling, business plans, budgets, unpublished financial statements, licenses, prices, costs, Contracts, suppliers, customers, and customer lists; (d) the identity, skills and compensation of employees, contractors, and consultants; (e) specialized training; and (f) discoveries, developments, trade secrets, processes, formulas, data, lists, and all other works of authorship, mask works, ideas, concepts, know-how, designs, and techniques, whether or not any of the foregoing is or are patentable, copyrightable, or registrable under any intellectual property Laws or industrial property Laws in the United States or elsewhere. Notwithstanding the foregoing, no data or information constitutes "Confidential Information" if such data or information (i) is or becomes generally available to the public through means that do not involve a breach by any Seller or any Shareholder of any covenant or obligation set forth in this Agreement or (ii) is required to be disclosed by applicable Laws, including applicable securities laws and regulations.

"Contingent Consideration" has the meaning set forth in Section 3.1.

"Contract" means any contract, sub-contract, agreement, lease, license, commitment, sale and purchase order, note, loan agreement or any other arrangement or understanding of any kind, whether written or oral, and whether express or implied.

"Control" means, when used with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise.

"Copyrights" means copyrights and registrations and applications therefor, works of authorship and mask work rights.

"Creditors' Rights" has the meaning set forth in Section 4.2.

"Current Assets" means Cash (other than the Reserve Account), Accounts Receivable, inventories (excluding LIFO inventory reserve), employee advances, Pre-Paid Expenses and all other current assets of the Sellers, determined in accordance with GAAP as of the Effective Date and, to the extent inconsistent therewith, on the same basis as used in computing the sample Net Working Capital set forth on Exhibit A (the "Sample Working Capital"), which the parties hereto acknowledge and agree is for illustrative purposes only and was used to derive the Target Net Working Capital, including adjustments reflected thereon but excluding Cash.

"Current Liabilities" means accounts payable, accrued expenses, accrued payroll expenses, and all other current liabilities of the Sellers, excluding the current portion of debt, accrued interest and accrued Taxes, determined in accordance with GAAP, as of the Effective Date and, to the extent inconsistent therewith, on the same basis as used in computing the Sample Working Capital, including adjustments reflected thereon.

"Deferred Compensation Agreement" has the meaning set forth in Section 9.1(r)

"Deferred Compensation Escrow Amount" has the meaning set forth in Section 3.3(a)(iv).

"Direct Claim" has the meaning set forth in Section 10.3(c).

"Earnout Payment" has the meaning set forth in Section 3.6(a).

"Earnout Report" has the meaning set forth in Section 3.6(b).

"EBITDA" has the meaning set forth in Section 3.6.

"Employee" means any full-time or part-time employee of any Seller (including any member of management).

"Employee Benefit Plan" means, with respect to any Person, each plan, fund, program, agreement, arrangement or scheme that is at any time sponsored or maintained by such Person or to which such Person makes or has an obligation to make, contributions providing benefits to the current or former employees, directors, managers, officers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them

(whether written or oral), or with respect to which such Person has any liability or obligation, including (a) each deferred compensation, bonus, incentive compensation, pension, retirement, employee stock ownership, stock purchase, stock option, profit sharing or deferred profit sharing, stock appreciation, phantom stock plan and other equity compensation plan, "welfare" plan (within the meaning of Section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA), (b) each "pension" plan (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is either subject to ERISA or is tax-qualified under the Code), (c) each severance plan or agreement, and each other plan providing health, vacation, supplemental unemployment benefit, hospitalization insurance, medical, dental, disability, life insurance, death or survivor benefits, fringe benefits or legal benefits and (d) each other employee benefit plan, fund, program, agreement or arrangement.

"Environmental Costs and Liabilities" means, with respect to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person or in response to any violation of Environmental Law, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or to the extent based upon, related to, or arising under or pursuant to any Environmental Law, Environmental License, order or agreement with any Governmental Entity or other Person, which relates to any environmental, health or safety condition, violation of Environmental Law or a Release of Hazardous Materials.

"Environmental Laws" means all foreign, federal, state or local statutes, regulations, ordinances, rules of common law or other legal requirements, currently, previously or hereafter in effect, in any way relating to the protection of human health and safety, the environment or natural resources including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as each has been or may be amended and the regulations promulgated pursuant thereto, and all analogous state laws.

"Environmental Licenses" means any License required by Environmental Laws for the operation of the Seller.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that together with any Seller would be deemed a "single employer" within the meaning of Section 414 of the Code.

"ERISA Affiliate Plan" means each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by any ERISA Affiliate, or to which such ERISA Affiliate makes or has made, or has or has had an obligation to make, contributions at any time, or with respect to which such ERISA Affiliate has any liability or obligation.

"Escrow Agent" has the meaning set forth in Section 3.3(a)(ii).

"Escrow Agreement" has the meaning set forth in Section 3.4.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Final Working Capital Schedule" means a statement of Net Working Capital, as finally determined pursuant to Section 3.5.

"Financial Statement Date" has the meaning set forth in Section 4.11.

"Financial Statements" has the meaning set forth in Section 4.11.

"FMLA" means the United States Family and Medical Leave Act.

"Fraud Claims" shall have the meaning set forth in Section 10.5(a).

"Fundamental Representations" shall have the meaning set forth in Section 10.5(a).

"FY 2017" has the meaning set forth in Section 3.6(b).

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any international, national, provincial, regional, federal, state, municipal or local executive, legislative, judicial, regulatory or administrative agency, department, commission, board, bureau or other governmental or quasi-governmental authority or instrumentality.

"Hazardous Materials" means any pollutant, chemical or substance, any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical or chemical compound, and any hazardous substance, material or waste, whether solid, liquid or gas, in each case that is subject to regulation, control or remediation under any Environmental Laws, including any quantity of friable asbestos, urea formaldehyde, polychlorinated biphenyls, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or derivatives.

"Indemnified Party" means a Purchaser Indemnified Party or a Seller Indemnified Party.

"Indemnifying Party" has the meaning set forth in Section 10.3(a).

"Indemnity Escrow Amount" has the meaning set forth in Section 3.3(a)(ii).

"Intellectual Property" means any or all of the following and all rights, arising out of or associated therewith anywhere in the world: (a) all patents and applications therefore and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements,

proprietary information, know-how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (c) all copyrights, copyright registrations and applications therefore, and all other rights corresponding thereto; (d) all industrial designs and any registrations and applications therefore; (e) all internet uniform resource locators, domain names, trade names, logos, slogans, designs, common law trademarks and service marks, trademark and service mark registrations and applications therefore; (f) all Software, databases and data collections and all rights therein; (g) all moral and economic rights of authors and inventors, however denominated; and (h) any similar or equivalent rights to any of the foregoing.

"Intellectual Property Licenses" means (i) any grant to a third Person of any right to use any of the Intellectual Property, and (ii) any grant to any Seller of a right to use a third Person's intellectual property rights.

"Interim Financial Statement Date" has the meaning set forth in Section 4.11.

"Interim Financial Statements" has the meaning set forth in Section 4.11.

"IRS" has the meaning set forth in Section 3.7.

"KATS Coatings" means a division of Whitmore engaged in the manufacture and distribution of water-based coatings in the automotive, aerospace, oil and gas, and construction industries.

"Knowledge" means with respect to any Shareholder, all facts known by such Shareholder, and with respect to any Seller, all facts known by Burr and/or Udovich or which reasonably should have been known by Burr and/or Udovich in the reasonably prudent exercise of his duties as an employee and executive officer of such Seller, under similar circumstances.

"Laws" means all laws, statutes, codes, ordinances, orders, rules, regulations, judgments, decrees, injunctions, franchises, permits, certificates, licenses, authorizations, or other directional requirements of any Governmental Entity.

"Licenses" means all licenses, permits (including environmental, construction and operation permits), franchises, certificates, approvals, exemptions, classifications, registrations, certifications and other similar authorizations issued by any Governmental Entity or other Person, and applications therefor.

"Liens" means all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever.

"Losses" means any and all claims, liabilities, obligations, damages, losses, penalties, fines, judgments, costs and expenses (including out-of-pocket amounts paid in settlement, costs of investigation and attorneys' fees and expenses), whenever arising or incurred, and whether arising out of a third party claim.

"Material Adverse Effect" means any state of facts, change, event, effect or occurrence (when taken together with all other states of facts, changes, events, effects or occurrences) that has or has had, or is reasonably likely to have a materially adverse effect on the financial

condition, Business, results of operations, properties, assets or liabilities of any Seller as a whole, or the Assets as a whole and shall also include any state of facts, change, event or occurrence that shall have occurred or has been overtly threatened that (when taken together with all other states of facts, changes, events, effects or occurrences that have occurred or have been overtly threatened) materially impedes the ability of the Sellers to consummate the transactions contemplated hereby.

"Membership Interests" has the meaning set forth in Section 4.3(a)(ii).

"Net Working Capital" means the Current Assets included in the Assets less the Current Liabilities of the Sellers.

"Net Working Capital Escrow Amount" has the meaning set forth in Section 3.3(a)(iii).

"No Further Action Status" means (a) a written determination received from the Governmental Entity having jurisdiction over such matter that all Remedial Action required to meet industrial cleanup standards pursuant to applicable Environmental Law has been completed; and (b) if applicable Environmental Laws do not provide for such a written determination, or if, after commercially reasonable efforts by the Sellers, the relevant Governmental Entity has not responded to a request for such a determination, when all cleanup activities required to meet industrial cleanup standards pursuant to applicable Environmental Laws and conducted pursuant to a workplan approved by the appropriate Governmental Entity have been completed, and certified in writing as conforming to such criteria by an environmental professional reasonably acceptable to the Purchaser.

"Notice of Claim" has the meaning set forth in Section 10.3(c).

"Owned Property" has the meaning set forth in Section 4.6(a).

"Party" means, individually, the Purchaser, each Seller and each Shareholder.

"Parties" means, collectively, the Purchaser, the Sellers and the Shareholders.

"Patents" means all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon.

"Payoff Letters" has the meaning set forth in Section 9.1(m).

"Permitted Encumbrances" means easements or rights of use of record created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the corresponding right to install, use, maintain, repair and replace wires, cables, terminal boxes, lines, service connections, poles, mains and facilities, upon, under and across any of the Owned Property and such encumbrances set forth in Schedule 4.6.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, trust, Governmental Entity, or other organization.

"Plant Employees" has the meaning set forth in Section 7.3(h).

"Pre-Paid Expenses" shall mean all pre-paid expenses excluding (i) that portion of property taxes allocated to the Sellers after prorating such property taxes between the Purchaser and the Sellers as of the Effective Date and (ii) insurance payments.

"Pre-Closing Tax Period" means any taxable period ending on or before the Effective Date and, with respect to any taxable period beginning before and ending after the Effective Date, the portion of such taxable period ending on and including the Effective Date.

"Pro Rata Portion" with respect to any Shareholder means an amount equal to the product of (a) such Shareholder's percentage ownership of the outstanding equity interests of the Sellers and (b) the Purchase Price as adjusted pursuant to Section 3.5.

"Purchase Price" has the meaning set forth in Section 3.1.

"Purchaser Ancillary Documents" means any certificate, agreement, document or other instrument, other than this Agreement, to be executed and delivered by the Purchaser in connection with the transactions contemplated hereby.

"Purchaser Benefit Plan" means any Employee Benefit Plan maintained by the Purchaser or any of its Affiliates.

"Purchaser Basket" has the meaning set forth in Section 10.5(a).

"Purchaser Group Health Plan" has the meaning set forth in Section 7.3(b).

"Purchaser Indemnified Parties" means the Purchaser and its Affiliates, their respective officers, directors, employees, agents and representatives and the heirs, executors, successors and assigns of any of the foregoing.

"Purchaser Losses" has the meaning set forth in Section 10.1.

"Real Property" has the meaning set forth in Section 4.6(a).

"Real Property Lease" has the meaning set forth in Section 4.6(a).

"Release" means any material release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

"Remedial Action" means all actions to (i) clean up, remove, treat or in any other way address any Hazardous Material; (ii) prevent the Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) to correct a condition of noncompliance with Environmental Laws.

"Reserve Account" means approximately $800,000 held by Strathmore Products in reserve for the payment of warranty claims to Trinity Industries, Inc. or its Affiliates ("Trinity"). Schedule 1.1 sets forth the specific amounts held in the Reserve Account.

"Scheduled Licenses" has the meaning set forth in Section 4.26.

"Seller Ancillary Documents" means any certificate, agreement, document or other instrument, other than this Agreement, to be executed and delivered by any Seller or a Shareholder in connection with the transactions contemplated hereby.

"Seller Benefit Plan" means each Employee Benefit Plan sponsored or maintained by any Seller or to which any Seller makes or has made, or has an obligation to make, contributions at any time or with respect to which any Seller has any liability or obligation.

"Seller Indemnified Parties" means the Sellers and the Shareholders and their respective Affiliates, and their respective officers, directors, managers, members, employees, agents and representatives and the heirs, executors, successors and assigns of any of the foregoing.

"Seller Losses" has the meaning set forth in Section 10.2.

"Severance Costs" means severance and other costs and related benefits to which any Transferred Employee is entitled for any reason as a result of the termination of his employment with any Seller as of the Closing, including, without limitation, vacation pay, accrued salary, wages, commissions and bonuses (subject to customary withholdings).

"Software" means any computer software program, together with any error corrections, updates, modifications, or enhancements thereto, in both machine-readable form and human-readable form, including all comments and any source code and procedural code.

"SP Waller Membership Interests" has the meaning set forth in Section 4.3(a)(ii).

"Specifically Excluded Liabilities" has the meaning set forth in Section 2.4.

"Specified Employees" has the meaning set forth in Section 3.6(c).

"Strathmore Houston Membership Interests" has the meaning set forth in Section 4.3(a)(ii).

"Strathmore Longview Membership Interests" has the meaning set forth in Section 4.3(a)(ii).

"Target Net Working Capital" means an amount equal to $9,645,000.

"Taxes" means (i) all taxes, assessments, charges, duties, fees, imposts, levies and other charges of a Governmental Entity, including all income, franchise, capital stock, real property, ad valorem, personal property, tangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, disability, severance, stamp, occupation, transfer, sales, use, excise, gross receipts, value-added and all other taxes of any kind whatsoever; (ii) any interest, penalties, fines, additions to tax or additional amounts imposed in connection with any item described in clause (i); and (iii) any liability in respect of any items described in clauses (i) or (ii) payable by reason of Contract, assumption, transferee liability, operation of law, Treasury Regulations Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar federal, state and local or foreign Law), or otherwise imposed by any Governmental Entity.

"Tax Return" means any report, return, declaration or other information, in whatever form or medium, required to be supplied to a Governmental Entity in connection with Taxes, including estimated returns and reports of every kind with respect to Taxes.

"Territory" means the United States, Canada and Mexico.

"Third-Party Claim" has the meaning set forth in Section 10.3(a).

"Trade Secrets" means discoveries, concepts, ideas, research and development, know-how, formulae, inventions, compositions, product formulations, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary and confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of the Sellers, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents.

"Transferred Employee" has the meaning set forth in Section 7.3(a).

"Transition Services Agreement" has the meaning set forth in Section 9.1(q).

"Treasury Regulations" means the temporary and final income Tax regulations promulgated under the Code by the United States Department of the Treasury.

"Working Capital Deficit" means the amount by which the Net Working Capital is less than the Target Net Working Capital.

"Working Capital Schedule" means a statement of Net Working Capital, as delivered pursuant to Section 3.5(a).

"Working Capital Surplus" means the amount by which the Net Working Capital is more than the Target Net Working Capital.

Section 1.2 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, at the Closing, the Sellers shall sell, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase, assume, acquire and accept from the Sellers, all right, title and interest of the Sellers in and to, except for the Excluded Assets, all of their respective assets, properties and rights of every kind, nature, character and description, whether real, personal or mixed, whether tangible or intangible, and wherever situated, in existence on the Closing Date (such assets, properties and rights being referred to as the "Assets"), free and clear of all Liens. The

Assets shall include, without limitation, each Seller's right, title and interest in and to the following assets, properties and rights:

(a) deposits, advances (including employee advances), Pre-Paid Expenses and credits;

(b) all accounts or notes receivable of, and any other amounts due to, such Seller, including the proceeds thereof and any security therefor;

(c) all inventory of such Seller, wherever located;

(d) all fixed assets, vehicles, equipment, machinery, tools, furnishings, computer hardware and fixtures, and all other tangible personal property, including those items set forth on Schedule 2.1(d);

(e) all Contracts, including the Contracts set forth on Schedule 2.1(e) (the "Assumed Contracts");

(f) all causes of action, lawsuits, judgments, claims and demands of any nature, whether arising by way of counterclaim or otherwise, relating to the Assets or the Business;

(g) all express or implied guarantees, warranties, representations, covenants, indemnities and similar rights relating to the Assets or the Business;

(h) all Licenses, including those set forth on Schedule 4.26;

(i) the Intellectual Property and the Trade Secrets, and all Intellectual Property and Trade Secrets rights associated with the foregoing;

(j) all insurance claims, proceeds and awards receivable with respect to any of the Assets that arise from or relate to events occurring prior to or on the Closing Date;

(k) the Real Property;

(l) information, files, correspondence, records, data, plans, reports, and recorded knowledge, including customer, supplier, price and mailing lists, and all accounting or other books and records of the Sellers in whatever media retained or stored, including computer programs and disks, provided however, the Purchaser shall provide copies of such of the foregoing to the Sellers and the Shareholders in the case of an audit or as shall be necessary in the defense of an action (or as a third party plaintiff in connection with the defense of an action) by any Governmental Authority or any other Person alleged against Sellers and/or Shareholders subsequent to Closing;

(m) all rights to Strathmore Products' bank accounts, including the Reserve Account, and all Cash of any Seller as of the Effective Date and continuing until the Closing; and

(n) any and all goodwill related to or arising from the Sellers or the Business.

Section 2.2 Excluded Assets. Notwithstanding anything to the contrary set forth herein, the Assets shall not include the following assets, properties and rights of any Seller (collectively, the "Excluded Assets"):

(a) rights to bank accounts of the Sellers other than Strathmore Products;

(b) any right, title or interest in and to any equity interest in such Seller;

(c) ownership and other rights with respect to the Seller Benefit Plans;

(d) (i) the certificate of incorporation and bylaws, minute books and shareholder records of such Seller and (ii) such other books and records relating to the organization, existence or capitalization of such Seller;

(e) the rights that accrue to such Seller hereunder and the agreements and instruments delivered to such Seller by the Purchaser pursuant to this Agreement;

(f) any claim, right, or interest in or to any refund for federal, state, or local franchise, income, or other Taxes or fees of any nature whatsoever for Pre-Closing Tax Periods and any interest (or similar amount) thereon; and

(g) any right, property or asset that is described on Schedule 2.2(g).

Section 2.3 Assumption of Assumed Liabilities.

(a) Except as provided in Section 2.3(b), and notwithstanding anything to the contrary contained herein, the Purchaser shall not assume, in connection with the transactions contemplated hereby, any liability or obligation of any Seller whatsoever, whether known or unknown, disclosed or undisclosed, accrued or hereafter arising, absolute or contingent, and the Sellers shall retain responsibility for all such liabilities and obligations.

(b) Effective as of the Closing, the Purchaser shall assume and thereafter in due course pay, fully satisfy, discharge and perform in accordance with the terms thereof the following liabilities and obligations of the Sellers (collectively, the "Assumed Liabilities"):

(i) the obligations of the Sellers under each Assumed Contract, except to the extent such obligations are required to be performed on or before the Closing Date, or accrue and relate to the operation of the Business prior to the Closing Date;

(ii) all vacation pay, sick pay and personal (paid) time off (collectively, "Vacation Pay"). Nothing in this Section 2.3(b)(ii) shall be deemed to have an impact on, affect in any matter or alter the provisions of any collective bargaining agreements in place by the Sellers; and

(iii) the current liabilities of the Sellers set forth in (and in the amounts stated therein) the Final Working Capital Schedule, as set forth on Schedule 2.3(b) hereto.

Section 2.4 Specifically Excluded Liabilities. Specifically, and without in any way limiting the generality of Section 2.3(a), the Assumed Liabilities shall not include, and in no event shall the Purchaser assume, agree to pay, discharge or satisfy any liability or obligation hereunder or otherwise have any responsibility for any liability or obligation of any Seller (together with all other liabilities that are not Assumed Liabilities, the "Specifically Excluded Liabilities"):

(a) relating to any liability or obligation (including accounts payable) owed to any Shareholder or Affiliate of such Seller;

(b) any Liability for (i) Taxes of such Seller (or any shareholder or Affiliate of such Seller) or relating to the Business, the Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) Taxes that arise out of the consummation of the transactions contemplated hereby or that are the responsibility of such Seller pursuant to Section 7.4 or (iii) other Taxes of such Seller (or any shareholder or Affiliate of such Seller) of any kind or description (including any Liability for Taxes of such Seller (or any shareholder or Affiliate of such Seller) that becomes a Liability of the Purchaser under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law);

(c) for any Closing Date Indebtedness;

(d) relating to guarantees of any indebtedness of any Person;

(e) relating to, resulting from, or arising out of, (i) claims made in pending suits, actions, investigations or other legal, governmental or administrative proceedings or (ii) claims based on violations of Law (including any Environmental Law, workers' compensation, employment practices or health and safety matters), breach of Contract, or any other actual or alleged failure of such Seller to perform any obligation (under any Law, License or Contract), in each case arising out of, or relating to, (v) acts or omissions that shall have occurred, (w) services performed or sold, (x) the ownership or use of the Assets, or (y) the operation of the Business, prior to the Closing Date;

(f) Environmental Costs and Liabilities associated with such Seller, the Assets or the Business and relating to any environmental, health or safety condition, violation of Environmental Law, a Release of Hazardous Materials, or any disposal of Hazardous Materials, in each case occurring on or before the Closing Date, including, but not limited to, any Releases of Hazardous Materials discovered as part of any investigation of the Assets conducted by the Purchaser, including the Clay Remediation;

(g) pertaining to any Excluded Asset;

(h) relating to, resulting from, or arising out of, any former operation of such Seller or an Affiliate that has been discontinued or disposed of prior to the Closing;

(i) under or relating to any Seller Benefit Plan, including any obligation or liability to make any payment or payments to any Person as a result of the transactions contemplated hereby, whether or not such liability or obligation arises prior to, on or following the Closing Date;

(j) relating to, resulting from or arising out of the employment or termination of any current or former employees of such Seller, including, without limitation, the termination of any current employees of such Seller on the Closing Date pursuant to this Agreement; and

(k) arising or incurred in connection with the negotiation, preparation and execution hereof and the transactions contemplated hereby and any fees and expenses of counsel, accountants, brokers, financial advisors or other experts of such Seller.

ARTICLE III
PURCHASE PRICE; ADJUSTMENTS; ALLOCATIONS

Section 3.1 Purchase Price. Subject to adjustment pursuant to Sections 3.3 and 3.5, the aggregate amount to be paid for the Assets (the "Purchase Price") shall be (i) an amount in cash equal to $70,000,000 (the "Cash Consideration") and (ii) subject to the conditions set forth in Section 3.6 and any set-off rights the Purchaser may have under this Agreement, the contingent payments in accordance with the terms provided in Section 3.6 (the "Contingent Consideration"). In addition to the foregoing payment, as consideration for the sale, assignment, transfer and delivery of the Assets, the Purchaser shall assume and discharge the Assumed Liabilities.

Section 3.2 Closing Statement. Within five (5) Business Days prior to the Closing Date, the Sellers will (i) deliver to the Purchaser a statement (the "Closing Statement"), signed by a duly authorized officer of each Seller, which sets forth (a) the aggregate amount of the Closing Date Indebtedness, by creditor, together with copies of the Payoff Letters, delivered in accordance with Section 9.1(m) hereof and (b) the amount of Cash on the balance sheets of the Sellers as of the Effective Date and (ii) withdraw from the Strathmore Products bank account the balance of such bank account as of March 31, 2015, *provided* that no other withdrawals have been made from such bank account between the Effective Date and the Closing Date.

Section 3.3 Payment of Cash Consideration.

(a) On the Closing Date, the Purchaser shall, from the Cash Consideration:

(i) repay or cause to be repaid on behalf of the Sellers the Closing Date Indebtedness, as set forth in the Closing Statement;

(ii) deposit an amount equal to $5,500,000 (the "Indemnity Escrow Amount") with JP Morgan Chase Bank, N.A. (the "Escrow Agent"), to be held in escrow as further provided in Section 3.4 below;

(iii) deposit an amount equal to $1,000,000 (the "Net Working Capital Escrow Amount") with the Escrow Agent, to be held in escrow as further provided in Section 3.4 below;

(iv) deposit an amount equal to $3,400,000 (the "Deferred Compensation Escrow Amount") with the Escrow Agent, to be held in escrow as further provided in Section 3.4 below;

(v) pay or cause to be paid to the Sellers, in cash by wire transfer of immediately available funds, to such accounts and in such percentages as set forth on Schedule 3.3(a)(v), an amount equal to the Cash Consideration minus (A) the amount of the Closing Date Indebtedness (as set forth in the Closing Statement), plus (B) the amount of the Cash (as set forth in the Closing Statement), minus (C) the Indemnity Escrow Amount, minus (D) the Net Working Capital Escrow Amount, minus (E) the Deferred Compensation Escrow Amount.

(b) Working Capital Adjustment. Within five (5) Business Days following the determination of the Final Working Capital Schedule in accordance with Section 3.5 below, if there is a Working Capital Deficit, the Sellers and the Shareholders shall cause to be paid to the Purchaser in cash an amount equal to the Working Capital Deficit. Within five (5) Business Days following the determination of the Final Working Capital Schedule in accordance with Section 3.5 below, if there is a Working Capital Surplus, the Purchaser shall cause an amount equal to the Working Capital Surplus to be paid to the Sellers in cash. If a dispute exists between the Sellers and the Purchaser regarding the amount of the Working Capital Deficit or Working Capital Surplus reflected in the Working Capital Schedule delivered pursuant to Section 3.5(a), the Sellers (and the Shareholders) or the Purchaser, as applicable, shall cause the uncontested amount to be paid to the other party prior to the determination of the disputed amount in accordance with Section 3.5(c).

Section 3.4 Escrow Amounts.

(a) Indemnity Escrow Amount. The Indemnity Escrow Amount shall be deposited with the Escrow Agent. The Escrow Agent shall hold the Indemnity Escrow Amount in accordance with the terms and conditions of an escrow agreement, by and among the Purchaser, the Sellers, the Shareholders and the Escrow Agent, in substantially the form attached hereto as Exhibit B (the "Escrow Agreement"). The Indemnity Escrow Amount shall remain in escrow following the Closing for disbursement to cover any indemnification claims of the Purchaser, in accordance with the terms of the Escrow Agreement, until the latest of (i) the date that is eighteen (18) months after the Closing Date, (ii) the date on which Purchaser's audited financial statements for the first full fiscal year following the Closing are completed, together with receipt of an unqualified auditor's opinion in respect thereof or (iii) if a qualified auditor's opinion is received for the first full fiscal year following the Closing, then thirty (30) months after the Closing Date, at which time the remaining and undisputed balance of the Indemnity Escrow Amount shall be released to the Sellers.

(b) Net Working Capital Escrow Amount. The Net Working Capital Escrow Amount shall be deposited with the Escrow Agent. The Escrow Agent shall hold the Net Working Capital Escrow Amount in accordance with the terms and conditions of the Escrow Agreement. The Net Working Capital Escrow Amount shall remain in escrow following the Closing for disbursement in accordance with the working capital adjustment set forth in Section 3.5, in accordance with the terms of the Escrow Agreement, until final determination of the Final Working Capital Schedule. After Sellers' payment of the Working Capital Deficit or Purchaser's payment of the Working Capital Surplus, as the case may be, the Net Working Capital Escrow Amount shall be released to the Sellers.

(c) Deferred Compensation Escrow Amount. The Deferred Compensation Escrow Amount shall be deposited with the Escrow Agent. The Escrow Agent shall hold the Deferred Compensation Escrow Amount in accordance with the terms and conditions of the Escrow Agreement. The Deferred Compensation Escrow Amount shall remain in escrow following the Closing for disbursement in accordance with the terms and provisions of the Deferred Compensation Agreement and the Escrow Agreement; provided, however, that if any such deferred compensation shall be forfeited by any employee under any Deferred Compensation Agreement, then such amounts shall be promptly distributed to the Sellers, to such accounts and in such percentages as set forth on Schedule 3.3(a)(v), as additional Purchase Price. The Deferred Compensation Escrow Amount shall only be distributed to the Purchaser or Whitmore for payment to the Specified Employees, and the Purchaser and Whitmore shall have no other rights in the Deferred Compensation Escrow Amount.

Section 3.5 Adjustment of Purchase Price.

(a) Within sixty (60) days following the Closing Date, the Purchaser shall prepare in good faith and deliver to the Shareholders a reasonably detailed Working Capital Schedule and its calculation of the Working Capital Deficit or Working Capital Surplus (as applicable) based thereon.

(b) From and after the delivery of the Working Capital Schedule pursuant to Section 3.5(a), the Purchaser shall provide the Shareholders and their representatives reasonable access to the records and employees of the Purchaser and its Affiliates and shall cause the employees of the Purchaser and its Affiliates to cooperate in all reasonable respects with the Shareholders in connection with their review of such work papers and other documents and information relating to the calculation of the Net Working Capital as set forth on the Working Capital Schedule, as the Shareholders shall reasonably request and that are available to the Purchaser and its Affiliates.

(c) The Shareholders shall have thirty (30) days following receipt of the Working Capital Schedule delivered pursuant to Section 3.5(a) during which to notify the Purchaser of any dispute of any item contained therein, which notice shall set forth in reasonable detail the basis for such dispute. The Purchaser and the Shareholders, in consultation with their respective accounting firms, shall cooperate in good faith to resolve any such dispute as promptly as possible. Upon such resolution, the Final Working Capital Schedule shall be prepared in accordance with the agreement of the Purchaser and the Shareholders and the calculation of the Working Capital Deficit or Working Capital Surplus (as applicable), based thereon shall be final and binding upon the Parties. In the event the Shareholders do not notify the Purchaser of any such dispute within such thirty (30)-day period or notify the Purchaser within such period that they do not dispute any item contained therein, the Working Capital Schedule delivered pursuant to Section 3.5(a) shall constitute the Final Working Capital Schedule and the Purchaser's calculation of the Working Capital Deficit or Working Capital Surplus (as applicable) based thereon shall be final and binding upon the Parties.

(d) In the event the Purchaser and the Shareholders are unable to resolve any dispute regarding the Working Capital Schedule delivered pursuant to Section 3.5(a) within twenty (20) days following the Purchaser's receipt of notice of such dispute pursuant to Section 3.5(c), such dispute shall be submitted to, and all issues having a bearing on such dispute shall be referred to

an independent accounting firm selected by the Purchaser and the Sellers from the list of mutually agreed upon accounting firms set forth on Schedule 3.5(d) (the "Accounting Referee"). In resolving any such dispute, the Accounting Referee shall consider only those items or amounts in the Working Capital Schedule as to which the Shareholders have disagreed. The Accounting Referee's determination of the Working Capital Schedule and the Working Capital Deficit or Working Capital Surplus (as applicable) based thereon shall be final and binding on the Parties. The Accounting Referee shall use commercially reasonable efforts to complete its work within thirty (30) days following its engagement. The Purchaser shall pay that percentage of the costs and expenses of the Accounting Referee equal to the quotient obtained by dividing (A) the amount of the Net Working Capital as determined by the Accounting Referee less the amount of the Net Working Capital proposed by the Purchaser, by (B) the amount of the Net Working Capital as proposed by the Shareholders less the amount of the Net Working Capital proposed by the Purchaser, and the Shareholders shall pay the remainder of such costs and expenses.

Section 3.6 Contingent Consideration. Subject to the terms and conditions of this Section 3.6, the Purchaser shall pay to the Sellers the Contingent Consideration, as follows:

(a) The Purchaser shall pay or cause to be paid to the Sellers, in cash by wire transfer of immediately available funds, to such accounts and in such percentages as set forth on Schedule 3.3(a)(v), an amount (the "Earnout Payment") equal to (i) $6,500,000 if the EBITDA of the Purchaser (excluding any EBITDA contributed by KATS Coatings) for FY 2017 (as defined below) is equal to or in excess of $12,500,000 but less than $15,000,000, (ii) $16,500,000 if the EBITDA of the Purchaser (excluding any EBITDA contributed by KATS Coatings) for FY 2017 is equal to or in excess of $15,000,000 or (iii) the pro rata portion of the $10,000,000 in incremental consideration ($16,500,000 minus $6,500,000) if the EBITDA of the Purchaser (excluding any EBITDA contributed by KATS Coatings) for FY 2017 is greater than $12,500,000 but less than $15,000,000; provided, however, that the EBITDA of the Purchaser for the twelve-month period ended March 31, 2016 (including any EBITDA contributed by KATS Coatings) is equal to at least $10,500,000. "EBITDA" means earnings before interest, taxes, depreciation and amortization, adjusted to exclude any management fees, administrative fees or other expenses paid or payable to Whitmore, its Affiliates and/or its subsidiaries that are not directly related to the operation of the Purchaser. For purposes of determining EBITDA, the historical accounting policies and practices of the Sellers shall be used, whereby all expenditures for assets greater than or equal to $7,500 shall be capitalized and all expenditures less than $7,500 shall be expensed. The authorization of capital expenditures shall be subject to modification by Purchaser and/or Whitmore, in its sole discretion, based upon the timing of anticipated customer acquisitions and market conditions. The Purchaser shall develop a capital expenditure budget within a reasonable time period after Closing. Sellers and certain key employees of Sellers may make recommendations regarding the capital expenditure budget. Such recommendations shall be subject to Purchaser's approval.

(b) Within thirty (30) days (or as soon as reasonably practicable but in no event more than sixty (60) days) after receipt of the audit report for the twelve-month period ended March 31, 2017 ("FY 2017"), the Purchaser will prepare and deliver to the Shareholders a report setting forth the calculation of the Earnout Payment, if any, due to the Shareholders (the "Earnout Report"). In the event the Shareholders do not notify the Purchaser of an objection to the calculation of the Earnout Payment within ten (10) days after receipt of the Earnout Report, the

calculation of the Earnout Payment contained in the Earnout Report shall be final and binding upon the Parties and the Purchaser shall pay the amount of the Earnout Payment to Sellers within ninety (90) days after delivery of the Earnout Report. In the event the Shareholders dispute the calculation of the Earnout Payment and are unable to resolve any such dispute with the Purchaser within fifteen (15) days following the Purchaser's receipt of notice of such dispute, such dispute shall be submitted to, and all issues having a bearing on such dispute shall be referred to the Accounting Referee. The Accounting Referee's determination of the Earnout Payment shall be final and binding on the Parties. The Purchaser shall pay that percentage of the costs and expenses of the Accounting Referee equal to the quotient obtained by dividing (A) the amount of the Earnout Payment as determined by the Accounting Referee less the amount of the Earnout Payment proposed by the Purchaser, by (B) the amount of the Earnout Payment as proposed by the Shareholders less the amount of the Earnout Payment proposed by the Purchaser, and the Shareholders shall pay the remainder of such costs and expenses. If the proposed Earnout Payment is less than $16,500,000, then Sellers and their accountants shall have the right to inspect the books and records of the Purchaser (and to the extent necessary, the books and records of Whitmore or the Purchaser's Affiliates), during ordinary business hours after reasonable advance notice to the Purchaser, to verify the calculation of the Earnout Payment. Any Earnout Payment paid or delivered to Sellers pursuant to this Section 3.6 shall be treated by all Parties as additional Purchase Price and allocated as goodwill.

(c) Notwithstanding anything to the contrary herein contained, the Purchaser shall operate itself in the manner it determines, in its sole discretion, is in the best interests of the Purchaser, and no party hereto shall assert that such operation caused the Purchaser to fail to achieve a particular level of EBITDA; provided, however, that the Purchaser agrees to maintain the employment of all employees set forth on Schedule 3.6(c) (the "Specified Employees"), until March 31, 2017, except for any such Specified Employee that is terminated for Cause.

(d) If and to the extent that the Purchaser does not pay the Earnout Payment, if any, due to the Sellers pursuant to Section 3.6(a), then Whitmore shall pay or cause to be paid to the Sellers, in cash by wire transfer of immediately available funds, to such accounts and in such percentages as set forth on Schedule 3.3(a)(v), the Earnout Payment due to the Sellers pursuant to Section 3.6(a), less any amounts paid to the Sellers by the Purchaser pursuant to Section 3.6(a).

Section 3.7 Allocation of Purchase Price. The Purchase Price and the Assumed Liabilities (plus other relevant items) shall be assigned and allocated to the Assets as determined by the mutual agreement of the Parties (the "Allocation Principles"), and all Parties shall make consistent use of such Allocation Principles for all Tax purposes and in all filings, declarations and reports with the relevant tax authorities and, if required, Internal Revenue Service (the "IRS") in respect thereof, including the reports required to be filed under Section 1060 of the Code. For further clarity, it is hereby understood that the Parties shall jointly prepare IRS Form 8594 within a reasonable time after the date hereof if such form is required to be filed with the IRS. In any proceeding related to the determination of any Tax, neither the Sellers nor the Purchaser shall contend or represent that such allocation is incorrect. Any adjustments to the Purchase Price pursuant to Section 3.5 herein shall be allocated in a manner consistent with the Allocation Principles.

Section 3.8 Payment. All payments required to be made under this Article III or any other provision hereof shall be made in U.S. Dollars, in cash by wire transfer of immediately available funds to such bank accounts as shall be designated in writing by the Purchaser or the Sellers, as applicable.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLERS AND THE SHAREHOLDERS

The Sellers and the Shareholders, jointly and severally, represent and warrant to the Purchaser as follows:

Section 4.1 Organization.

(a) Strathmore Products is a corporation duly formed, validly existing and in good standing under the Laws of the State of New York and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of Strathmore Longview, Strathmore Houston and SP Waller is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of its formation and has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as now being conducted. None of the Sellers is registered as a foreign corporation or limited liability company, as applicable, to transact business under the Laws of any other jurisdiction and no Seller engages in any activities in any other jurisdiction that requires such qualification or registration. The Sellers have made available to the Purchaser true, correct and complete copies of their certificates of incorporation, articles of organization, bylaws and operating agreements, as applicable, each as currently in effect, and their respective record books with respect to actions taken by their boards of directors, managers, shareholders and members, as applicable.

(b) No Seller owns, directly or indirectly, any capital stock or other equity, securities or interests in any other corporation or in any limited liability company, partnership, joint venture or other Person, other than interests held between and among the Sellers and set forth on Schedule 4.1(b).

(c) Except as set forth on Schedule 4.1(c), there are no assets, properties or rights (whether real, personal or mixed and whether tangible or intangible) that are owned or used by any Seller that are not related to or utilized in the Business. There are no liabilities of any Seller of any kind whatsoever, whether accrued, contingent, absolute or otherwise, that are not related to the Business.

Section 4.2 Authorization. The Sellers have the requisite corporate and limited liability company power and authority, as applicable, to execute and deliver this Agreement and the Seller Ancillary Documents and to perform their respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Seller Ancillary Documents by the Sellers, the performance by the Sellers of their respective obligations hereunder and thereunder, and the consummation of the transactions provided for herein and therein have been duly and validly

authorized by all necessary corporate and limited liability company action, as applicable, on the part of the Sellers. This Agreement and the Seller Ancillary Documents have been duly and validly executed and delivered by the Sellers and, assuming the due execution and delivery of this Agreement and, as applicable, any Seller Ancillary Document, by the Purchaser, constitute valid and binding obligations of the Sellers enforceable against the Sellers in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar Laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) ("Creditors' Rights").

Section 4.3 Capitalization.

(a) (i) The number of shares of capital stock that Strathmore Products has authority to issue is one thousand (1000) shares of common stock, par value One Hundred Dollars and 00/100 ($100.00) per share (the "Common Stock"), of which one hundred (100) shares have been issued, consisting of fifty (50) shares that were issued and are no longer outstanding and fifty (50) shares that are issued and outstanding, which issued and outstanding shares are owned beneficially and of record by the Shareholders. The shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable, and were not issued in violation of any preemptive rights or any federal or state securities Law.

(ii) The membership interests of (A) Strathmore Longview are owned fifty percent (50%) by Udovich and fifty percent (50%) by Burr (the "Strathmore Longview Membership Interests"), (B) Strathmore Houston are owned one hundred percent (100%) by Strathmore Products (the "Strathmore Houston Membership Interests") and (C) SP Waller are owned fifty percent (50%) by Udovich and fifty percent (50%) by Burr (the "SP Waller Membership Interests" and, together with the Strathmore Longview Membership Interests and the Strathmore Houston Membership Interests, the "Membership Interests"). As of the date hereof, there are no Membership Interests held in treasury. All of the outstanding Membership Interests were duly authorized for issuance and are validly issued, fully paid and non-assessable.

(b) There are (i) no authorized or outstanding options, warrants, calls, securities, rights (preemptive or other), subscriptions, commitments or other Contracts that give any Person the right to purchase, subscribe for or otherwise receive or be issued any shares of capital stock or membership interests of the Sellers or any security convertible into or exchangeable or exercisable for any shares of capital stock or membership interest of the Sellers, (ii) no outstanding debt or equity securities of the Sellers which upon the conversion, exchange, or exercise thereof would require the issuance, sale, or transfer by the Sellers of any new or additional equity interests in the Sellers (or any other securities of the Sellers which, whether after notice, lapse of time, or payment of monies, are or would be convertible into or exchangeable or exercisable for equity interests in the Sellers), (iii) no agreements or commitments obligating the Sellers to repurchase, redeem or otherwise acquire any shares of capital stock or membership interests of the Sellers, and (iv) except as set forth on Schedule 4.3(b), no outstanding or authorized stock appreciation rights, phantom stock or stock rights in respect of the Sellers. The Sellers have not issued any voting indebtedness.

(c) There is no proxy, stockholder agreement, voting trust or other agreement or understanding to which any Seller or any Shareholder is a party or by which it is bound relating to the voting of any shares of capital stock or membership interests of any Seller and there are no rights to participate in the equity, income or election of directors, managers or officers of any Seller.

Section 4.4 Absence of Restrictions and Conflicts. The execution, delivery and performance by the Sellers of this Agreement and the Seller Ancillary Documents, as applicable, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the terms and conditions hereof and thereof do not or shall not (as the case may be), with or without the passing of time or the giving of notice or both, (a) contravene or conflict with any term or provision of the certificate of incorporation, articles of organization, bylaws or operating agreement, as applicable, of any Seller, (b) violate or conflict with, constitute a material breach of or material default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel any Contract to which any Seller is a party, including the Assumed Contracts, (c) contravene or conflict with any judgment, decree or order of any Governmental Entity to which any Seller is a party or by which any Seller or any of its respective properties are bound, (d) contravene or conflict with any Law or arbitration award applicable to any Seller or (e) result in the creation or imposition of any Lien on any Asset.

Section 4.5 Required Consents. Schedule 4.5 sets forth each action, consent, approval, notification, waiver, authorization, order or filing under any Law, License or Contract to which each Seller is a party that is necessary with respect to the execution, delivery and performance of this Agreement or the Seller Ancillary Documents to avoid a breach or violation of, or giving rise to any right of termination, cancellation or acceleration of any right or obligation or to a loss of any benefit under any such Law, License or Contract. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required with respect to any Seller in connection with the execution, delivery or performance of this Agreement or the Seller Ancillary Documents or the consummation of the transactions contemplated hereby other than as listed or described on Schedule 4.5.

Section 4.6 Real Property.

(a) Schedule 4.6 sets forth a complete list of (i) all real property and interests in real property owned in fee by the Sellers (collectively, the "Owned Properties") and (ii) all real property and interests in real property leased by the Sellers (collectively, the "Real Property Leases" and, together with the Owned Properties, the "Real Property") as lessee or lessor. The Sellers have good and marketable fee title to all Owned Property, free and clear of all Liens of any nature whatsoever except Liens set forth on Schedule 4.6 and the Permitted Encumbrances. The Real Property constitutes all interests in real property currently used or currently held for use in connection with the Business and which are necessary for the continued operation of the Business as currently conducted. All of the Real Property, buildings, fixtures and improvements thereon owned or leased by the Sellers are in good operating condition and repair (subject to normal wear and tear) in all material respects. The Sellers have delivered or otherwise made available to the Purchaser accurate and complete copies of (i) all deeds, title reports and surveys for the Owned Properties and (ii) the Real Property Leases, together with all amendments, modifications or supplements, if any, thereto.

(b) The Sellers have valid and enforceable leasehold interests under each of the Real Property Leases, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Each of the Real Property Leases is in full force and effect, and no Seller has received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by such Seller under any Real Property Lease and, to the Knowledge of the Sellers and/or the Shareholders, no other party is in default thereof, and no party of any of the Real Property Leases has exercised any termination rights with respect thereto.

(c) Except as set forth on Schedule 4.6(c), the Sellers have all certificates of occupancy and Licenses of any Governmental Entity necessary or useful for the current use and operation of the Real Property, and the Sellers have fully complied with all material conditions of the Licenses applicable to them. No default or violation, or event that with the lapse of time or giving of notice or both would become a material default or violation, has occurred in the due observance of any License.

(d) There does not exist any actual or, to the Knowledge of the Sellers and/or the Shareholders, threatened or contemplated condemnation or eminent domain proceedings that affect the Real Property or any part thereof, and none of the Shareholders has received any notice, oral or written, of the intention of any Governmental Entity or other Person to take or use all or any part thereof.

(e) None of the Shareholders or the Sellers has received any notice from any insurance company that has issued a policy with respect to the Real Property requiring performance of any structural or other repairs or alterations to the Real Property.

(f) No Sellers owns or holds, and none is obligated under or a party to, any option, right of first refusal or other Contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

Section 4.7 Personal Property. Other than any personal property not currently used in the ordinary course of business of the Sellers, as of the date of this Agreement, the personal property, taken as a whole, is (i) in good working order and repair (taking its age and ordinary wear and tear into account) in all material respects and (ii) in suitable and adequate condition for continued use by the Purchaser in the ordinary course of business consistent with its past practices. All of the tangible Assets are located at the Real Property. No Person other than the Sellers owns any equipment or other tangible personal property or asset that is used or necessary to the operation of the Business as presently being conducted. Schedule 4.7 sets forth a true, correct and complete list and general description of each tangible Asset having a book value of more than $1,000, indicating the purchase value and purchase date of each such tangible Asset, and its accumulated depreciation at December 31, 2014.

Section 4.8 Sufficiency of and Title to Assets. Except as set forth on Schedule 4.8, the Assets constitute all of the assets (whether real, personal or mixed and whether tangible or intangible) used in, arising from or related to the Business, sufficient to permit the Sellers to conduct the Business in accordance with past practices and as presently being conducted. The Sellers have (and shall convey to the Purchaser at the Closing) good and marketable title to or, in the case of any leased personal property, valid leasehold interests in, the Assets, free and clear of all Liens. Except as set forth on Schedule 4.8, none of the Shareholders owns any assets (whether real, personal or mixed and whether tangible or intangible) that are used in, arise from or relate to the Business.

Section 4.9 Inventory. The inventory of the Sellers is in good and marketable condition, and is saleable in the ordinary course of business in all material respects. Except as set forth on Schedule 4.9, the inventory of the Sellers set forth in the Financial Statements has been properly stated therein in a manner consistent with past practice. Adequate reserves have been reflected in the Financial Statements for obsolete, excess, damaged or otherwise unusable inventory, which reserves were calculated in a manner consistent with past practice. The inventory of the Sellers constitutes sufficient quantities for the normal operation of business in accordance with past practice.

Section 4.10 Accounts Receivable. The debtors to which the accounts receivable of the Sellers relate are not in or subject to a bankruptcy or insolvency proceeding and none of such receivables has been made subject to an assignment for the benefit of creditors. Except as set forth on Schedule 4.10, all accounts receivable of the Sellers (i) are valid, existing and collectible in a manner consistent with the Sellers' past practices without resort to legal proceedings or collection agencies, (ii) represent monies due for goods sold and delivered or services rendered, in each case in the ordinary course of business and (iii) are not subject to any refund or adjustment or any defense, right of set-off, assignment, restriction, security interest or other Lien. The Sellers have not been notified of any dispute regarding the collectibility of any such accounts receivable.

Section 4.11 Financial Statements. Copies of the (i) audited balance sheets and the related audited statements of income and of cash flows of the Sellers for the fiscal years ended December 31, 2012, 2013 and 2014 and unaudited balance sheets and the related statements of income and of cash flows of the Sellers for the fiscal years then ended (together with the related notes and schedules thereto, the "Financial Statements") and (ii) unaudited balance sheets and the related unaudited statements of income and of cash flows of the Sellers for the one-month period ended January 31, 2015 (together with the related notes and schedules thereto, the "Interim Financial Statements"), are contained in Schedule 4.11. December 31, 2014 is referred to herein as the "Financial Statement Date." January 31, 2015 is referred to herein as the "Interim Financial Statement Date." The Financial Statements and Interim Financial Statements present fairly, in all material respects and consistent with past practices, the financial position of the Sellers as of the dates thereof and the results of operations of the Sellers for the periods covered by said statements, in conformity with GAAP, except as disclosed therein or on Schedule 4.11 or as set forth in any footnote to the Financial Statements. The Financial Statements and Interim Financial Statements have been prepared from the books and records of the Sellers, which accurately and fairly reflect, in all material respects, all items of income and expense and all assets and liabilities required to be reflected in the Financial Statements and Interim Financial

Statements in accordance with GAAP. The Sellers maintain proper and adequate internal accounting controls which provide assurance that (i) transactions are executed in accordance with management's authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, and (iii) accounts, notes and other receivables and inventory are recorded accurately.

Section 4.12 No Undisclosed Liabilities. Except as set forth on Schedule 4.12, the Sellers have not incurred any liabilities or obligations of any kind or nature that would have been required to be reflected in, reserved against or otherwise described in the Financial Statements or Interim Financial Statements or in the notes thereto in accordance with GAAP and were not so reflected, reserved against or described, except: (i) liabilities which are accrued on or reserved against in the Financial Statements, (ii) liabilities which were incurred after the Interim Financial Statement Date in the ordinary course of business consistent with past practices or (iii) those that are immaterial.

Section 4.13 Absence of Certain Changes. Since the Financial Statement Date, the Sellers have conducted the Business in the ordinary course of business consistent with past practices. Without limiting the generality of the foregoing, since the Financial Statement Date, except as disclosed on Schedule 4.13, there has not been:

(a) any Material Adverse Effect;

(b) any sale, lease, transfer or other disposition of, or any mortgage or pledge, or imposition of any Lien on, any of the Assets, except for (i) inventory and immaterial amounts of personal property sold or otherwise disposed of for fair value in the ordinary course of business consistent with past practice, (ii) replaced or obsolete assets, and/or (iii) Assets which had an aggregate fair market value less than $10,000;

(c) any cancellation of any debts owed to or claims held by any Seller (including the settlement of any claims or litigation) or the known waiver of any other rights held by any Seller other than in the ordinary course of business consistent with past practice;

(d) any payment of any claims against any Seller (including the settlement of any claims or litigation against any Seller);

(e) any creation, incurrence or assumption, or any agreement to create, incur or assume, any indebtedness in an aggregate amount not exceeding $25,000, except current obligations and liabilities incurred in the ordinary course of business;

(f) any collection of notes or accounts receivable in advance of or later than the dates when the same would have been collected in the ordinary course of business consistent with past practice;

(g) any payment of any account payable or other liability of any Seller in advance of or later than the date when such liability would have been paid in the ordinary course of business consistent with past practice;

(h) any acquisition of real property or undertaking or commitment to undertake capital expenditures exceeding $50,000 in the aggregate;

(i) any increase in any compensation payable to any officer or employee of any Seller or under any Employee Benefit Plan or otherwise, any amendment to or termination of any Employee Benefit Plan or an adoption of a new Employee Benefit Plan; provided that normal employee raises have been made in the ordinary course of Sellers' business consistent with past practices;

(j) any write-off as uncollectible of any notes or accounts receivable or other cash obligations owed to any Seller, other than in the ordinary course of business consistent with past practices or which, in the aggregate, would not be material to such Seller;

(k) any transaction by any Seller with an Affiliate of such Seller, except in the ordinary course of business consistent with past practice, except as specifically disclosed herein;

(l) any acquisition or disposition by any Seller of any business or line of business, whether by merger, purchase or sale of stock, purchase or sale of assets or otherwise;

(m) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the Business, the Assets or the Sellers with a replacement cost in excess of $15,000 for any single loss or $50,000 for all such losses;

(n) any Tax election by any Seller;

(o) any entry into, amendment, modification, termination or receipt of notice of termination of any Contract other than in the ordinary course of business;

(p) any change by any Seller in its method of accounting or accounting practice, other than changes required under applicable Law, or any failure by any Seller to maintain its books, accounts and records in the ordinary course of business consistent with past practices; or

(q) any agreement by any Seller to do any of the foregoing, except as expressly permitted by this Agreement.

Section 4.14 Legal Proceedings. Except as set forth in Schedule 4.14, there is no suit, action, claim, arbitration, proceeding or notice of investigation pending or, to the Knowledge of the Sellers and/or the Shareholders, threatened against any Seller or the Assets before any Governmental Entity. No Seller is subject to any judgment, decree, injunction, rule or order of any court or arbitration panel.

Section 4.15 Compliance with Law. Except as set forth on Schedule 4.15, the Sellers are in material compliance, and have at all times complied in all material respects with all applicable Laws. The Sellers (a) have not been charged with, and no Seller has received any written notice or demand letter (i) that it is under investigation with respect to or (ii) claiming, and, to the Knowledge of the Sellers and/or the Shareholders, are not otherwise now under investigation or written claim with respect to, a material violation of any applicable Law, (b) are not party to, or bound by, any order, judgment, decree, injunction or award of any Governmental Entity and (c) have filed all material reports and have all material Licenses required to be filed with any Governmental Entity on or prior to the date hereof.

Section 4.16 Contracts. Each correspondingly lettered section of Schedule 4.16 sets forth a true, correct and complete list of the following Contracts currently in force to which the Sellers are party or under which the Sellers have continuing liabilities and/or obligations (other than the Seller Benefit Plans set forth on Schedule 4.19(a) and the insurance policies on Schedule 4.21):

(a) bonds, debentures, notes, credit or loan agreements or loan commitments, mortgages, indentures, guarantees or other Contracts relating to the borrowing of money or the deferred purchase price of property or binding upon any properties or assets (real, personal or mixed, tangible or intangible) of the Sellers;

(b) Contracts that were not entered into in the ordinary course of business, consistent with past practice since the Interim Financial Statement Date;

(c) Contracts relating to the Real Property and leases relating to any personal property and all other Contracts involving any properties or assets (whether real, personal or mixed, tangible or intangible) or entered into in conjunction with the operation of the Business, each involving an annual commitment or payment of or performance having a value of more than $25,000 by any Seller;

(d) Contracts that (i) limit or restrict the Sellers or any officers, directors, employees, members or other equityholders, agents or representatives of the Sellers (in their capacity as such) from engaging in any business or other activity in any jurisdiction, (ii) create or purport to create any exclusive or preferential relationship or arrangement, (iii) otherwise restrict or limit the Sellers' ability to operate or expand the Business or (iv) impose any obligations or restrictions on Affiliates of the Sellers, other than in the case of clause (ii) or (iv), Contracts which may be terminated at will by any Seller, or by the giving of notice of thirty (30) days or less, without material cost or penalty;

(e) Contracts for capital expenditures or the acquisition or construction of fixed assets requiring the payment by any Seller of an amount in excess of $25,000;

(f) Contracts that provide for any payment or benefit to a Person as a result of the transactions contemplated hereby, including accelerated vesting or other similar rights;

(g) Contracts granting any Person a Lien on all or any part of any Assets;

(h) Contracts for the investigation, cleanup or abatement of any Hazardous Materials, the remediation of any existing environmental condition or relating to the performance of any environmental audit or study;

(i) Contracts granting to any Person an option or a right of first refusal, first-offer or similar preferential right to purchase or acquire any assets of the Sellers;

(j) Contracts with any agent, distributor or representative that are not terminable without penalty on sixty (60) days' notice or less;

(k) Contracts for the granting or receiving of a license, sublicense or franchise or under which any Person is obligated to pay or has the right to receive a royalty, license fee, franchise fee or similar payment in excess of $25,000 annually;

(l) Contracts (i) with respect to Intellectual Property licensed or transferred to any third party (other than end user licenses in the ordinary course of business) or (ii) pursuant to which a third party has licensed or transferred the Intellectual Property to any Seller;

(m) Contracts providing for the indemnification or holding harmless of any officer, director, employee or other Person;

(n) joint venture or partnership Contracts or Contracts entitling any Person to any profits, revenues or cash flows of any Seller or requiring payments or other distributions based on such profits, revenues or cash flows;

(o) Contracts with customers and suppliers, excluding purchase orders and sales orders entered into in the ordinary course of business, consistent with past practice;

(p) outstanding powers of attorney empowering any Person to act on behalf of any Seller;

(q) Contracts relating to any co-operative organization or franchise organization;

(r) Contracts with any Governmental Entity;

(s) employment Contracts, consulting agreements, termination or severance agreements, salary continuation agreements, change of control agreements and all other Contracts, including offers for any of the above, respecting the terms and conditions of employment or payment of compensation in respect of any current officer or employee (other than oral, at will employment arrangements);

(t) Contracts with any independent contractor or consultant; and

(u) Contracts (other than those described in subsections (a) through (t) of this Section 4.16) to which any Seller is a party or by which its properties or assets are bound (i) involving an annual commitment or annual payment to or from such Seller of more than $25,000 individually or (ii) that are material to such Seller, individually or in the aggregate.

True, correct and complete copies of all Assumed Contracts have been provided to the Purchaser. Except as set forth on Schedule 4.16, the Assumed Contracts are legal, valid, binding and enforceable in accordance with their respective terms with respect to the Sellers and, to the Knowledge of the Sellers and/or Shareholders, each other party thereto, subject to Creditors' Rights. There is no existing material default or breach of any Seller under any Assumed Contract (or, to the Knowledge of the Sellers and/or Shareholders, event or condition that, with notice or lapse of time or both could constitute a material default or breach) and, to the

Knowledge of the Sellers and/or the Shareholders, there is no such material default (or event or condition that, with notice or lapse of time or both, could constitute a default or breach) with respect to any third party to any Assumed Contract. There is no oral modification to any Assumed Contract nor any right or obligation of a party thereunder which is not reflected in the copy of such Assumed Contract provided to the Purchaser. No Seller is participating in any discussions or negotiations regarding modification or amendment to any Assumed Contract or entry into a new Contract.

Section 4.17 Tax Returns; Taxes.

(a) All Tax Returns required to be filed by or on behalf of the Sellers have been duly and timely filed with the appropriate Governmental Entity in all jurisdictions in which such Tax Returns are required to be filed in accordance with all applicable Laws, and all such Tax Returns are true, correct and complete in all respects and have been completed in accordance with all applicable Laws.

(b) All Taxes and deposits for Taxes for which the Sellers have liability (whether or not shown on any Tax Return) have been paid in full or are accrued as liabilities for Taxes on the books of the Sellers. The amount of Taxes so paid and deposits for Taxes so made, together with all amounts accrued as liabilities for Taxes (including Taxes accrued as currently payable but excluding any accrual to reflect timing differences between book and Tax income) on the books of the Sellers through the Closing Date, have been or are adequate based on the Tax rates and applicable Laws in effect to satisfy all liabilities for Taxes of the Sellers in any jurisdiction through the Closing Date.

(c) Except as set forth on Schedule 4.17(c), there are not now any extensions of time in effect with respect to the dates on which any Tax Returns were or are due to be filed by the Sellers.

(d) All Tax deficiencies asserted as a result of any examination by a Governmental Entity of a Tax Return of the Sellers have been paid in full, accrued on the books of the Sellers or finally settled, and no issue has been raised in any such examination that, by application of the same or similar principles, reasonably could be expected to result in a proposed Tax deficiency for any other taxable period not so examined.

(e) No claims have been asserted and no deficiencies for any Taxes of the Sellers are being asserted or, to the Knowledge of the Sellers and/or Shareholders, proposed or threatened, and to the Knowledge of the Sellers and/or Shareholders, no audit or investigation of any Tax Return of the Sellers is currently underway, pending or threatened.

(f) No claim within the last six (6) years has been made against any Seller by any Governmental Entity in a jurisdiction where such Seller does not file Tax Returns that such Seller is or may be subject to taxation in such jurisdiction or for which such Seller has not since filed Tax Returns and paid all Taxes asserted by such Governmental Entity.

(g) The Sellers have timely reported, withheld and paid all Taxes required to have been reported, withheld and paid by it in connection with all amounts paid or owing to any employee, independent contractor, creditor or equity holder thereof or other third party.

(h) There are no outstanding waivers or agreements between any Governmental Entity and the Sellers for the extension of time for the assessment or collection of any Taxes or deficiency thereof, nor to the Knowledge of the Sellers and/or the Shareholders are there any requests for rulings, outstanding subpoenas or requests for information, notice of proposed reassessment of any property owned or leased by the Sellers or any other matter pending between the Sellers and any Governmental Entity. The Sellers have not requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed, excluding extensions of time that are granted automatically under applicable Laws.

(i) There are no Liens for Taxes (other than Taxes not yet due and payable) with respect to the Sellers or any of the assets or properties of the Sellers, nor, to the Knowledge of the Sellers and/or Shareholders, is any Governmental Entity in the process of imposing any Liens for Taxes with respect to the Sellers or on any of the assets or properties of the Sellers (other than Taxes not yet due and payable).

(j) No Seller is party to or bound by any Tax allocation or sharing agreement.

(k) No Seller has been a member of an "affiliated group" of corporations (within the meaning of Code § 1504) filing a consolidated federal income tax return.

(l) No Seller has any liability for the Taxes of any Person (other than for itself) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, by contract or otherwise.

(m) None of the Tax Returns described in subsection (a) of this Section 4.17 contains any position which Seller could not reasonably assert that it would not be subject to penalties under Section 6662 of the Code (or any similar provision of state, local or foreign Law) and the Treasury Regulations promulgated thereunder.

(n) With respect to Taxes, no Seller has executed or entered into any agreement with, or obtained any consents or clearances from, any Governmental Entity or been subject to any ruling guidance specific to such Seller that would be binding on the Purchaser for any taxable period (or portion thereof) ending after the Effective Date.

(o) No Seller has made any payments, is obligated to make any payments, or is a party to any Contract that could obligate it to make any payments that will not be deductible under Section 280G of the Code (or any similar provision of state, local or foreign Law).

(p) Each Seller is, and has at all times been, in material compliance with the provisions of Sections 6011, 6111 and 6112 of the Code relating to tax shelter disclosure, registration and list maintenance requirements and with the Treasury Regulations promulgated thereunder.

(q) No Seller has, at any time, engaged in or entered into, or been a promote of, a "reportable transaction" within the meaning of Code Section 6707A(c)(1) and Treasury Regulations Section 1.6011-4(b) or a "listed transaction" within the meaning of Treasury Regulations Section 301.6111-2(b)(2) or 301.6112-1(c)(3), and no IRS Form 8886 has been filed with respect to any Seller nor has any Seller entered into any tax shelter, reportable transaction or

listed transaction with the sole or dominant purpose of the avoidance or reduction of a Tax liability with respect to which there is a significant risk of challenge of such transaction by a Governmental Entity.

(r) Except as set forth on Schedule 4.17(r), no Seller has, directly or indirectly, transferred property to or acquired property from a Person with whom it was not dealing at arm's length for consideration other than consideration equal to the fair market value of the property at the time of the disposition or acquisition thereof.

(s) No Seller has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. No withholding is required under Section 1445 of the Code in connection with the consummation of the purchase of the Assets contemplated hereby.

(t) None of the Assets are "tax-exempt use property" within the meaning of Section 168(h) of the Code, "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code or property that any Seller is required to treat as being owned by any other person pursuant to the so-called "safe-harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended.

Section 4.18 Officers, Employees and Independent Contractors. Schedule 4.18 contains a true, correct and complete list of (a) all of the employees (whether full-time, part-time or otherwise) of the Sellers as of the date hereof, specifying their position, annual salary and other compensation, hourly wages, date of hire, work location (i.e., where services are performed), length of service, hours of service, union representation or affiliation and employee benefit coverages selected and (b) all of the independent contractors used by the Sellers, who were compensated in excess of $600 during the previous year, specifying the name of the independent contractor, type of labor, fees (including commissions, royalties and bonuses) paid to such independent contractor from January 1, 2014 through December 31, 2014, work location (i.e., where services are performed) and address. All Persons classified by the Sellers as independent contractors have been properly classified in accordance with all applicable Laws and no such Person is eligible to participate in any Seller Benefit Plan or would, to the Knowledge of the Sellers and/or the Shareholders, be eligible to participate if the Sellers' classification of such Person as an independent contractor is subsequently determined to be incorrect. Except as set forth on Schedule 4.18, the Sellers have not made any written or verbal commitments to any officer, employee, former employee, consultant or independent contractor of any Seller with respect to compensation, promotion, retention, termination, severance or similar matters in connection with the transactions contemplated hereby. The Sellers have delivered to the Purchaser true, correct and complete copies of each employee handbook applicable to employees of the Sellers.

Section 4.19 Seller Benefit Plans.

(a) Schedule 4.19(a) contains a true and complete list of each Seller Benefit Plan and indicates which, if any, of such Employee Benefit Plans is intended to be qualified under Section 401(a) of the Code or to meet the requirements of Section 125 of the Code. Any special tax status or tax benefits for plan participants enjoyed or offered by a Seller Benefit Plan is noted on such schedule.

(b) The Sellers do not maintain, contribute to or have liability with respect to, nor has they ever maintained or contributed to, any ERISA Affiliate Plan. The Sellers' records accurately in all material respects reflect the employment or service histories of their respective employees, independent contractors, contingent workers and leased employees, including their hours of service.

(c) Each Seller Benefit Plan has been established, registered, qualified, invested, operated and administered in all material respects in accordance with its terms and in material compliance with all applicable benefit Laws. The Sellers have performed and complied in all respects with their respective obligations under or with respect to the Seller Benefit Plans. The Sellers have not incurred, and no fact exists, to the Knowledge of the Sellers and/or the Shareholders, that reasonably could be expected to result in, any material liability with respect to any Seller Benefit Plan (other than to pay premiums, contributions or benefits in the ordinary course of business consistent with past practice and the Seller Benefit Plans' provisions). No Seller Benefit Plan is subject to Section 412 of the Code or is a "multiemployer plan" as defined in Section 3(37) of ERISA.

(d) To the Knowledge of the Sellers and/or the Shareholders, no fact or circumstance exists that could adversely affect the tax-exempt status of a Seller Benefit Plan that is intended to be tax-exempt. Further, each such plan intended to be "qualified" within the meaning of Section 401(a) of the Code and the trusts maintained thereunder that are intended to be exempt from taxation under Section 501(a) of the Code has received a favorable determination or opinion letter with respect to all applicable benefit Laws on which the IRS will issue a favorable determination or opinion letter on its qualification, and nothing has occurred subsequent to the date of such favorable determination or opinion letter that could adversely affect the qualified status of any such plan.

(e) All contributions and premium payments (including all employer contributions and employee salary reduction contributions) that are due with respect to each Seller Benefit Plan have been made within the time periods prescribed by ERISA and the Code, and all contributions and premium payments for any period ending on or before the Closing Date that are an obligation of any Seller and not yet due have either been made to such Seller Benefit Plan, or have been accrued on the Financial Statements. Adequate reserves will be reflected on the Final Working Capital Schedule for any vacation, sick pay, and other paid time off (A) accrued but unearned or (B) earned but unused, in each case as of the Closing Date by the Sellers' employees.

(f) The transactions contemplated by this Agreement will not result (either alone or in combination with any other event) in: (i) any payment of, or increase in, remuneration or benefits, to any Transferred Employee or to any officer, director or consultant of any Seller; (ii) any cancellation of indebtedness owed to any Seller by any employee, officer, director or consultant of such Seller; (iii) the acceleration of the vesting, funding or time of any payment or benefit to any Transferred Employee or to any officer, director or consultant of any Seller or (iv) any "parachute payment" within the meaning of Section 280G of the Code (whether or not such payment is considered to be reasonable compensation for the services rendered).

(g) No Seller has announced or entered into any plan or binding commitment to (i) create or cause to exist any additional Seller Benefit Plan or (ii) adopt, amend or terminate any Seller Benefit Plan.

(h) The Sellers do not have any Seller Benefit Plans that are "nonqualified deferred compensation plans" within the meaning of Section 409A of the Code and associated Treasury Department guidance.

Section 4.20 Labor Relations.

(a) The Sellers are in material compliance with all labor Laws. The Sellers are not and have not been engaged in any unfair labor practice, and to the Knowledge of the Sellers and/or Shareholders, no unfair labor practice complaint against any Seller is pending or threatened before any Governmental Entity. The Sellers and/or the Shareholders have no Knowledge of any labor strike or other material labor grievance actually pending, being threatened against, or affecting any Seller.

(b) Except as provided on Schedule 4.20, within the past three (3) years, no Seller has been the subject of any union activity or material labor dispute, and there has not been any strike called or threatened to be called against it, and no Seller is a signatory to a collective bargaining agreement with any union or other contract or agreement with any group of employees, labor organization or other representative of any of the employees of such Seller. Except as provided on Schedule 4.20, there are no unresolved labor controversies (including unresolved grievances and age or other discrimination claims) between any Seller and Persons employed by or providing services to such Seller.

Section 4.21 Insurance Policies. Schedule 4.21 contains a true, correct and complete list of all insurance policies carried by or for the benefit of the Sellers, specifying the insurer, the amount of and nature of coverage, the risk insured against, the deductible amount (if any) and the date through which coverage shall continue by virtue of premiums already paid, or alternatively, all such insurance policies have been provided to the Purchaser and shall be attached as Schedule 4.21. All insurance policies and bonds with respect to the Business and Assets of the Sellers are in full force and effect and no Seller has reached or exceeded its policy limits for any insurance policy in effect at any time during the past three (3) years.

Section 4.22 Environmental Matters. Except as set forth on Schedule 4.22:

(a) the operations of the Sellers are and have been in material compliance with all applicable Environmental Laws which compliance includes obtaining, maintaining in good standing and complying with all applicable Environmental Licenses and no action or proceeding is pending or, to the Knowledge of the Sellers and/or the Shareholders, threatened to revoke, modify or terminate any such Environmental Licenses, and, to the Knowledge of the Sellers and/or the Shareholders, no facts, circumstances or conditions currently exist that could adversely affect in any material respect such continued compliance with Environmental Laws and Environmental Licenses or require currently unbudgeted capital expenditures to achieve or maintain such continued compliance with Environmental Laws and Environmental Licenses;

(b) no Seller is the subject of any outstanding written order or Contract with any Governmental Entity or Person respecting (i) Environmental Laws, (ii) Remedial Action or (iii) any Release or threatened Release of a Hazardous Material;

(c) no claim has been made or is pending, or to the Knowledge of the Sellers and/or the Shareholders, threatened against any Seller alleging either or both that such Seller may be in violation of any Environmental Law or Environmental License, or may have any liability under any Environmental Law;

(d) to the Knowledge of the Sellers and/or the Shareholders, no facts, circumstances or conditions exist with respect to any Seller or any property currently or, to the Knowledge of the Sellers and/or the Shareholders, formerly owned, operated or leased by any Seller or any property to which any Seller arranged for the disposal or treatment of Hazardous Materials that could reasonably be expected to result in any such Seller incurring unbudgeted Environmental Costs and Liabilities;

(e) to the Knowledge of the Sellers and/or the Shareholders, there are no investigations of the Business, operations, or currently or to the Knowledge of the Sellers and/or the Shareholders, previously owned, operated or leased property of any Seller pending or, to the Knowledge of the Sellers and/or the Shareholders, threatened which could lead to the imposition of any Environmental Costs and Liabilities or Liens under Environmental Law;

(f) the transactions contemplated hereunder do not require the consent of or filings with any Governmental Entity with jurisdiction over any Seller and environmental matters;

(g) there is not located at any of the properties of the Sellers any (i) underground storage tanks, (ii) landfill, (iii) surface impoundment, (iii) asbestos-containing material or (iv) equipment containing polychlorinated biphenyls; and

(h) the Shareholders have provided to the Purchaser all environmentally related audits, studies, reports, analyses, and results of investigations that have been performed with respect to the currently or previously owned, leased or operated properties of the Sellers, and all other material documentation relating to any Seller Environmental Costs and Liabilities or Sellers' compliance with Environmental Laws.

Section 4.23 Intellectual Property.

(a) Schedule 4.23(a) sets forth an accurate and complete list of Intellectual Property (other than Trade Secrets) owned or filed by the Sellers. Schedule 4.23(a) lists the jurisdictions in which each such item of Intellectual Property has been issued or registered or in which any such application for such issuance and registration has been filed.

(b) Each Seller is the sole and exclusive owner of, or has valid and continuing rights to use, sell and license, as the case may be, all Intellectual Property used by such Seller in the Business, free and clear of all Liens or obligations to others.

(c) The Intellectual Property owned, used, practiced or otherwise commercially exploited by the Sellers' present and currently proposed business practices and methods do not

constitute an unauthorized use or misappropriation of any patent, copyright, trade secret or other similar right, of any Person and, to the Knowledge of the Sellers and/or the Shareholders, does not infringe, constitute an unauthorized use of, or violate any other right of any Person (including, without limitation, pursuant to any non-disclosure agreements or obligations to which any Seller or any of its present or former Employees is a party). The Intellectual Property owned by or licensed to the Sellers includes all of the intellectual property rights necessary to enable the Sellers to conduct the Business in the manner in which the Business is currently being conducted and, to the Knowledge of the Sellers and/or the Shareholders, as currently proposed to be conducted.

(d) Except as disclosed on Schedule 4.16(l), no Seller is required, obligated, or under any Liability whatsoever, to make any payments by way of royalties, fees or otherwise to any owner, licensor of, or other claimant to any Intellectual Property, or other third party, with respect to the use thereof or in connection with the conduct of the Business of the Sellers as currently conducted or proposed to be conducted.

(e) No Seller is a party to any Intellectual Property License, other than those related to the Software.

(f) No Trade Secret or any other non-public, proprietary information material to the Business has been disclosed by any Seller or the Shareholders to any third party other than pursuant to a non-disclosure agreement restricting the disclosure and use of the Intellectual Property. The Sellers have taken commercially reasonable adequate security measures to protect the secrecy, confidentiality and value of all of the Trade Secrets of the Sellers and any other Confidential Information.

(g) To the Knowledge of the Sellers and/or the Shareholders, no Person is infringing, violating, misusing or misappropriating any material Intellectual Property or any Trade Secrets of the Sellers, and no such claims have been made against any Person by any Seller.

(h) No present or former Employee has any right, title, or interest, directly or indirectly, in whole or in part, in any material Intellectual Property owned or used by the Sellers.

(i) Schedule 4.23(i) sets forth a complete and accurate list of all Software that is used by the Sellers in the Business that is not exclusively owned by the Sellers, excluding Software available on reasonable terms through commercial distributors or in consumer retail stores for a license fee of no more than $10,000.

Section 4.24 Affiliate Matters. Except as set forth on Schedule 4.24, none of any (a) officer, manager or director of any Seller, (b) Person with whom any such officer, manager or director has any direct or indirect relation by blood, marriage or adoption, (c) entity in which any such officer, manager, director or Person owns any beneficial interest or (d) Affiliate of any Seller has any interest in or is a party to: (i) any Contract with any Seller or relating to the Sellers' Business, the Assets or the Assumed Liabilities; (ii) any loan for any Seller, its Business or the Assets; or (iii) any property (real, personal or mixed, tangible or intangible) used by any Seller in the operation of the Business. Schedule 4.24 also sets forth a true, correct and complete list of all accounts receivable, notes receivable and other receivables and accounts payable owed to or due from any such Person described above by or to any Seller.

Section 4.25 Customer and Supplier Relations. Schedule 4.25 contains a true, correct and complete list of the fifteen (15) largest customers and suppliers of the Sellers for 2014, showing the approximate total sales by the Sellers to each such customer and the approximate total purchases by the Sellers from each such supplier during such period. To the Knowledge of the Sellers and/or the Shareholders, the Sellers maintain good commercial relations with each of their customers and suppliers and, to the Knowledge of the Sellers and/or Shareholders, no event has occurred that would materially and adversely affect the Sellers' relations with any such customer or supplier. Except as set forth on Schedule 4.25, since the Interim Financial Statement Date, no customer or supplier accounting for $100,000 in sales to or purchases from the Sellers, respectively, who was a customer or supplier during the prior twelve (12) months, has canceled, terminated or, to the Knowledge of the Sellers and/or the Shareholders, made any threat to cancel or otherwise terminate any of such customer's or supplier's Contracts with the Sellers or to materially decrease such customer's usage of the Sellers' services or products or such supplier's supply of services or products to the Sellers. The Sellers and/or Shareholders have not received any notice and do not have any Knowledge to the effect that any current customer or supplier may terminate or materially alter its business relations with the Sellers, either as a result of the transactions contemplated hereby or otherwise.

Section 4.26 Licenses. Schedule 4.26 is a true, correct and complete list of all Licenses (including Environmental Licenses) held by the Sellers in connection with the operation of the Business (the "Scheduled Licenses"). Except as disclosed on Schedule 4.26, the Scheduled Licenses are the only material Licenses that are necessary to enable the Sellers to carry on their respective businesses as presently conducted. All Scheduled Licenses are valid, binding and in full force and effect as to the Sellers. The execution, delivery and performance hereof and the consummation of the transactions contemplated hereby will not adversely affect any Scheduled License. The Sellers have taken all necessary action to maintain each Scheduled License, except where the failure to so act would not reasonably be expected to have a Material Adverse Effect. No loss or expiration of any Scheduled License is pending or, to the Knowledge of the Sellers and/or the Shareholders, threatened (other than expiration upon the end of any term).

Section 4.27 Ethical Practices with Governmental Entities. No Seller nor, to the Knowledge of the Sellers and/or the Shareholders, any representative of any such Seller has offered or given, and the Sellers and/or the Shareholders do not have any Knowledge of any other Person that has offered or given on their behalves, anything of value to: (a) any official of a Governmental Entity, any political party or official thereof or any candidate for political office; (b) any customer or member of any Governmental Entity; or (c) any other Person, in each such case while knowing or having reason to know that all or a portion of such money or thing of value may be offered, given or promised, directly or indirectly, to any customer or member of any Governmental Entity or any candidate for political office for the purpose of the following: (i) influencing any action or decision of such Person, in such Person's official capacity, including a decision to fail to perform such Person's official function; (ii) inducing such Person to use such Person's influence with any Governmental Entity to affect or influence any act or decision of such Governmental Entity to assist the Sellers in obtaining or retaining business for, with, or directing business to, any Person; or (iii) where such payment would constitute a bribe, kickback or illegal or improper payment to assist the Sellers in obtaining or retaining business for, with, or directing business to, any Person.

Section 4.28 Brokers, Finders and Investment Bankers. Neither the Sellers, nor, to the Knowledge of the Sellers and/or the Shareholders, any officer, member, director, manager, employee or Affiliate of any Seller, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby.

Section 4.29 Product Warranty; Product Liability.

(a) Except as set forth on Schedule 4.29, each product manufactured, sold or delivered by the Sellers in conducting the Business has been in material conformity with all product specifications and all express and implied warranties. To the Knowledge of the Sellers and/or the Shareholders, no Seller has any liability for replacement or repair of any such products or other damages in connection therewith or any other customer or product obligations not reserved against on the Financial Statements. Except as set forth on Schedule 4.29, the Sellers have not sold any products or delivered any services that included an express warranty for a period equal to or longer than one (1) year. Schedule 4.29 sets forth a true, correct and complete list of each of the Sellers' warranty policies, all of which have been provided to the Purchaser.

(b) No Seller has committed any act or failed to commit any act, which would result in, and there has been no occurrence which would give rise to or form the basis of, any material product liability or liability for breach of warranty (whether covered by insurance or not) on the part of such Seller with respect to products designed, manufactured, assembled, repaired, maintained, delivered or installed or services rendered prior to the Closing.

Section 4.30 Conduct of the Business Between the Effective Date and the Closing Date.

(a) Except as otherwise expressly provided in this Agreement or with the prior written consent of the Purchaser, the Sellers and the Shareholders have, since the Effective Date, complied with the affirmative covenants set forth on Schedule 4.30(a).

(b) Except as otherwise expressly provided in this Agreement or with the prior written consent of the Purchaser, the Sellers and the Shareholders have not, since the Effective Date, taken any of the actions set forth on Schedule 4.30(b).

Section 4.31 Disclosure. This Agreement and the Seller Ancillary Documents and their respective schedules and exhibits delivered by or on behalf of the Sellers hereunder and thereunder are accurate and complete in all material respects. No representation or warranty of the Sellers contained in this Agreement or in any Seller Ancillary Document and no written statement made by or on behalf of the Sellers to the Purchaser or any of its Affiliates pursuant to this Agreement or any Seller Ancillary Document contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading. To the Sellers' Knowledge, there is no fact that the Sellers have not disclosed to the Purchaser in writing that could reasonably be expected to have a Material Adverse Effect.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

Each of the Shareholders, jointly and severally, represents and warrants to the Purchaser as follows:

Section 5.1 Authorization and Validity of Agreement. Such Shareholder has the legal right, power and capacity to execute and deliver this Agreement and the Seller Ancillary Documents to which he is a party and to perform his obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and the Seller Ancillary Documents to which the Shareholder is a party have been duly and validly executed and delivered by the Shareholder and the Sellers and, assuming the due execution and delivery of this Agreement and, as applicable, any Seller Ancillary Document, by the Purchaser, constitute valid and binding obligations of such Shareholder enforceable against such Shareholder in accordance with their respective terms, except as may be limited by Creditors' Rights.

Section 5.2 Absence of Restrictions and Conflicts. The execution, delivery and performance by such Shareholder of this Agreement and the Seller Ancillary Documents to which such Shareholder is a party, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the terms and conditions hereof and thereof do not or shall not (as the case may be), with or without the passing of time or the giving of notice or both, (a) contravene or conflict with any term or provision of the governing documents of such Shareholder, (b) violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel any Contract to which the Shareholder is a party, (c) contravene or conflict with any judgment, decree or order of any Governmental Entity to which the Shareholder is a party or by which the Shareholder is bound or (d) contravene or conflict with any Law or arbitration award applicable to the Shareholder.

Section 5.3 Legal Proceedings. There are no suits, actions, claims, proceedings or notices of investigation pending or, to the Knowledge of the Shareholder, threatened against, or involving the Shareholder that would adversely affect the Shareholder's ability to consummate the transactions contemplated by this Agreement.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND WHITMORE

The Purchaser and Whitmore, jointly and severally, hereby represent and warrant to the Sellers and the Shareholders as follows:

Section 6.1 Organization.

(a) The Purchaser is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Whitmore is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

Section 6.2 Authorization.

(a) The Purchaser has the requisite limited liability company power and authority to execute and deliver this Agreement and the Purchaser Ancillary Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Purchaser Ancillary Documents by the Purchaser, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation of the transactions provided for herein and therein have been duly and validly authorized by all necessary limited liability company action on the part of the Purchaser. This Agreement and the Purchaser Ancillary Documents have been duly and validly executed and delivered by the Purchaser and, assuming the due execution and delivery of this Agreement and, as applicable, any Purchaser Ancillary Document, by the Sellers and the Shareholders, constitute valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms, except as may be limited by Creditors' Rights.

(b) Whitmore has the requisite corporate power and authority to execute and deliver this Agreement and the Purchaser Ancillary Documents, if applicable, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Purchaser Ancillary Documents, if applicable, by Whitmore, the performance by Whitmore of its obligations hereunder and thereunder, and the consummation of the transactions provided for herein and therein have been duly and validly authorized by all necessary corporate action on the part of Whitmore. This Agreement and the Purchaser Ancillary Documents, if applicable, have been duly and validly executed and delivered by Whitmore and, assuming the due execution and delivery of this Agreement and, as applicable, any Purchaser Ancillary Document, by the Sellers and the Shareholders, constitute valid and binding obligations of Whitmore enforceable against Whitmore in accordance with their respective terms, except as may be limited by Creditors' Rights.

Section 6.3 Absence of Restrictions and Conflicts. The execution, delivery and performance by the Purchaser and Whitmore of this Agreement and the Purchaser Ancillary Documents, if applicable, the consummation of the transactions contemplated hereby and thereby and the fulfillment of, and compliance with, the terms and conditions hereof and thereof do not or shall not (as the case may be), with or without the passing of time or the giving of notice or both, (a) contravene or conflict with any term or provision of the certificate of formation, operating agreement or other governing documents of the Purchaser or Whitmore, (b) violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel any Contract to which the Purchaser and/or Whitmore is a party, (c) contravene or conflict with any judgment, decree or order of any Governmental Entity to which the Purchaser and/or Whitmore is a party or by which the Purchaser and/or Whitmore is

bound or (d) contravene or conflict with any Law or arbitration award applicable to the Purchaser and/or Whitmore. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required with respect to the Purchaser and/or Whitmore in connection with the execution, delivery or performance of this Agreement or the Purchaser Ancillary Documents, if applicable, or the consummation of the transactions contemplated hereby or thereby.

Section 6.4 Brokers, Finders and Investment Bankers. Except as set forth on Schedule 6.4, neither the Purchaser and/or Whitmore, nor, to the knowledge of the Purchaser and/or Whitmore, any officer, member, director, employee or Affiliate of the Purchaser and/or Whitmore, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby.

Section 6.5 Solvency. Assuming the accuracy of the Sellers' and the Shareholders' representations set forth in Article IV (other than Section 4.3), immediately after giving effect to the transactions contemplated hereby, Purchaser and Whitmore shall be solvent and shall: (a) be able to pay their debts as they become due; (b) own property that has a fair saleable value greater than the amounts required to pay their debts (including a reasonable estimate of the amount of all contingent liabilities); and (c) have adequate capital to carry on their businesses.

Section 6.6 Legal Proceedings. There is no suit, action, claim, arbitration, proceeding or notice of investigation pending or, to the knowledge of the Purchaser and/or Whitmore, threatened against the Purchaser and/or Whitmore before any Governmental Entity that would have a Material Adverse Effect. The Purchaser and/or Whitmore is not subject to any judgment, decree, injunction, rule or order of any court or arbitration panel.

Section 6.7 Independent Investigation. In addition to relying on the Sellers' and the Shareholders' representations and warranties contained in Articles IV and V hereof, including the representations set forth in Section 4.31, the Purchaser and Whitmore have relied upon their own independent investigation, review and analysis of the Business and the Assets in connection with the consummation of the transactions contemplated hereby.

Section 6.8 Disclosure. This Agreement and the Purchaser Ancillary Documents and their respective schedules and exhibits delivered by or on behalf of the Purchaser and Whitmore hereunder and thereunder are accurate and complete in all material respects. No representation or warranty of the Purchaser and Whitmore contained in this Agreement or in any Purchaser Ancillary Document, if applicable, and no written statement made by or on behalf of the Purchaser and Whitmore to the Sellers and the Shareholders or any of their Affiliates pursuant to this Agreement or any Purchaser Ancillary Document contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE VII
CERTAIN COVENANTS AND AGREEMENTS

Section 7.1 Preservation of Records. The Shareholders and the Purchaser agree that each of them shall (and shall cause the Sellers to) preserve and keep the records held by them relating to the Businesses of the Sellers for a period of seven (7) years from the Closing Date and shall make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, legal proceedings against or governmental investigations of the Shareholders, the Sellers or the Purchaser or any of their Affiliates or in order to enable the Shareholders or the Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event the Shareholders or the Purchaser wishes to destroy (or permit to be destroyed) such records after that time, such party shall first give ninety (90) days prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within that ninety (90) day period, to take possession of the records within one hundred and eighty (180) days after the date of such notice.

Section 7.2 Public Announcements; Confidentiality. Subject to its legal obligations under applicable Law and prior to the Closing, each Party shall consult with the other Parties with respect to the timing and content of all announcements regarding this Agreement or the transactions contemplated hereby to the financial community, Governmental Entities, employees, customers, the general public or any other Person and shall use reasonable efforts to agree upon the text of any such announcement prior to its release. Schedule 7.2 contains the press release that will be issued by the Parties within the 14 day period following the Closing Date (the "Closing Date Press Release"), which Closing Date Press Release shall not refer to the Purchase Price. From and after 14 days following the issuance of the Closing Date Press Release, the Purchaser and its Affiliates shall be entitled to disclose any fact or statement regarding the transactions contemplated hereby to any Governmental Entities, the financial community, their current or prospective shareholders, their current or perspective investors, their current or prospective lenders, rating agencies, research analysts, and employees but, however, to the employees only to the extent necessary in conjunction with the performance of the employees' duties. For the avoidance of doubt, disclosure could include, but would not be limited to, filings with the Securities and Exchange Commission, information contained in investor presentations, and materials posted to the investor section of the website of Affiliate of the Purchaser, Capital Southwest Corporation. Without the prior written consent of the Sellers and the Shareholders, Purchaser and its affiliates will provide no information directly to the media outlets based in the Syracuse, New York area and if contacted by such outlets will respond with "no comment." Without the prior written consent of the Purchaser, the Sellers and the Shareholders shall not at any time disclose to any Person the fact that this Agreement has been entered into or any of the terms of this Agreement (until they become public knowledge other than by disclosure in breach of this Agreement or as required by applicable Law) other than to such Parties' advisors who such Party, as applicable, reasonably determines needs to know such information for the purpose of advising such Party, it being understood that such advisors will be informed of the confidential nature of this Agreement and the terms of this Agreement and will be directed to treat such information as confidential in accordance with the terms of this Agreement.

Section 7.3 Employee Matters.

(a) Employment Offers. This Agreement is intended to result solely in the transfer of the Assets to the Purchaser as provided in this Agreement and does not provide for the transfer of employment of any Employee or other person. Except as set forth in the next sentence and in Section 7.3(h), the Purchaser shall not be required or obligated under this Agreement to hire any Employee and none of the Sellers nor either Shareholder shall make any representations to any of its Employees regarding employment by the Purchaser. At or before the Closing, the Purchaser will offer employment to the Employees of the Sellers that are listed on Schedule 7.3(a) and the Sellers shall terminate the employment of those who are offered employment by the Purchaser and accept such employment (the "Transferred Employees"). The Sellers' termination of employment of such Transferred Employees, and the Purchaser's commencement of employment of such Transferred Employees, shall be effective as of the Closing. The Sellers shall remain solely responsible for the Employees and any claims arising out of or relating in any way to their employment by, or service to, the Sellers or their termination by the Sellers.

(b) COBRA Coverage. In accordance with Treasury Regulations §54.4980B-9, Q&A 7, the Sellers shall be and are solely responsible for COBRA Coverage for all M&A qualified beneficiaries (determined in accordance with Treasury Regulations §54.4980B-9, Q&A 4). The Sellers shall take all steps that may be necessary, including arranging for continued group health plan coverage for the COBRA statutory coverage period for each M&A qualified beneficiary, to ensure that such COBRA continuation coverage is available to such individuals and to ensure that the provisions of Treasury Regulations §54.4980B-9, Q&A 8(c) do not become applicable at any time, and to prevent the Purchaser from becoming by operation of such regulation section or otherwise, a "successor employer" for purposes of COBRA Coverage. The Purchaser shall be solely responsible for offering and providing any COBRA Coverage required with respect to any Transferred Employee (or other qualified beneficiary) who becomes covered by a group health plan sponsored or contributed to by the Purchaser or an Affiliate of the Purchaser ("Purchaser Group Health Plan") and who experiences a qualifying event following the Closing Date while covered under a Purchaser Group Health Plan. For purposes hereof, "qualified beneficiary," "M&A qualified beneficiaries," "group health plan" and "qualifying event" shall have the meanings ascribed thereto in Section 4980B of the Code and the related regulations.

(c) Information. The Sellers shall provide the Purchaser all information relating to each Employee of the Sellers as the Purchaser may reasonably require in connection with the Sellers' employment or engagement of such individuals, including initial employment dates, termination dates, reemployment dates, hours of service, compensation and tax withholding history in a form that shall be usable by the Purchaser and such information shall be true, correct and complete in all respects.

(d) Seller Benefit Plans.

(i) The Sellers have made, or caused to be made, all contributions and paid all premiums under each Seller Benefit Plan.

(ii) The Sellers shall be solely responsible for all liabilities based upon, arising out of or relating to the Seller Benefit Plans or the employment or termination of the

Sellers' current or former employees, whether asserted prior to, on or after the Closing Date. The Purchaser or one of its Affiliates shall be solely responsible for all liabilities based upon, arising out of or relating to the Employee Benefit Plans of the Purchaser or its Affiliates, as applicable, or the employment of the Transferred Employees by the Purchaser or its Affiliates, as applicable, after such Transferred Employee first becomes a Transferred Employee.

(iii) The Sellers shall be responsible for administering the Seller Benefit Plans after the Closing Date and shall be the person to whom the Transferred Employees may direct any questions about benefits due to them under the Seller Benefit Plans after the Closing. The Purchaser will not become the sponsor of any Seller Benefit Plan, and the Sellers may not terminate any of the Seller Benefit Plans before the expiration or earlier termination of the Transition Services Agreement.

(e) Severance Costs. All Severance Costs shall be treated as Closing Date Indebtedness and shall be set forth in detail in the Closing Statement. The Sellers shall administratively effect the timely payment of all Severance Costs to the Transferred Employees in accordance with their human resource policies and applicable Laws. The Purchaser shall assume all accrued vacation obligations in respect of the Transferred Employees to the extent that such obligations are accrued as current liabilities on the Final Working Capital Schedule.

(f) Communications. None of the Sellers or the Shareholders, nor any officer, director, manager, employee, agent or representative of the Sellers shall make any communication to employees of the Sellers regarding any Purchaser Benefit Plan or any compensation or benefits to be provided after the Closing Date without the advance approval of the Purchaser.

(g) Employees at Plant 1. As of the date on which the Transition Services Agreement expires or is earlier terminated, the Purchaser will offer employment to the Employees of the Sellers that are employed at the Plant (as defined in the Transition Services Agreement) and the Sellers shall terminate the employment of those who are offered employment by the Purchaser and accept such employment (the "Plant Employees"). The Sellers' termination of employment of such Plant Employees, and the Purchaser's commencement of employment of such Plant Employees, shall be effective as of the date on which the Transition Services Agreement expires or is earlier terminated. The Sellers shall remain solely responsible for the Plant Employees and any claims arising out of or relating in any way to their employment by, or service to, the Sellers or their termination by the Sellers.

(h) FMLA. Sellers shall provide all information concerning any leave granted to or any request for leave made by Sellers' employees under the FMLA within the last twelve (12) months of Closing. All the foregoing information is listed on Schedule 7.3(h).

Section 7.4 Transfer Taxes; Expenses: Other Closing Costs. All transfer, documentary, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the other Seller Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by the Sellers when due. The Sellers shall, at their own expense, timely file any Tax

Return or other document with respect to such Taxes or fees (and the Purchaser shall cooperate with respect thereto as necessary). Any fees incurred in obtaining the consents listed on Schedule 4.5 shall be borne by the Sellers and the Shareholders. All sales and use taxes in connection with this Agreement and the other Purchaser Ancillary Documents shall be borne and paid 50% by the Purchaser and 50% by the Sellers when due. The costs and expenses of Closing in respect of the Owned Properties shall be allocated among the Parties according to the prevailing custom and practice in the respective locale where each of the Owned Properties is situated.

Section 7.5 Confidential Information; Non-Competition; Non-Solicitation.

(a) Confidential Information. The Sellers and the Shareholders shall hold in confidence at all times following the date hereof all Confidential Information and shall not disclose, publish or make use of Confidential Information at any time following the date hereof without the prior written consent of the Purchaser, except to the extent the Sellers can show that such information (i) is generally available to and known by the public through no fault of the Sellers or any of their respective Affiliates or representatives or (ii) was lawfully acquired by the Sellers or any of their respective Affiliates or representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

(b) Noncompetition.

(i) The Sellers and the Shareholders hereby acknowledge that (A) the Purchaser conducts the Business in the Territory and/or has current plans to expand the Business throughout the Territory, and (B) to protect adequately the interest of the Purchaser in the Business and goodwill of the Sellers, it is essential that any noncompetition covenant with respect thereto cover all of the Business and the entire Territory.

(ii) The Sellers and the Shareholders (and their respective Family Members (as defined herein) and Affiliates) shall not, during the period beginning on the Closing Date and continuing for a period of five (5) years after the Closing Date, in any manner, either directly, indirectly, individually, in partnership, jointly or in conjunction with any Person, (A) engage in the Business within the Territory (other than for the Purchaser), or (B) have an equity or profit interest in, advise or render services (of an executive, marketing, manufacturing, research and development, administrative, financial, consulting, employment, independent contracting nature) or lend money to any Person that engages in the Business within the Territory (other than the Purchaser); provided, however, that, notwithstanding the foregoing, the Shareholders may invest in securities of any entity, solely for investment purposes and without participating in the Business thereof, if (A) such securities are traded on any national securities exchange, (B) any such Shareholder is not a controlling person of, or a member of a group which controls, such entity and (C) any such Shareholder does not, directly or indirectly, own one percent (1%) or more of any class of securities of such entity. Family Member, for purposes of this provision, shall mean those individuals defined in Code § 267(c)(4).

(c) Nonsolicitation. The Sellers and the Shareholders shall not, during the period beginning on the Closing Date and continuing for a period of five (5) years after the Closing Date, in any manner, directly, indirectly, individually, in partnership, jointly or in conjunction with any Person, (i) (x) recruit or solicit or attempt to recruit or solicit, on any of their behalves or on behalf of any other Person, any Transferred Employee, (y) encourage any Person (other than the Purchaser or one of its Affiliates) to recruit or solicit any Transferred Employee, or (z) otherwise encourage any Transferred Employee to discontinue his or her employment by the Purchaser or one of its Affiliates, (ii) solicit any customer who currently is a customer of the Sellers or has been a customer of the Sellers on or prior to the Closing Date for the purpose of providing, distributing or selling products or services similar to those sold or provided by the Sellers or (iii) persuade or attempt to persuade any customer or supplier of the Purchaser (or any of its Affiliates) to terminate or modify such customer's or supplier's relationship with the Purchaser (or any of its Affiliates); provided, however, that any Seller or a Shareholder may solicit an individual if (i) such individual has resigned voluntarily (without any solicitation from such Seller or such Shareholder, as applicable), and at least one year has elapsed since such individual's resignation from employment with the Purchaser or an Affiliate of the Purchaser, (ii) such individual's employment or services were terminated by the Purchaser or its Affiliates, and at least one year has elapsed since such individual was terminated by the Purchaser or its Affiliates, (iii) the Purchaser has consented to the solicitation of such individual in writing, which consent the Purchaser may withhold in its sole discretion or (iv) such solicitation solely occurs by general solicitations for employment to the public.

(d) Severability. In the event a judicial or arbitral determination is made that any provision of this Section 7.5 constitutes an unreasonable or otherwise unenforceable restriction against the Sellers or the Shareholders, the provisions of this Section 7.5 shall be rendered void only to the extent that such judicial or arbitral determination finds such provisions to be unreasonable or otherwise unenforceable with respect to the Sellers or the Shareholders. In this regard, any judicial authority construing this Agreement shall be empowered to sever any portion of the Territory, any prohibited business activity or any time period from the coverage of this Section 7.5 and to apply the provisions of this Section 7.5 to the remaining portion of the Territory, the remaining business activities and the remaining time period not so severed by such judicial or arbitral authority. Moreover, notwithstanding the fact that any provision of this Section 7.5 is determined not to be specifically enforceable, the Purchaser shall nevertheless be entitled to seek to recover monetary damages as a result of the breach of such provision by any Seller or any Shareholder. The time period during which the prohibitions set forth in this Section 7.5 shall apply shall be tolled and suspended for a period equal to the aggregate time during which any Seller or any Shareholder violates such prohibitions in any respect, only to the extent the Purchaser has alleged a breach prior to the fifth anniversary of the Closing Date.

(e) Injunctive Relief. Any remedy at law for any breach of the provisions contained in this Section 7.5 shall be inadequate and the Purchaser shall be entitled to seek injunctive relief in addition to any other remedy the Purchaser might have hereunder.

Section 7.6 Name Change. Within ten (10) Business Days following the Closing Date, each Seller shall change its name to remove any reference to the name "Strathmore" or any other trade name used by such Seller in the conduct or operation of the Business. As promptly as practicable following the Closing, each Seller shall file in all jurisdictions in which it is qualified

to do business all documents necessary to reflect such change of name or to terminate its qualification therein. In connection with enabling the Purchaser, at or as soon as practicable following the Closing, to use the current names of the Sellers, the Sellers shall, at the Closing, execute and deliver to the Purchaser all consents reasonably related to such change of name as may be requested by the Purchaser.

Section 7.7 Dissolutions of the Sellers. The Sellers and the Shareholders shall take all action to cause the Sellers to remain in existence until at least twenty-four (24) months following the Closing Date.

Section 7.8 Additional Assets. If additional assets or rights forming a part of, used in or intended to be used in, or necessary in the conduct of, the Business, other than Excluded Assets, are identified post-Closing as not having been adequately transferred to the Purchaser, the Sellers shall promptly transfer and assign to the Purchaser such assets or rights without additional consideration.

Section 7.9 Nonassignable Contracts. To the extent that the assignment hereunder by the Sellers to the Purchaser of any Assumed Contract is not permitted or is not permitted without the consent of any other party to the Assumed Contract, which consent has not been received, this Agreement shall not be deemed to constitute an assignment of any such Assumed Contract if such consent is not given or if such assignment otherwise would constitute a breach of, or cause a loss of contractual benefits under, any such Assumed Contract, and the Purchaser shall not assume any liabilities thereunder. With respect to any such Assumed Contract, the Sellers and the Shareholders shall continue to use commercially reasonable efforts to obtain such consent and shall cooperate in good faith with the Purchaser in any reasonable arrangement designed to provide the Purchaser with the rights and benefits (subject to the obligations) under any such Assumed Contract. Upon the receipt of any such consent, the Sellers shall assign such Assumed Contract to the Purchaser.

Section 7.10 Accounts Receivable. All payments and reimbursements made by any third party in the name of or to any Seller in connection with services provided or arising out of the Business after the Effective Date, shall be held by such Seller in trust for the benefit of Purchaser and, promptly, and in any event within five (5) Business Days after receipt by such Seller of any such payment or reimbursement, such Seller shall pay over to the Purchaser the amount of such payment or reimbursement without right of set off, together with all corresponding notes, documentation and information received in connection therewith.

Section 7.11 Licenses. The Sellers, the Shareholders and the Purchaser shall use best efforts to take, or cause to be taken, all actions necessary under applicable Laws to transfer, modify or reissue to the Purchaser the Scheduled Licenses. The Sellers, the Shareholders and the Purchaser agree to provide reasonable assistance to support each other's efforts to accomplish such transfer, modification or reissuance.

Section 7.12 Environmental. The Purchaser shall close in place or remove all sampling and monitoring wells and other equipment associated with, and all wastes generated by, the Clay Remediation in accordance with applicable Laws. "Clay Remediation" means all Remedial Action necessary to obtain No Further Action Status with respect to Spill #1411524 with respect

to the presence of Hazardous Materials at the Owned Property in Clay, New York. Attached hereto as Exhibit H is a true, correct and complete copy of the No Further Action letter delivered to the Sellers by the New York State Department of Environmental Conservation with respect to such spill.

Section 7.13 Tax Matters. The Sellers and the Purchaser hereby agree that all economic benefits incurred from the operation of the Assets and the Business shall inure to the benefit of the Purchaser from and after the Effective Date. As such, the Purchaser hereby agrees to report all items of income, gain, loss, deduction and credit attributable to the ownership and operation of the Assets and the Business from and after the Effective Date and pay all Taxes attributable to the ownership and operation of the Assets and the Business from and after the Effective Date. The Sellers hereby agree to either pay to the applicable Governmental Entity, in the ordinary course of business, or if not previously paid to the applicable Governmental Entity, deliver to Purchaser (i) all payments of Taxes collected by the Sellers attributable to the operation of the Business from and after the Effective Date through the Closing Date and (ii) all Tax withholding amounts attributable to payments of compensation to employees of the Sellers (other than Union Employees (as defined in the Transition Services Agreement)) from and after the Effective Date. The Sellers and the Purchaser hereby agree to cooperate, as necessary, to enable the Purchaser to properly report all items of income, gain, loss, deduction and credit, and remit to the appropriate Governmental Entity all Taxes, attributable to the ownership and operation of the Assets and the Business from and after the Effective Date.

Section 7.14 Consents. The Sellers and Purchaser hereby acknowledge that Sellers have disclosed certain consents as set forth in Schedule 4.5 of this Agreement. Notwithstanding the closing delivery obligation set forth in Section 9.1(e), the Sellers and Purchaser hereby agree to close this transaction without obtaining such disclosed consents and acknowledge that the failure to obtain such consents prior to Closing shall not be deemed a default under this Agreement.

ARTICLE VIII
CLOSING DATE

Section 8.1 Closing Date. Subject to the satisfaction of the conditions set forth in Sections 9.1 and 9.2 hereof (or the waiver thereof by the Party entitled to waive that condition), the closing (the "Closing") shall take place on the date hereof, unless another time or date, or both, are agreed to in writing by the Parties hereto. The date on which the Closing shall be held is referred to in this Agreement as the "Closing Date".

ARTICLE IX
CLOSING DELIVERIES

Section 9.1 Items to be Delivered by the Sellers and the Shareholders.

(a) the Escrow Agreement substantially in the form of Exhibit B, duly executed and delivered by the Sellers and the Shareholders;

(b) a consulting agreement substantially in the form of Exhibit C, duly executed and delivered by each of the Shareholders;

(c) a certificate duly executed and delivered by the Secretary of each Seller, dated effective as of the Effective Date, as to (1) the good standing of such Seller in its jurisdiction of formation, (2) the certification of such Seller's certificate of incorporation, articles of organization, bylaws and operating agreement, as applicable, and (3) the effectiveness of the resolutions of the Shareholders and members, as applicable, authorizing the execution, delivery and performance hereof by the Sellers passed in connection herewith and the transactions contemplated hereby;

(d) executed bills of sale, instruments of assignment, certificates of title documents, deeds and other conveyance documents, dated effective as of the Effective Date, transferring to the Purchaser all of the Sellers' right, title and interest in and to the Assets, together with possession of the Assets, including a bill of sale substantially in the form of Exhibit D;

(e) documents evidencing the Sellers' assignment of the Contracts and the Assumed Liabilities, including the Assignment and Assumption Agreement substantially in the form of Exhibit E (the "Assignment and Assumption Agreement");

(f) payoff letters reasonably satisfactory to the Purchaser (the "Payoff Letters") evidencing that the Closing Date Indebtedness will be repaid in full after disbursement of the amounts set forth therein from the Purchase Price;

(g) the Closing Statement in accordance with Section 3.2;

(h) evidence reasonably satisfactory to the Purchaser that all Liens affecting any Asset have been released or will be released upon repayment of the Closing Date Indebtedness pursuant hereto;

(i) an affidavit of non-foreign status complying with Section 1445 of the Code, duly signed by each Seller and each Shareholder;

(j) a transition services agreement substantially in the form of Exhibit F (the "Transition Services Agreement"), duly executed and delivered by Strathmore Products;

(k) a deferred compensation agreement substantially in the form of Exhibit G (the "Deferred Compensation Agreement"), duly executed and delivered by each of the Specified Employees; and

(l) such other documents as the Purchaser shall reasonably request.

Section 9.2 Items to be Delivered by the Purchaser.

(a) the portion of the Cash Consideration to be paid at Closing pursuant to Section 3.3(a)(v);

(b) an executed copy of the Assignment and Assumption Agreement;

(c) an executed copy of the Escrow Agreement;

(d) a certificate duly executed and delivered by the Secretary of Whitmore, dated effective as of the Effective Date, as to (1) the good standing of the Purchaser and Whitmore in their respective jurisdictions of formation and (2) the effectiveness of the resolutions of Whitmore authorizing the execution, delivery and performance hereof by the Purchaser and Whitmore passed in connection herewith and the transactions contemplated hereby; and

(e) a certificate of the Secretary (or equivalent officer) of Whitmore certifying the names and signatures of the officers of Purchaser and Whitmore authorized to sign this Agreement, the Purchaser Ancillary Documents, if applicable, and the other documents to be delivered hereunder and thereunder.

ARTICLE X
INDEMNIFICATION

Section 10.1 Indemnification Obligations of the Sellers and the Shareholders.

(a) The Sellers and the Shareholders shall (subject to the limitations set forth in Section 10.5 below) indemnify, defend and hold harmless the Purchaser Indemnified Parties from, against, and in respect of, any and all Losses arising out of, relating to or resulting from:

(i) any breach or inaccuracy of any representation or warranty made by the Sellers and the Shareholders in Article IV of this Agreement or in any Seller Ancillary Document;

(ii) any breach of any covenant, agreement or undertaking made by any Seller or any Shareholder in this Agreement or in any Seller Ancillary Document;

(iii) any liability or obligation of any Seller or any Shareholder of any nature whatsoever except the Assumed Liabilities, including, without limitation, the Specifically Excluded Liabilities;

(iv) events or circumstances occurring or existing with respect to the ownership, operation and maintenance of the Business and the Assets on or prior to the Closing Date, except the Assumed Liabilities;

(v) any Closing Date Indebtedness not set forth on the Closing Statement;

(vi) any amounts payable to Mike Yauslin pursuant to section 7 of that certain letter agreement between Strathmore Products and Mike Yauslin dated April 17, 2015;

(vii) any amounts payable in respect of (a) that certain promissory note made by Strathmore Products in favor of Thomas Burr in the original principal amount of $1,250,000 or (b) that certain promissory note made by Strathmore Products in favor of William M. Udovich in the original principal amount of $1,250,000;

(viii) any of the Seller Benefit Plans in respect of or relating to any period ending on or prior to the Closing Date, including termination thereof; and

(ix) any liability or obligation of the Sellers or Shareholders for Taxes for any Pre-Closing Tax Period or any portion of a straddle period through the Closing Date.

(b) The Shareholders shall (subject to the limitations set forth in Section 10.5 below) indemnify, defend and hold harmless the Purchaser Indemnified Parties from, against, and in respect of, any and all Losses arising out of or relating to any breach or inaccuracy of any representation or warranty made by the Shareholders in Article V of this Agreement or in any Seller Ancillary Document.

The Losses of the Purchaser Indemnified Parties described in this Section 10.1 as to which the Purchaser Indemnified Parties are entitled to indemnification are collectively referred to as "Purchaser Losses."

Section 10.2 Indemnification Obligations of the Purchaser. The Purchaser shall indemnify, defend and hold harmless the Seller Indemnified Parties from, against and in respect of any and all Losses arising out of, relating to or resulting from:

(a) any breach or inaccuracy of any representation or warranty made by the Purchaser in this Agreement or in any Purchaser Ancillary Document;

(b) any breach of any covenant, agreement or undertaking made by the Purchaser in this Agreement or in any Purchaser Ancillary Document;

(c) except as it relates to or arises from a Purchaser Loss after the Closing Date, any liability or obligation of Purchaser of any nature whatsoever, including, but not limited to any liability or obligation arising out of or related to the Assumed Liabilities, after the Closing Date;

(d) except as it relates to or arises from a Purchaser Loss after the Closing Date, any event or circumstance occurring or existing with respect to the ownership, operation and maintenance of the Business and the Assets after the Closing Date; and

(e) at such time as the Indemnification Escrow Fund and the Net Working Capital Escrow Fund (each as defined in the Escrow Agreement) has been released, (i) the compensation payable to the Escrow Agent pursuant to the Escrow Agreement and (ii) the reduction of the Deferred Compensation Escrow Fund (as defined in the Escrow Agreement) as a result of the Escrow Agent's exercise of its right of offset against such Deferred Compensation Escrow Fund as contemplated by the Escrow Agreement.

The Losses of the Seller Indemnified Parties described in this Section 10.2 as to which the Seller Indemnified Parties are entitled to indemnification are collectively referred to as "Seller Losses."

Section 10.3 Indemnification Procedure.

(a) Promptly following receipt by an Indemnified Party of notice by a third party (including any Governmental Entity) of any complaint, dispute or claim or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to indemnification pursuant hereto ("Third-Party Claim"), such Indemnified Party

shall provide written notice thereof to the Party obligated to indemnify under this Agreement (the "Indemnifying Party"), provided, however, that the failure or delay to so notify the Indemnifying Party shall relieve the Indemnifying Party from liability hereunder with respect to such Third-Party Claim only if, and only to the extent that, such failure or delay materially prejudices the Indemnifying Party. The Indemnifying Party shall have the right, upon written notice delivered to the Indemnified Party within thirty (30) days thereafter, to assume the defense of such Third-Party Claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If the Indemnifying Party elects to undertake the defense of any Third-Party Claim hereunder, the Indemnified Party shall cooperate with the Indemnifying Party in the defense or settlement of the Third-Party Claim, including providing access to information, making documents available for inspection and copying, and making employees available for interviews, depositions and trial. The Indemnifying Party shall not be entitled to settle any Third-Party Claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the Indemnifying Party shall be permitted to settle any Third-Party Claim without the prior written consent of the Indemnified Party if such Third-Party Claim seeks recovery of monetary damages only for which the Indemnifying Party has acknowledged its liability in writing and which are paid in full by the Indemnifying Party and such settlement includes the unconditional release of the Indemnified Party and its officers, directors, employees, and Affiliates from all liability in respect to such Third-Party Claim from each claimant and from the Indemnifying Party.

(b) In the event, however, that the Indemnifying Party declines or fails to assume the defense of such Third-Party Claim on the terms provided above or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such thirty (30)-day period, the Indemnified Party may, at the Indemnifying Party's expense, defend against such Third-Party Claim, after giving notice of the same to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate, and the Indemnifying Party shall be entitled to participate in (but not control) the defense of such action, with its counsel and at its own expense. The Indemnified Party shall not settle or compromise any Third-Party Claim for which it is entitled to indemnification hereunder, without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed) unless such settlement, compromise or consent includes an unconditional release of the Indemnifying Party and its officers, directors, employees and Affiliates from all liability arising out of, or related to, such Third-Party Claim.

(c) In the event an Indemnified Party claims a right to payment pursuant hereto with respect to any matter not involving a third party complaint, dispute or claim ("Direct Claim"), such Indemnified Party shall send written notice of such claim to the appropriate Indemnifying Party (a "Notice of Claim"). Such Notice of Claim shall specify the basis for such Direct Claim. The failure by any Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any Direct Claim made pursuant to this Section 10.3(c), it being understood that Notices of Claim in respect of a breach of a representation or warranty must first be delivered prior to the expiration of the survival period for such representation or warranty under Section 10.4. In the event the Indemnifying Party does not notify the Indemnified Party within thirty (30) days following its receipt of such Notice of Claim that the Indemnifying Party disputes its liability to

the Indemnified Party under this Article X or the amount thereof, the Direct Claim specified by the Indemnified Party in such Notice of Claim shall be conclusively deemed a liability of the Indemnifying Party under this Article X, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the Direct Claim (or any portion of the Direct Claim) is estimated, on such later date when the amount of such Direct Claim (or such portion of such Direct Claim) becomes finally determined. In the event the Indemnifying Party has timely disputed its liability with respect to such Direct Claim as provided above, as promptly as possible, such Indemnified Party and the appropriate Indemnifying Party shall establish the merits and amount of such Direct Claim (by mutual agreement, litigation, arbitration or otherwise) and, within five (5) Business Days following the final determination of the merits and amount of such Direct Claim, the Indemnifying Party shall pay to the Indemnified Party immediately available funds in an amount equal to such Direct Claim as determined hereunder.

Section 10.4 Survival Period.

(a) The parties hereby acknowledge and agree that, to the fullest extent permitted by Law, they intend that this Agreement be, and that it will be treated and construed as, a contract under seal under Delaware Law with all of the consequences of such a contract under Delaware Law, including causing this Agreement to be subject to the twenty (20) year limitations period applicable to sealed instruments; provided, however, that the parties hereto agree that, notwithstanding the application of such longer limitations period under Delaware Law, the parties hereby agree to reduce the applicable limitations period for certain claims, as set forth in Section 10.4(b).

(b) The representations and warranties of the Parties contained herein shall not be extinguished by the Closing, but shall survive the Closing for, and all claims for indemnification in connection therewith shall be asserted not later than, eighteen (18) months following the Closing Date; provided, however, that (a) each of the representations and warranties contained in Section 4.1 (Organization), Section 4.2 (Authorization), Section 4.3 (Capitalization), Section 4.4 (Absence of Restrictions and Conflicts), Section 4.8 (Sufficiency of and Title to Assets), Section 4.24 (Affiliate Matters), Section 4.28 (Brokers, Finders and Investment Bankers), Section 5.1 (Authorization and Validity), Section 5.2 (Absence of Restrictions and Conflicts), Section 6.1 (Organization), Section 6.2 (Authorization) and Section 6.3 (Absence of Restrictions and Conflicts), (b) the covenants and agreements of the Parties hereunder and (c) Fraud Claims (as defined below) shall survive the Closing without limitation as to time, and the period during which a claim for indemnification may be asserted in connection therewith shall continue indefinitely; provided, further, that each of the representations and warranties contained in Section 4.17 (Taxes; Tax Returns), Section 4.19 (Seller Benefit Plans) and Section 4.22 (Environmental, Health and Safety Matters) shall survive the Closing for, and all claims for indemnification in connection therewith shall be asserted not later than, six (6) years following the Closing Date. Notwithstanding the foregoing, if, prior to the close of business on the last day a claim for indemnification shall have been asserted hereunder, an Indemnifying Party shall have been properly notified of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof.

Section 10.5 Liability Limits.

(a) Notwithstanding anything to the contrary set forth herein, the Purchaser Indemnified Parties shall not make a claim against the Sellers or the Shareholders for indemnification under Section 10.1(a)(i) for Purchaser Losses unless and until the aggregate amount of such Purchaser Losses exceeds $365,000 (the "Purchaser Basket"), in which event the Purchaser Indemnified Parties may claim indemnification for the entire amount of Purchaser Losses (including the initial $365,000); provided, however, that the Purchaser Basket shall not apply to Purchaser Losses based on (i) fraud or intentional misrepresentation ("Fraud Claims") or (ii) inaccuracies or breaches of Fundamental Representations (as defined below). The total aggregate amount of liability of the Sellers and the Shareholders for Purchaser Losses with respect to any claims made under Section 10.1(a) shall be limited to (A) during the first eighteen (18) months after the Closing, fifty percent (50%) of the Purchase Price, (B) during the period after the first eighteen (18) months after the Closing and before the thirty-six (36) month anniversary of the Closing, twenty-five percent (25%) of the Purchase Price and (C) during the period after the thirty-six (36) month anniversary of the Closing, fifteen percent (15%) of the Purchase Price (the "Cap"); provided, however, that the Cap shall not apply to Purchaser Losses arising, directly or indirectly, from Fraud Claims; provided, further, that inaccuracies or breaches of the representations and warranties contained in Section 4.1 (Organization), Section 4.2 (Authorization), Section 4.3 (Capitalization), Section 4.4 (Absence of Restrictions and Conflicts), Section 4.8 (Sufficiency of and Title to Assets), Section 4.24 (Affiliate Matters), Section 4.28 (Brokers, Finders and Investment Bankers), Section 5.1 (Authorization and Validity) and Section 5.2 (Absence of Restrictions and Conflicts) (collectively, "Fundamental Representations"), will be subject to a cap not to exceed the Purchase Price. Under no circumstances shall the total aggregate amount of liability of the Sellers and the Shareholders for Purchaser Losses under this Article X exceed the Purchase Price.

(b) The Sellers and Shareholders expressly agree that the Purchaser Indemnified Parties may recover from the Indemnity Escrow Amount on a joint and several basis all Purchaser Losses incurred pursuant to Section 10.1(a) and 10.1(b) until the Indemnity Escrow Amount is exhausted or released in accordance with the Escrow Agreement. In the event the Indemnity Escrow Amount is exhausted or has been released in accordance with the Escrow Agreement, then the Purchaser Indemnified Parties shall not be entitled, with respect to any Purchaser Losses, to recover from a Shareholder an amount (apart from any amount previously recovered from the Indemnity Escrow Amount) in excess of the product of (i) the amount of such Purchaser Losses and (ii) such Shareholder's Pro Rata Portion.

(c) Solely for the purpose of determining the magnitude of related Losses in connection with a breach or inaccuracy of any representation or warranty under Section 10.1, each such representation or warranty should be read without reference to any materiality or Material Adverse Effect qualifications contained therein.

Section 10.6 Set-Off. The Purchaser shall be entitled, but not required, to set-off any amount or right it may be entitled to pursuant to this Agreement (including, without limitation, payments for indemnification obligations and payments in the event of a Working Capital Deficit), against any amount, right or obligation owed to any Seller or any Shareholder under this Agreement or any Seller Ancillary Document, including, without limitation, any Contingent

Consideration pursuant to Section 3.6. Notwithstanding anything to the contrary contained herein, the Purchaser and Whitmore shall have no right of set-off against the Deferred Compensation Escrow Amount.

Section 10.7 Payments from Escrow. Amounts paid by the Escrow Agent to any Purchaser Indemnified Party under the Escrow Agreement shall be treated as having been paid by the Sellers or a Shareholder (as applicable) to the Purchaser Indemnified Party for all purposes under this Agreement.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 11.1 Notices. All notices, communications and deliveries required or made hereunder must be made in writing signed by or on behalf of the Party making the same, shall specify the Section hereunder pursuant to which it is given or being made, and shall be delivered personally or by electronic mail, telecopy transmission, a national overnight courier service or registered or certified mail (return receipt requested) (with postage and other fees prepaid) as follows:

To the Purchaser:	Strathmore Holdings, LLC c/o The Whitmore Manufacturing Company 930 Whitmore Drive Rockwall, TX 75087 Attn: Jeffrey Kilpatrick, CEO Facsimile No.: (972) 722-4561 Email: jkilpatrick@whitmores.com
with a copy to:	Miller, Egan, Molter & Nelson LLP 2911 Turtle Creek Blvd., Suite 1100 Dallas, TX 75219 Attn: Michael Colvin Facsimile No.: (214) 628-9505 Email: michael.colvin@milleregan.com
To the Sellers or the Shareholders:	Eric T. Burr 1970 West Fayette Street Syracuse, NY 13204 Facsimile No.: (315) 488-2715 Email: eburr@strathmoreproducts.com William M. Udovich 1970 West Fayette Street Syracuse, NY 13204 Facsimile No.: (315) 488-2715 Email: wudovich@strathmoreproducts.com

with a copy to: Hancock Estabrook LLP
1500 AXA Tower I
100 Madison Street
Syracuse, NY 13202
Attn: Richard E. Scrimale
Facsimile No.: (315) 565-4600
Email: rscrimale@hancocklaw.com

or to such other representative or at such other postal address, facsimile number or electronic mail address of a Party as such Party may furnish to the other Parties in writing. Any such notice, communication or delivery shall be deemed given or made (a) on the date of delivery, if delivered in person, (b) upon transmission by facsimile if receipt is confirmed by telephone, (c) upon transmission by electronic mail if receipt is confirmed, (d) on the first (1st) Business Day following delivery to a national overnight courier service or (e) on the fifth (5th) Business Day following it being mailed by registered or certified mail.

Section 11.2 Schedules and Exhibits. The Schedules and Exhibits are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full herein.

Section 11.3 Assignment; Successors in Interest. No assignment or transfer by any Party of such Party's rights and obligations hereunder shall be made except with the prior written consent of the other Parties; provided that the Purchaser shall, without the obligation to obtain the prior written consent of any other Party, be entitled to assign this Agreement or all or any part of its rights or obligations hereunder to one or more Affiliates of the Purchaser or to its lenders under its credit facilities. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns, and any reference to a Party shall also be a reference to the successors and permitted assigns thereof.

Section 11.4 Captions. The titles, captions and table of contents contained herein are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 11.5 Controlling Law. This Agreement shall be governed by and construed and enforced in accordance with the internal Laws of the State of Delaware without reference to its choice of law rules. Except with respect to any action, dispute, suit or proceeding arising under Section 3.5 or 3.6 hereof, each Party irrevocably and unconditionally (a) consents to submit to the exclusive jurisdiction of the United States District Court for the District of Delaware or, if such court does not have jurisdiction, any court of the State of Delaware sitting in the County of New Castle, and the appellate courts having jurisdiction of appeals in such courts for any action, dispute, suit or proceeding arising out of or relating to this Agreement (and each party irrevocably and unconditionally agrees not to commence any such action, dispute, suit or proceeding except in such courts), (b) waives any objection to the laying of venue of any such action, dispute, suit or proceeding in any such courts and (c) waives and agrees not to plead or claim that any such action, dispute, suit or proceeding brought in any such court has been brought in an inconvenient forum. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT**.

Section 11.6 Severability. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.7 Counterparts. This Agreement may be executed in two or more counterparts (including by electronic mail, facsimile or other electronic means), each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms hereof to produce or account for more than one of such counterparts.

Section 11.8 Enforcement of Certain Rights. Nothing expressed or implied herein is intended, or shall be construed, to confer upon or give any Person other than the Parties and, only with respect to Article X, the Purchaser Indemnified Parties and the Seller Indemnified Parties and the respective successors or permitted assigns of each of the foregoing, any right, remedy, obligation or liability under or by reason of this Agreement, or result in such Person being deemed a third-party beneficiary hereof.

Section 11.9 Waiver; Amendment. Any agreement on the part of a Party to any extension or waiver of any provision hereof shall be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement, obligation, condition, representation or warranty shall not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time. This Agreement may not be amended, modified or supplemented except by written agreement of the Parties.

Section 11.10 Integration. This Agreement and the documents executed pursuant hereto supersede all negotiations, agreements and understandings among the Parties with respect to the subject matter hereof and constitute the entire agreement among the Parties with respect thereto.

Section 11.11 Compliance with Bulk Sales Laws. Each Party hereby waives compliance by the Parties with the “bulk sales,” “bulk transfers” or similar Laws and all other similar Laws in all applicable jurisdictions in respect of the transactions contemplated by this Agreement.

Section 11.12 Interpretation. Where the context requires, the use of a pronoun of one gender or the neuter is to be deemed to include a pronoun of the appropriate gender. References herein to any Law shall be deemed to refer to such Law, as amended from time to time, and all rules and regulations promulgated thereunder. The words “include,” “includes,” and “including” shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” Except as otherwise indicated, all references in this Agreement to “Sections,” “Schedules” and “Exhibits” are intended to refer to Sections, Schedules and Exhibits of this Agreement.

Section 11.13 Cooperation Following the Closing. Following the Closing, each Party shall deliver to the other Parties such further information and documents and shall execute and deliver to the other Parties such further instruments and agreements as any other Party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other Party the benefits hereof.

Section 11.14 Transaction Costs. Except as provided above or as otherwise expressly provided herein, (a) the Purchaser shall pay its own fees, costs and expenses incurred in connection herewith and the transactions contemplated hereby, including the fees, costs and expenses of its financial advisors, accountants and counsel and (b) the Sellers shall pay the fees, costs and expenses of the Sellers and Shareholders incurred in connection herewith and the transactions contemplated hereby, including the fees, costs and expenses of financial advisors, bankers, accountants and counsel to the Sellers and Shareholders.

Section 11.15 Arbitration.

(a) The Purchaser and the Sellers hereby agree that any dispute, controversy or claim arising out of and/or relating to this Agreement, the transactions contemplated hereby or the termination hereof, or the arbitrability of any controversy or claim, will be finally settled by confidential and binding arbitration pursuant to the Federal Arbitration Act, 9 U.S.C. § 1, et. seq. After the arbitration has been initiated, any party may assert any cross or counterclaims in the arbitration. The arbitration shall be conducted and administered by the office of the American Arbitration Association ("AAA") according to the AAA's Commercial Arbitration Rules and Mediation Procedures ("AAA Rules") then in effect. The arbitration shall be conducted before a single arbiter (the "Arbiter") selected by agreement of the Purchaser and the Sellers. If the Purchaser and the Sellers are unable to agree upon the selection of the Arbiter, then the AAA Rules will be used to select the Arbiter. The Arbiter shall have the power to determine its own jurisdiction and shall render a single written decision that is based on applicable legal principles. The Arbiter may enter a default decision against any party who fails to participate in the arbitration proceedings. All claims or disputes subject to arbitration must be brought in the party's individual capacity, and not as a plaintiff or class member in any class, collective or representative action.

(b) The decision of the Arbiter on the points in dispute will be final, conclusive, unappealable and binding, and judgment on the award may be entered in the highest court of the forum (whether the enforcement action is brought originally in Delaware State courts or Delaware federal courts) having jurisdiction over the issues addressed in the arbitration. The parties agree that this Section 11.15 has been adopted by the parties to rapidly and inexpensively resolve any disputes between them and that these arbitration provisions will be grounds for dismissal of any court action commenced by either party arising out of and/or relating to this Agreement, the transactions contemplated by this Agreement or the termination hereof, or the arbitrability of any controversy or claim, other than post-arbitration actions by either party seeking to enforce an arbitration award. If any court determines that this arbitration procedure is not binding, or otherwise allows any litigation regarding a dispute, claim or controversy covered by this Agreement to proceed in court, the parties hereto hereby waive any and all right to a trial by jury in or with respect to such litigation, in accordance with Section 11.5 hereof.

(c) The arbitration administration fees and expenses and the arbitrator's fees and expenses shall be borne equally by the Purchaser, on the one hand, and the Sellers, on the other hand, unless otherwise required by applicable state law, provided that the Purchaser and the

Sellers shall pay for and bear the costs of their own experts, evidence and representation, and provided that the substantially prevailing party as determined by the Arbiter shall be entitled to an award of the costs and expenses detailed in this paragraph.

(d) The parties will keep confidential, and will not disclose to any person or entity, except to their spouse if any, attorneys or auditors, or as may be required by law, the existence of any dispute, claim or controversy under this Section 11.15, the referral of any such dispute, claim or controversy to arbitration or the status or resolution thereof. Notwithstanding this paragraph, in order to enforce the arbitration award, the parties may file the arbitration award with a court having jurisdiction thereof.

(e) The Purchaser and the Sellers acknowledge that this agreement to submit to arbitration includes all controversies or claims of any kind, whether in contract or in tort, statutory or common law, legal or equitable, now existing or hereafter arising under any federal, state, local or foreign law. The Purchaser and the Sellers hereby waive all rights hereunder to have a judicial tribunal and/or a jury determine such claims.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

PURCHASER:

Attest/Witness:

STRATHMORE HOLDINGS, LLC (SEAL)

By: The Whitmore Manufacturing Company,
As its Member

/s/ Lisa Smith
Name: Lisa Smith
Title: Exec Assistant

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

SELLERS:

Attest/Witness:

STRATHMORE PRODUCTS, INC. (SEAL)

/s/ Richard Schmale
Name: Richard Schmale
Title: Attorney

By: /s/ Eric T. Burr
Name: Eric T. Burr
Title: Chief Executive Officer

Attest/Witness:

STRATHMORE PRODUCTS OF LONGVIEW, LLC (SEAL)

/s/ Richard Schmale
Name: Richard Schmale
Title: Attorney

By: /s/ Eric T. Burr
Name: Eric T. Burr
Title: Manager

Attest/Witness:

STRATHMORE PRODUCTS OF HOUSTON, LLC (SEAL)

/s/ Richard Schmale
Name: Richard Schmale
Title: Attorney

By: /s/ Eric T. Burr
Name: Eric T. Burr
Title: Manager

Attest/Witness:

SP WALLER, LLC (SEAL)

/s/ Richard Schmale
Name: Richard Schmale
Title: Attorney

By: /s/ Eric T. Burr
Name: Eric T. Burr
Title: Manager

SHAREHOLDERS:

/s/ Eric T. Burr
ERIC T. BURR

/s/ William M. Udovich
WILLIAM M. UDOVICH

THE WHITMORE MANUFACTURING COMPANY

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION
OF
CSW INDUSTRIALS, INC.

CSW Industrials, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies that:

1. The name of the corporation is CSW Industrials, Inc. The date of filing of the initial Certificate of Incorporation of CSW Industrials, Inc. with the Secretary of State of the State of Delaware was November 6, 2014.

2. This Amended and Restated Certificate of Incorporation has been duly adopted by the directors and stockholders of the corporation in accordance with Sections 228, 242 and 245 of the DGCL.

3. This Amended and Restated Certificate of Incorporation shall become effective upon filing with the Secretary of State of the State of Delaware (the "Effective Time").

4. Pursuant to Section 245 of the DGCL, effective as of the Effective Time, this Amended and Restated Certificate of Incorporation amends and restates the provisions of the Certificate of Incorporation of the corporation, as set forth below:

ARTICLE I

NAME

The name of the corporation is CSW Industrials, Inc. (the "Company").

ARTICLE II

OFFICES

Section 1. Registered Office. The address of the Company's registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, State of Delaware, 19801. The name of the Company's registered agent at such address is The Corporation Trust Company.

Section 2. Other Offices. The Company shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors (the "Board"), and may also have offices at such other places, both within and without the State of Delaware, as the Board may from time to time determine or the business of the corporation may require.

ARTICLE III

CORPORATE PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

SHARES OF STOCK

Section 1. Authorized Capital Stock. The Company is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Company is authorized to issue is [●] shares, consisting of [●] shares of Common Stock, par value $0.01 per share, and [●] shares of Preferred Stock, par value $0.01 per share.

Section 2. Preferred Stock. The Preferred Stock may be issued in one or more series. The Board is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any such series and the designation, relative powers, preferences, rights and qualifications, limitations or restrictions of such series. The authority of the Board with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

(a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(b) the voting powers, if any, and whether such voting powers are full or limited in such series;

(c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(d) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates, conditions and preferences of dividends on such series;

(e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Company;

(f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Company, at such price or prices or at such rate or rates of exchange and with such adjustments applicable thereto;

(g) the right, if any, to subscribe for or to purchase any securities of the Company;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof;

all as may be determined from time to time by the Board and stated or expressed in the resolution or resolutions providing for the issuance of such Preferred Stock (collectively, a "Preferred Stock Designation").

Section 3. Common Stock. Subject to the rights of the holders of any series of Preferred Stock, the holders of Common Stock will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of Common Stock held of record by such holder as of the record date for such meeting.

ARTICLE V

BYLAWS

The Board may make, adopt, amend, and repeal the Bylaws of the Company. Any Bylaw made or adopted by the Board under the powers conferred hereby may be amended or repealed by the Board (except as specified in any such Bylaw so made or amended) or by the stockholders in the manner provided in the Bylaws of the Company. The Company may in its Bylaws confer powers upon the Board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board by applicable law. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds of the Voting Stock, voting together as a single class, is required to amend or repeal, or to adopt any provision inconsistent with, this Article V. For the purposes of this Amended and Restated Certificate of Incorporation, "Voting Stock" means stock of the Company of any class or series entitled to vote generally in the election of directors.

ARTICLE VI

ANNUAL AND SPECIAL MEETINGS; NO ACTION BY WRITTEN CONSENT

Section 1. Annual and Special Meeting. Subject to the rights of the holders of any series of Preferred Stock:

(a) any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing of such stockholders; and

(b) special meetings of stockholders of the Company may be called only by (i) the Chairman of the Board (the "Chairman"), (ii) the Chief Executive Officer of the Company or (iii) a majority of the total number of directors that the Company would have if there were no vacancies on the Board.

Section 2. Business at Meetings. At any annual meeting or special meeting of stockholders of the Company, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the Bylaws of the Company.

Section 3. Amendment. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding Voting Stock, voting together as a single class, will be required to amend or repeal, or adopt any provision inconsistent with, this Article VI.

ARTICLE VII

DIRECTORS

Section 1. Number, Election, and Terms of Directors. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, the number of the directors of the Company will not be less than three nor more than nine and will be fixed from time to time in the manner provided in the Bylaws of the Company. The directors, other than those who may be elected by the holders of any series of Preferred Stock, will be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, designated Class I, Class II and Class III. At any meeting of stockholders at which directors are to be elected, the number of directors elected may not exceed the greatest number of directors then in office in any class of directors. The directors first appointed to Class I will hold office for a term expiring at the annual meeting of stockholders to be held in 2016; the directors first appointed to Class II will hold office for a term expiring at the annual meeting of stockholders to be held in 2017; and the directors first appointed to Class III will hold office for a term expiring at the annual meeting of stockholders to be held in 2018, with the members of each class to hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Company, the successors to the class of directors whose term expires at that meeting will be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, directors may be elected by the stockholders only at an annual meeting of stockholders. Election of directors of the Company need not be by written ballot unless requested by the Chairman or by the holders of a majority of the Voting Stock present in person or represented by proxy at a meeting of the stockholders at which directors are to be elected. If authorized by the Board, such requirement of written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Section 2. Nomination of Director Candidates. Advance notice of stockholder nominations for the election of directors must be given in the manner provided in the Bylaws of the Company.

Section 3. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the authorized number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor has been elected and qualified. No decrease in the number of directors constituting the Board may shorten the term of any incumbent director.

Section 4. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock specified in a Preferred Stock Designation, any director may be removed from office by the stockholders only for cause and only in the manner provided in this Article VII, Section 4. At any annual meeting or special meeting of the stockholders, the notice of which identifies the director or directors proposed to be removed and states that the removal of a director or directors is among the purposes of the meeting, the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding Voting Stock, voting together as a single class, may remove such director or directors for cause.

Section 5. Amendment. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding Voting Stock, voting together as a single class, is required to amend or repeal, or adopt any provision inconsistent with, this Article VII.

ARTICLE VIII

LIABILITY

To the full extent permitted by the DGCL or any other applicable law currently or hereafter in effect, no director of the Company will be personally liable to the Company or its stockholders for or with respect to any acts or omissions in the performance of his or her duties as a director of the Company. Any repeal or modification of this Article VIII will not adversely affect any right or protection of a director of the Company existing prior to such repeal or modification.

ARTICLE IX

INDEMNIFICATION

Section 1. Right to Indemnification. Each person who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that the person is or was a director or an officer of the Company, or is or was at any such time serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other

enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent permitted or required by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article IX with respect to Proceedings to enforce rights to indemnification, the Company shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board.

Section 2. Right to Advancement of Expenses. The right to indemnification conferred in Section 1 of this Article IX shall include the right to be paid by the Company the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); provided, however, that, if the DGCL so requires, an Advancement of Expenses incurred by an Indemnitee in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking (an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article IX is not paid in full by the Company within 60 calendar days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 calendar days after receipt of a written claim and, if required, an Undertaking, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or an Advancement of Expenses hereunder, it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL or is not entitled to the requested Advancement of Expenses. In any suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a Final Adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Company (including its Board, independent legal counsel or stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Company (including its Board, independent legal counsel or stockholders) that the Indemnitee has not met such applicable

standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, under this Article IX or otherwise shall be on the Company.

Section 4. Non-Exclusivity, Continuation and Modification of Rights.

(a) The rights to indemnification and to the Advancement of Expenses conferred in this Article IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Company's Amended and Restated Certificate of Incorporation, Bylaws, any agreement, vote of stockholders or disinterested directors or otherwise.

(b) The rights to indemnification and to the Advancement of Expenses conferred in this Article IX shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be director or an officer of the Company, or to serve at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

(c) Any amendment or modification of this Article IX that in any way diminishes or adversely affects any rights of the Indemnitees hereunder shall be prospective only and shall not affect any such rights in respect of any claim arising from or related to services provided prior to the date of such amendment or modification.

Section 5. Insurance. The Company may maintain insurance, at its expense, to protect itself and any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the DGCL.

Section 6. Indemnification of Employees and Agents of the Company. The Company may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the Advancement of Expenses to any employee or agent of the Company to the fullest extent of the provisions of this Article IX with respect to the indemnification and Advancement of Expenses of directors and officers of the Company.

IN WITNESS WHEREOF, CSW Industrials, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on , 2015.

CSW INDUSTRIALS, INC.

By: _____
Name: Joseph Armes
Title: Chief Executive Officer

Exhibit 3.2

CSW INDUSTRIALS, INC.

BYLAWS

Adopted and Effective on [·], 2015

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

BYLAWS

OF

CSW INDUSTRIALS, INC.

a Delaware Corporation

PREAMBLE

These Bylaws of CSW Industrials, Inc., a Delaware corporation (the "Company"), are subject to, and governed by, the General Corporation Law of the State of Delaware (the "DGCL") and the Certificate of Incorporation of the Company (as the same may be amended from time to time, the "Certificate"). In the event of a conflict between the provisions of these Bylaws and the provisions of the DGCL or the Certificate, the provisions of the DGCL or the Certificate, as the case may be, will control.

ARTICLE I
STOCKHOLDERS MEETINGS

Section 1.1. Time and Place of Meetings. All meetings of stockholders will be held at such time and place, within or without the State of Delaware, as may be designated by the Board of Directors (the "Board") of the Company, from time to time or, in the absence of a designation by the Board, the Chairman of the Board, the Chief Executive Officer or the Secretary, and stated in the notice of the meeting. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that a meeting of stockholders will not be held at any place, but may instead be held by means of remote communications, subject to such guidelines and procedures as the Board may adopt from time to time. The Board may postpone and reschedule any previously scheduled annual or special meeting of stockholders.

Section 1.2. Annual Meetings. At each annual meeting of stockholders, the stockholders will elect, by a plurality of the votes of the shares present in person or represented by proxy at such meeting and entitled to vote on the election of directors, the directors to succeed those directors whose terms expire at such meeting and will transact such other business as may properly be brought before the meeting in accordance with Section 1.8, Section 1.9, Section 1.10 and Section 1.11.

Section 1.3. Special Meetings. A special meeting of stockholders may be called only by (a) the Chairman of the Board, (b) the Chief Executive Officer of the Company, or (c) a majority of the total number of directors that the Company would have if there were no vacancies on the Board (the "Whole Board"), in each case to transact only such business as is properly brought before the meeting in accordance with Section 1.8 and specified in the notice of the meeting. Special meetings of holders of any outstanding Preferred Stock, if any, may be called in the manner and for the purposes provided in the applicable Preferred Stock Designation.

Section 1.4. Notice of Meetings. Written notice of every meeting of stockholders, stating the place, if any, date and time thereof, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is

called, will be given, in a form permitted by Section 3.1 or by the DGCL, not less than 10 nor more than 60 calendar days before the date of the meeting to each stockholder of record entitled to vote at such meeting, except as otherwise provided by law. When a meeting is adjourned to another place, date, or time, notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, written notice of the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting must be given in conformity with this Section 1.4. At any adjourned meeting, any business may be transacted which properly could have been transacted at the original meeting.

Section 1.5. Inspectors. The Board will, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of the meeting will appoint one or more inspectors to act at the meeting.

Section 1.6. Quorum. Except as otherwise provided by law or in a Preferred Stock Designation, the holders of a majority of the stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum at a meeting of stockholders for the transaction of business at the meeting. If, however, a quorum is not present or represented at any meeting of stockholders, the stockholders entitled to vote at the meeting, present in person or represented by proxy, will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 1.7. Voting; Proxies; No Stockholder Action by Written Consent. Except as otherwise provided by law, by the Certificate, or in a Preferred Stock Designation, each stockholder will be entitled at every meeting of the stockholders to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the Company on the record date for the meeting and such votes may be cast either in person or by proxy. Every proxy must be authorized in a manner permitted by Section 212 of the DGCL (or any successor provision). When a quorum is present at any meeting of stockholders, the affirmative vote of the majority of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter and that are voted for or against the matter will be the act of the stockholders in all matters other than the election of directors, or as otherwise provided in these Bylaws, the Certificate, a Preferred Stock Designation, or by law, rule or regulation applicable to the Company or its securities or the rules or regulations of any stock exchange applicable to the Company. Any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing of such stockholders.

Section 1.8. Order of Business. The Chairman or an officer of the Company designated from time to time by a majority of the Whole Board will call meetings of stockholders to order and will act as the presiding officer of the meeting. Unless otherwise determined by the Board prior to the meeting, the presiding officer of the meeting of stockholders will also determine the order of business and have the authority in his or her sole discretion to determine the rules of procedure and regulate the conduct of any such meeting, including, without limitation, by imposing restrictions on the persons (other than stockholders of the Company or their duly appointed proxy holders) that may attend any such stockholders' meeting, by ascertaining whether any stockholder or his or her proxy holder may be excluded from any meeting of stockholders based upon any determination by the presiding officer, in his or her sole discretion, that any such person has disrupted or is likely to disrupt the proceedings of the meeting, by determining the circumstances in which any person may make a statement or ask questions at any meeting of stockholders, by ruling on all procedural questions that may arise during or in connection with the meeting, and by determining whether any nomination or business proposed to be brought before the meeting has been properly brought before the meeting.

Section 1.9. Notice of Stockholder Proposals.

(a) Business to Be Conducted at Annual Meeting. At an annual meeting of stockholders, only such business may be conducted as has been properly brought before the meeting. To be properly brought before an annual meeting, business (other than the nomination of a person for election as a director, which is governed by Section 1.10, and to the extent applicable, Section 1.11) must be (i) brought before the meeting by or at the direction of the Board or (ii) otherwise properly brought before the meeting by a stockholder who (A) has complied with all applicable requirements of this Section 1.9 and Section 1.11 in relation to such business, (B) was a stockholder of record of the Company at the time of giving the notice required by Section 1.11(a) and is a stockholder of record of the Company at the time of the annual meeting, and (C) is entitled to vote at the annual meeting. For the avoidance of doubt, the foregoing clause (ii) will be the exclusive means for a stockholder to submit business before an annual meeting of stockholders (other than proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 (such act, and the rules and regulations promulgated thereunder, the "Exchange Act") and included in the notice of meeting given by or at the direction of the Board).

(b) Required Form for Stockholder Proposals. To be in proper written form, a stockholder's notice to the Secretary must set forth:

(i) Information Regarding the Proposing Person. As to each Proposing Person (as such term is defined in Section 1.11(d)(ii)):

(A) the name and address of such Proposing Person, as they appear on the Company's stock transfer book;

(B) the class, series and number of shares of the Company beneficially owned of record by such Proposing Person (including any shares of any class or series of the Company as to which such Proposing Person has a right to acquire beneficial ownership, whether such right is exercisable immediately or only after the passage of time);

(C) a representation (1) that the stockholder giving the notice is a holder of record of stock of the Company entitled to vote at the annual meeting and intends to appear in person or by proxy at the annual meeting to bring such business before the annual meeting and (2) as to whether any Proposing Person intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote and required to approve the proposal and, if so, identifying such Proposing Person;

(D) a description of any (1) option, warrant, convertible security, stock appreciation right or similar right (including any derivative securities, as defined under Rule 16a-1 under the Exchange Act), whether or not presently exercisable, with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of securities of the Company or with a value derived in whole or in part from the value of any class or series of securities of the Company, whether or not such instrument or right is subject to settlement in whole or in part in the underlying class or series of securities of the Company or otherwise, directly or indirectly held of record or owned beneficially by such Proposing Person and (2) each other direct or indirect opportunity of such Proposing Person to profit or share in any profit derived from, or to manage the risk or benefit from, any increase or decrease in the value of the Company's securities, in each case regardless of whether (x) such interest conveys any voting rights in such security to such Proposing Person, (y) such interest is required to be, or is capable of being, settled through delivery of such security, or (z) such Proposing Person may have entered into other transactions that hedge the economic effect of any such interest (any such interest referred to in this clause (D), being a "Derivative Interest");

(E) any proxy, contract, arrangement, understanding or relationship pursuant to which the Proposing Person has a right to vote any shares of the Company or which has the affect of increasing or decreasing the voting power of such Proposing Person;

(F) any rights directly or indirectly held of record or beneficially by the Proposing Person to dividends on the shares of the Company that are separated or separable from the underlying shares of the Company;

(G) any performance-related fees (other than an asset-based fee) to which the Proposing Person may be entitled as a result of any increase or decrease in the value of shares of the Company or Derivative Interests; and

(H) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) of the Exchange Act to be made in connection with a general solicitation of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting.

(ii) Information Regarding the Proposal: As to each item of business that the stockholder giving the notice proposes to bring before the annual meeting:

(A) a description in reasonable detail of the business desired to be brought before the annual meeting and the reasons why such stockholder or any other Proposing Person believes that the taking of the action or actions proposed to be taken would be in the best interests of the Company and its stockholders;

(B) a description in reasonable detail of any material interest of any Proposing Person in such business and a description in reasonable detail of all agreements, arrangements and understandings among the Proposing Persons or between any Proposing Person and any other person or entity in connection with the proposal; and

(C) the text of the proposal or business (including the text of any resolutions proposed for consideration).

(c) No Right to Have Proposal Included. A stockholder is not entitled to have its proposal included in the Company's proxy statement and form of proxy solely as a result of such stockholder's compliance with the foregoing provisions of this Section 1.9.

(d) Requirement to Attend Annual Meeting. If a stockholder does not appear at the annual meeting to present its proposal, such proposed business will not be transacted (notwithstanding that proxies in respect of such vote may have been received by the Company).

Section 1.10. Notice of Director Nominations.

(a) Nomination of Directors. Subject to the rights, if any, of any series of Preferred Stock to nominate or elect directors under circumstances specified in a Preferred Stock Designation, only persons who are nominated in accordance with the procedures set forth in this Section 1.10 will be eligible to serve as directors. Nominations of persons for election as directors of the Company may be made only at an annual meeting of stockholders (i) by or at the direction of the Board or (ii) by a stockholder who (A) has complied with all applicable requirements of this Section 1.10 and Section 1.11 in relation to such nomination, (B) was a stockholder of record of the Company at the time of giving the notice required by Section 1.11(a) and is a stockholder of record of the Company at the time of the annual meeting, and (C) is entitled to vote at the annual meeting.

(b) Required Form for Stockholder Proposals. To be in proper written form, a stockholder's notice to the Secretary must set forth:

(i) Information Regarding the Proposing Person. As to each Nominating Person (as such term is defined in Section 1.11(d)(iii)), the information set forth in Section 1.9(b)(i) (except that for purposes of this Section 1.10, the term

"Nominating Person" will be substituted for the term "Proposing Person" in all places it appears in Section 1.9(b)(i) and any reference to "business" or "proposal" therein will be deemed to be a reference to the "nomination" contemplated by this Section 1.10).

(ii) Information Regarding the Nominee: As to each person whom the stockholder giving notice proposes to nominate for election as a director:

(A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to Section 1.9(b)(i) if such proposed nominee were a Nominating Person;

(B) all information relating to such proposed nominee that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) under the Exchange Act to be made in connection with a general solicitation of proxies for an election of directors in a contested election (including such proposed nominee's written consent to be named in the proxy statement as a nominee and to serve as a director if elected);

(C) all information that would be required to be disclosed pursuant to Items 403 and 404 under Regulation S-K if the stockholder giving the notice or any other Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant;

(D) a written questionnaire with respect to the identity, background and qualification of the proposed nominee and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire will be provided by the Secretary upon written request); and

(E) a written representation and agreement (in the form provided by the Secretary upon written request) that the proposed nominee (1) is not and will not become a party to (x) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the proposed nominee, if elected as a director of the Company, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company or (y) any Voting Commitment that could limit or interfere with the proposed nominee's ability to comply, if elected as a director of the Company, with the proposed nominee's fiduciary duties under applicable law, (2) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (3) if elected as a director of the Company, would be in compliance, and will comply, with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and other policies and guidelines of the Company in effect from time to time.

The Company may require any proposed nominee to furnish such other information as may be reasonably required by the Company to determine the qualifications and eligibility of such proposed nominee to serve as a director.

(c) No Right to Have Proposal Included. A stockholder is not entitled to have its nominees included in the Company's proxy statement solely as a result of such stockholder's compliance with the foregoing provisions of this Section 1.10.

(d) Requirement to Attend Annual Meeting. If a stockholder does not appear at the annual meeting to present its nomination, such nomination will be disregarded (notwithstanding that proxies in respect of such vote may have been received by the Company).

Section 1.11. Additional Provisions Relating to the Notice of Stockholder Business and Director Nominations.

(a) Timely Notice. To be timely, a stockholder's notice required by Section 1.9(a) or Section 1.10(a) must be delivered to or mailed and received by the Secretary at the principal executive offices of the Company not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which the Company held the preceding year's annual meeting of stockholders; *provided*, *however*, that if the date of the annual meeting is advanced more than 30 calendar days prior to or delayed by more than 30 calendar days after the anniversary of the preceding year's annual meeting, to be timely, a stockholder's notice must be so delivered not later than the close of business on the later of the 90th calendar day prior to the annual meeting and the 10th calendar day following the day on which public disclosure of the date of the meeting is first made. In no event will the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

(b) Updating Information in Notice. A stockholder providing notice of business proposed to be brought before an annual meeting pursuant to Section 1.9 or notice of any nomination to be made at an annual meeting pursuant to Section 1.10 shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to Section 1.9 or Section 1.10, as applicable, is true and correct at all times up to and including the date of the meeting and any adjournment or postponement thereof. Such update and supplement will be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Company as promptly as possible.

(c) Determinations of Form, Etc. The presiding officer of any annual meeting will, if the facts warrant, determine that a proposal was not made in accordance with the procedures prescribed by Section 1.9 and this Section 1.11 or that a nomination was not made in accordance with the procedures prescribed by Section 1.10 and this Section 1.11, and if he or she should so determine, he or she will so declare to the meeting and the defective proposal or nomination, as applicable, will be disregarded.

(d) Certain Definitions.

(i) For purposes of Section 1.9, Section 1.10 and this Section 1.11, "public disclosure" means disclosure in a press release reported by the Dow Jones News

Service, Associated Press or comparable national news service or in a document filed by the Company with the Securities and Exchange Commission pursuant to the Exchange Act or furnished by the Company to stockholders.

(ii) For purposes of Section 1.9 and this Section 1.11, "Proposing Person" means (A) the stockholder providing the notice of business proposed to be brought before an annual meeting, (B) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (C) any Affiliate or Associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner.

(iii) For purposes of Section 1.10 and this Section 1.11, "Nominating Person" means (A) the stockholder providing the notice of the nomination proposed to be made at an annual meeting, (B) the beneficial owner or beneficial owners, if different, on whose behalf the notice of nomination proposed to be made at the annual meeting is made, and (C) any Affiliate or Associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner.

Section 1.12. Record Dates.

(a) Voting Record Dates. In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which will not be more than 60 nor less than 10 calendar days before the date of the meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders will be at the close of business on the calendar day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the calendar day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders will apply to any adjournment of the meeting; ***provided***, ***however***, that the Board may fix a new record date for the adjourned meeting.

(b) Payment Record Dates. In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date will not be more than 60 calendar days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the calendar day on which the Board adopts the resolution relating thereto.

(c) Identity of Registered Holder. The Company will be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes, and will not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Company has notice thereof, except as expressly provided by applicable law.

Section 1.13. Adjournments. A meeting of stockholders may be adjourned from time to time by the presiding officer of the meeting or the holders of a majority of the stock present in person or represented by proxy at such meeting.

ARTICLE II
DIRECTORS

Section 2.1. Function. The business and affairs of the Company will be managed under the direction of the Board.

Section 2.2. Number, Election and Terms. Subject to the rights, if any, of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, the number of directors of the Company will not be less than three nor more than nine and the authorized number of directors may only be changed by resolutions of the Board. The directors, other than those who may be elected by the holders of any series of the Preferred Stock, will be classified with respect to the time for which they severally hold office in accordance with the provisions of the Certificate.

Section 2.3. Vacancies and Newly Created Directorships. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the authorized number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor is elected and qualified. No decrease in the authorized number of directors will shorten the term of any incumbent director.

Section 2.4. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock specified in a Preferred Stock Designation, a director may be removed from office by the stockholders only for cause and only in the manner provided in the Certificate.

Section 2.5. Resignation. Any director may resign at any time upon notice given in writing or by electronic transmission to the Chairman. Any resignation is effective when the resignation is delivered to the Chairman unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events.

Section 2.6. Regular Meetings. Regular meetings of the Board may be held immediately after the annual meeting of the stockholders and at such other time and place either within or without the State of Delaware as may from time to time be determined by the Board. Notice of regular meetings of the Board need not be given.

Section 2.7. Special Meetings. Special meetings of the Board may be called by the Chairman, the lead director, if applicable, or the Chief Executive Officer on one day's notice to each director by whom such notice is not waived, given in a form permitted by Section 3.1 or by the DGCL, and will be called by the Chairman or the Chief Executive Officer, in like manner

and on like notice, on the written request of a majority of the Whole Board. Special meetings of the Board may be held at such time and place either within or without the State of Delaware as is determined by the Board or specified in the notice of any such meeting.

Section 2.8. Quorum; Majority Vote. At all meetings of the Board, a majority of the Whole Board will constitute a quorum for the transaction of business. Except for action to be taken by committees of the Board as provided in Section 2.10, and except for actions required by these Bylaws or the Certificate to be taken by a majority of the Whole Board, the act of a majority of the directors present at any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at any meeting of the Board, the directors present at the meeting may adjourn the meeting from time to time to another place, time, or date, without notice other than announcement at the meeting, until a quorum is present.

Section 2.9. Participation in Meetings by Remote Communications. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or any such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at the meeting.

Section 2.10. Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these Bylaws, will have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company; but no such committee will have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval or (b) making, adopting, amending or repealing any provision of these Bylaws.

Section 2.11. Compensation. The Board may establish the compensation of directors, including, without limitation, compensation for membership on the Board and on committees of the Board and for other services provided to the Company or at the request of the Board.

Section 2.12. Rules. The Board may adopt rules and regulations for the conduct of meetings and the oversight of the management of the affairs of the Company.

Section 2.13. Chairman of the Board. The Whole Board may at its discretion elect a Chairman from among the directors. The Chairman will not be considered an officer of the Company. The Chairman may be removed from that capacity by a majority vote of the Whole Board. If the Board has a Chairman, the Chairman will preside at meetings of the Board and of the stockholders of the Company and exercise and perform the other powers and duties as may from time to time be assigned to him by the Board or as may be prescribed by these Bylaws. In

the absence of the Chairman, such other director of the Company designated by a majority of the Board shall act as chairman of any such meeting. The Board or the Chairman may appoint a Vice Chairman of the Board to exercise and perform such other powers and duties as may from time to time be assigned to him by the Board, or by the Chairman.

ARTICLE III
NOTICES

Section 3.1. Generally.

(a) Form of Notices. Except as otherwise provided by law, these Bylaws, or the Certificate, whenever by law or under the provisions of the Certificate or these Bylaws notice is required to be given to any director or stockholder, it will not be construed to require personal notice, but the notice may be given in writing, by mail or courier service or, to the extent permitted by the DGCL, by electronic transmission, addressed to such director or stockholder.

(b) Notices to Stockholders. Any notice sent to stockholders by mail or courier service shall be sent to the address of such stockholder as it appears on the records of the Company, with postage thereon prepaid, and such notice will be deemed to be given at the time when the same is deposited in the United States mail or with the courier service. Notices sent by electronic transmission shall be deemed effective as set forth in Section 232 of the DGCL. For purposes of this Section 3.1, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(c) Notices to Directors. Notices to directors may be given by mail or courier service, telephone, electronic transmission or as otherwise permitted by these Bylaws.

Section 3.2. Waivers. Whenever any notice is required to be given by law or under the provisions of the Certificate or these Bylaws, a waiver thereof in writing, signed by the person entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to such notice. Attendance of a person at a meeting will constitute a waiver of notice of the meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE IV
OFFICERS

Section 4.1. Generally. The officers of the Company will be elected annually by the Board and will consist of a Chief Executive Officer, a President, a Secretary and a Treasurer, all of whom shall be elected at the annual meeting of the Board. The Board may also choose any or all of the following: one or more Vice Presidents (who may be given particular designations with respect to authority, function, or seniority), one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as the Board may from time to time determine. Notwithstanding the foregoing, the Board may authorize the Chief Executive Officer to appoint

any person to any office other than the President, Secretary or Treasurer. Any number of offices may be held by the same person. Any of the offices may be left vacant from time to time as the Board may determine. In the case of the absence or disability of any officer of the Company or for any other reason deemed sufficient by a majority of the Board, the Board may delegate the absent or disabled officer's powers or duties to any other officer or to any director.

Section 4.2. Compensation. The compensation of all directors who are also officers and agents of the Company and the executive officers of the Company will be fixed by the Board or by a committee of the Board. The Board may fix, or delegate the power to fix, the compensation of other officers and agents of the Company to an officer of the Company.

Section 4.3. Succession. The officers of the Company will hold office until their successors are elected and qualified or until such officer's earlier death, resignation or removal. Any officer may be removed at any time by the affirmative vote of a majority of the Whole Board. Any vacancy occurring in any office of the Company may be filled by the Whole Board.

Section 4.4. Authority and Duties. Each of the officers of the Company will have such authority and will perform such duties as are customarily incident to their respective offices or as may be specified from time to time by the Board.

ARTICLE V
STOCK

Section 5.1. Uncertificated Shares. Except as otherwise provided in a resolution approved by the Board, all shares of capital stock of the Company issued after the date hereof shall be uncertificated. In the event the Board elects to provide in a resolution that certificates shall be issued to represent any shares of capital stock of the Company, such certificates shall be numbered and shall be signed by, or in the name of the Company by, the Chairman, the Chief Executive Officer or the Chief Financial Officer and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of the signatures on a certificate may be a facsimile signature. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.2. Transfer. Transfers of shares shall be made upon the books of the Company (a) only by the holder of record thereof, or by a duly authorized agent, transferee or legal representative, and (b) in the case of certificated shares, upon the surrender to the Company of the certificate or certificates for the shares. No transfer shall be made that is inconsistent with the provisions of applicable law.

Section 5.3. Classes of Stock. The powers, designations, preferences and relative, participating, optional, or other special rights of each class or series of stock represented by certificates, if any, and the qualifications, limitations or restrictions of such preferences and/or rights will be set forth in full or summarized on the face or back of the certificates representing such class or series of stock or, in lieu thereof, on the face or back of such certificates will be a statement that the Company will furnish without charge to each stockholder who so requests the

powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 5.4. Lost, Stolen or Destroyed Certificates. The Secretary may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact, satisfactory to the Secretary, by the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the Secretary may require the owners of such lost, stolen or destroyed certificate or certificates to give the Company a bond in such sum and with such surety or sureties as the Secretary may direct as indemnity against any claims that may be made against the Company with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of the new certificate or uncertificated shares.

ARTICLE VI
GENERAL

Section 6.1. Fiscal Year. The fiscal year of the Company will end on March 31 or such other date as may be fixed from time to time by the Board.

Section 6.2. Reliance Upon Books, Reports and Records. Each director, each member of a committee designated by the Board, and each officer of the Company will, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports, or statements presented to the Company by any of the Company's officers or employees, or committees of the Board, or by any other person or entity as to matters the director, committee member, or officer believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

Section 6.3. Amendments. Except as otherwise provided by law or by the Certificate or these Bylaws, these Bylaws or any of them may be amended in any respect or repealed at any time only by vote of the holders of at least two-thirds of the Voting Stock, voting together as a single class.

Section 6.4. Forum for Adjudication of Disputes. Unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (c) an action asserting a claim arising pursuant to any provision of the DGCL, or (d) any action asserting a claim governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

Section 6.5. Certain Defined Terms. Capitalized terms used herein and not otherwise defined have the meanings given to them in the Certificate.

Exhibit 10.1

TAX MATTERS AGREEMENT

This Tax Matters Agreement (the "Agreement"), dated as of , 2015, is by and among Capital Southwest Corporation, a Delaware corporation ("Capital Southwest"), and CSW Industrials, Inc., a Delaware corporation ("CSWI"). Each of Capital Southwest and CSWI is sometimes referred to as a "Party," and, collectively, as the "Parties."

WHEREAS, CSWI and one or more of its Subsidiaries are members of the Affiliated Group of which Capital Southwest is the common parent corporation;

WHEREAS, following the Share Distribution, Capital Southwest will not own, directly or indirectly, any Capital Stock in CSWI or any of its Subsidiaries;

WHEREAS, following the Share Distribution, CSWI and one or more of its Subsidiaries will be members of the Affiliated Group of which CSWI is the common parent corporation; and

WHEREAS, Capital Southwest and CSWI desire to set forth certain covenants and indemnities relating to the preservation of the tax-free status of the Share Distribution.

NOW, THEREFORE, in consideration of the mutual obligations and undertakings contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"Acting Party" has the meaning set forth in Section 6.03(a) of this Agreement.

"Affiliate" means, with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

"Affiliated Group" means an affiliated group of corporations within the meaning of Section 1504 of the Code.

"Business Day" means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by applicable law to be closed in New York, New York.

"Capital Southwest Active Business" means the Sensory Device Manufacturing Business, as defined in the Tax Opinion.

"Capital Stock" means all classes or series of capital stock of a Party, including (i) common stock, (ii) preferred stock, (iii) all options, warrants and other rights to acquire such capital stock, and (iv) all instruments properly treated as stock in a Party for U.S. federal income tax purposes.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution" has the meaning given to such term in the Distribution Agreement.

"CSWI Active Business" means the Diversified Industrial Growth Business, as defined in the Tax Opinion.

"Distribution Agreement" means the Distribution Agreement by and between Capital Southwest and CSWI, dated as of , 2015.

"Distribution Date" has the meaning given to such term in the Distribution Agreement.

"Fifty-Percent or Greater Interest" has the meaning that is given to such term for purposes of Section 355(e) of the Code.

"Filing Date" has the meaning set forth in Section 3.04(d) of this Agreement

"Final Determination" means the final resolution of liability for any Tax with respect to a taxable period (i) as specified on an effective IRS Form 870 or 870-AD (or any successor forms), or as specified on an effective comparable form of another Taxing Authority, except that an IRS Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for a refund or the right of the Taxing Authority to assert a further deficiency shall not constitute a Final Determination; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and may not be appealed; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreement under the laws of any other jurisdiction; or (iv) by any other final disposition, including by reason of the expiration of the applicable statute of limitations.

"IRS" means the Internal Revenue Service.

"Member" has the meaning given to such term in Treasury Regulation Section l.1502-1(b).

"Non-Acting Party" has the meaning set forth in Section 3.03(a) of this Agreement.

"Notified Action" has the meaning set forth in Section 3.03(a) of this Agreement.

"Party" has the meaning set forth in the preamble.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal income tax purposes.

"Proposed Acquisition Transaction" means a transaction or series of related transactions (or any agreement, understanding, arrangement, or substantial negotiations within the meaning of

Section 355(e) of the Code and Treasury Regulations section 1.355-7, to enter into a transaction or series of related transactions), whether such transaction is supported by the Party's officers, directors, management or shareholders, is a hostile acquisition, or otherwise, as a result of which such Party would merge or consolidate with any other Person or as a result of which any Person or any group of related Persons would, directly or indirectly, acquire, or have the right to acquire, from such Party and/or one or more holders of outstanding shares of such Party's Capital Stock, a number of shares of such Party's Capital Stock that would, when combined with any other changes in ownership of such Party's Capital Stock relevant for purposes of Section 355(e) of the Code, comprise 40% or more of (A) the value of all outstanding shares of all classes of stock of such Party as of the date of such transaction, or, in the case of a series of related transactions, the date of the last transaction of such series, or (B) the total combined voting power of all outstanding shares of all classes of voting stock of such Party as of the date of such transaction, or, in the case of a series of related transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (A) the adoption by a Party of a shareholder rights plan or (B) issuances by a Party that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, Section 355(e) of the Code or the regulations thereunder shall be incorporated in this definition and its interpretation.

"Protective Section 336(e) Election" has the meaning set forth in Section 4.11 of this Agreement.

"Representation Letters" means the officers' certificates setting forth representations delivered or deliverable by Capital Southwest and/or CSWI to the Tax Advisor in connection with the rendering of the Tax Opinion.

"Ruling" means a written determination furnished by the National Office of the IRS in response to a request by Capital Southwest or CSWI.

"Share Distribution" has the meaning given to such term in the Distribution Agreement.

"Subsidiary" of any Person means another Person (a) in which the first Person owns, directly or indirectly, an amount of the voting interests sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no voting interests, a majority of the equity interests in such other Person), or (b) with respect to whom the first Person otherwise has the power to direct its management and policies. A Subsidiary may be owned directly or indirectly by such first Person or by another Subsidiary of such first Person.

"Tax" or "Taxes" means any and all taxes, charges, fees, duties and other governmental charges imposed by a Taxing Authority, including, without limitation, all net income, alternative or add-on minimum, estimated, gross income, sales, use, ad valorem, gross receipts, value added, franchise, profits, license, transfer, recording, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit, custom duty or other taxes of any kind whatsoever, together with any related interest, penalties and other additions to tax.

"Tax Advisor" means a United States tax counsel or accountant of recognized national standing.

"Tax Controversy" means any audit (including any pending or threatened audit), examination, dispute, suit, action, proposed assessment or other proceeding relating to Taxes.

"Tax-Free Status" means the qualification of the Contribution and Share Distribution, taken together, (a) as a reorganization described in Sections 368(a)(1)(D) and 355(a) of the Code, (b) as a transaction in which the CSWI stock that is distributed by Capital Southwest is "qualified property" for purposes of Sections 355(d), 355(e), and 361(c) of the Code, and (c) as a transaction in which the shareholders of Capital Southwest recognize no income or gain for U.S. federal income tax purposes pursuant to Section 355 of the Code (except for cash received in lieu of fractional shares, if any).

"Tax Materials" has the meaning set forth in Section 3.01(a)(i) of this Agreement.

"Tax Opinion" means the opinion of the Tax Advisor deliverable to Capital Southwest in connection with the Contribution and Share Distribution.

"Tax-Related Losses" means (i) all Taxes imposed pursuant to any Final Determination and resulting from the failure of the Contribution and the Share Distribution, taken together, to qualify for Tax-Free Status, and (ii) all reasonable accounting, legal and other professional fees, and court costs incurred in connection with such failure.

"Tax Return" means any return, filing, questionnaire or other document, including requests for extensions of time, filings made with estimated Tax payments, claims for refund and amended returns, that may be filed for any taxable period with any Taxing Authority in connection with any Tax (whether or not a payment is required to be made with respect to such filing) or any information reporting requirement (including any related supporting information or schedule attached thereto).

"Taxing Authority" means a federal, national, foreign, municipal, state, or other governmental authority responsible for the administration of any Tax.

"Treasury Regulations" means the U.S. Treasury Regulations promulgated under the Code.

"Unqualified Tax Opinion" means an unqualified "will" opinion of a Tax Advisor to the effect that a transaction will not affect the qualification of the Contribution and Share Distribution for Tax-Free Status. Any such opinion must assume that the Contribution and Share Distribution would have qualified for Tax-Free Status if the transaction in question did not occur. An unqualified "will" opinion may describe the reasons for the conclusions and include the facts, assumptions, and supporting legal analysis.

ARTICLE II

COOPERATION AND TAX CONTROVERSIES

Section 2.01. Cooperation.

(a) Each Party shall use its commercially reasonable best efforts to cooperate fully with the other Party in connection with the preparation and filing of any Tax Return and the conduct of any Tax Controversy, in each case, concerning any matter that is relevant for purposes of this Agreement. Such cooperation shall include (i) the retention and provision, on commercially reasonable demand, of books, records, documentation and other information relating to any Tax Return until the later of (x) the expiration of the applicable statute of limitations (giving effect to any extension, waiver, or mitigation thereof), and (y) in the event a claim has been made under this Agreement for which such information is relevant, until a Final Determination with respect to such claim; (ii) the filing or execution of any document that may be necessary or reasonably helpful in connection with the filing of any Tax Return, or in connection with any Tax Controversy (including a power of attorney); and (iii) the use of the Parties' commercially reasonable best efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with any of the foregoing. Each Party shall make its employees and facilities available on a mutually convenient, commercially reasonable basis to facilitate such cooperation.

Section 2.02. Tax Controversies.

(a) Each Party shall use commercially reasonable efforts to keep the other Party informed on a timely basis as to the status of any Tax Controversy involving any issue that could give rise to any liability of the other Party under this Agreement. Each Party shall promptly notify the other Party of any inquiries by any Taxing Authority, or any other administrative, judicial or other governmental authority, that relate to any Tax that may give rise to any liability under this Agreement. Capital Southwest shall have sole control of any Tax Controversy relating to any of its Tax Returns, except, however, that in the case of any such Tax Controversy that may affect Taxes for which CSWI may have indemnification liability under this Agreement (such Taxes, "Section 3.04(a) Taxes"), (i) CSWI shall be entitled to participate, jointly along with Capital Southwest, in the Tax Controversy, at CSWI's cost and expense, to the extent the Tax Controversy relates to Section 3.04(a) Taxes, (ii) Capital Southwest shall keep CSWI promptly informed and consult in good faith with CSWI with respect to any issue relating to Section 3.04(a) Taxes, (iii) Capital Southwest shall promptly provide CSWI with copies of all correspondence, notices, and other written materials received from any Taxing Authority relating to Section 3.04(a) Taxes and shall otherwise keep CSWI promptly advised of all developments related to Section 3.04(a) Taxes, (iv) CSWI may request Capital Southwest to take a position (as specified, and in the form set forth, in written materials provided by CSWI to Capital Southwest) with respect to Section 3.04(a) Taxes, and Capital Southwest shall take such position (as specified and in such form), provided, (A) there exists at least "substantial authority" for such position within the meaning of Section 6662 of the Code, (B) the adoption of such position could

not reasonably be expected to increase Capital Southwest's Taxes, other than Section 3.04(a) Taxes, or CSWI agrees to indemnify and hold harmless Capital Southwest for such increases in Taxes, and (C) CSWI agrees to reimburse Capital Southwest for any reasonable third party costs that are attributable to CSWI's request, (v) Capital Southwest shall provide CSWI with a copy of any written submission to be sent to a Taxing Authority, to the extent related to Section 3.04(a) Taxes, at least 10 days prior to the submission thereof and shall incorporate any comments or suggested revisions that CSWI may have with respect thereto, and (vi) there shall be no settlement, resolution or closing or other agreement with respect to Section 3.04(a) Taxes without the prior written consent of CSWI.

ARTICLE III

TAX-FREE STATUS

Section 3.01. Representations, Warranties and Covenants.

(a) CSWI represents and warrants, and covenants as to time periods after the date hereof as set forth in Section 3.01(a)(ii), that:

(i) it has examined (A) the Tax Opinion, and (B) the Representation Letters (the foregoing (A) and (B), collectively, the "Tax Materials");

(ii) the facts presented and the representations made in the Tax Materials, to the extent descriptive of CSWI and its Subsidiaries (including the business purposes for the Contribution and Share Distribution, to the extent that they relate to CSWI and its Subsidiaries, and the plans, proposals, intentions, policies and covenants of CSWI and its Subsidiaries) are, and will be through and including the Distribution Date, and thereafter as relevant, true, correct, and complete in all respects; and

(iii) neither it nor any of its Subsidiaries has any plan or intention to take any action that is inconsistent with any of the representations or covenants made by them in the Tax Materials.

(b) Capital Southwest hereby represents and warrants, and covenants as to time periods after the date hereof as set forth in Section 3.01(b)(ii), that:

(i) it has examined the Tax Materials;

(ii) it has delivered complete and accurate copies of the Tax Materials to CSWI, and the facts presented and the representations made therein, to the extent descriptive of Capital Southwest and its Subsidiaries (other than CSWI and its Subsidiaries) (including the business purposes for the Contribution and Share Distribution, to the extent that they relate to Capital Southwest and its Subsidiaries (other than CSWI and its Subsidiaries), and the plans, proposals, intentions, policies and covenants of Capital Southwest and its Subsidiaries (other than CSWI and its Subsidiaries), are, and will be through and including the Distribution Date, and thereafter as relevant, true, correct and complete in all respects; and

(iii) neither it, nor any of its Subsidiaries (other than CSWI and its Subsidiaries) has any plan or intention to take any action that is inconsistent with any of the representations or covenants made by them in the Tax Materials.

Section 3.02. Restrictions on Capital Southwest and CSWI. Capital Southwest and CSWI each agree that:

(a) it will not take or fail to take, or permit, any of its Subsidiaries (as they exist from time to time) to take or fail to take any action if such action or failure to act would be inconsistent with any representation or covenant in the Tax Materials;

(b) from the date hereof until the first day after the two-year anniversary of the Distribution Date, it will (i) "actively conduct," within the meaning of Section 355(b)(2) of the Code, its active business (the Capital Southwest Active Business and the CSWI Active Business, respectively), and (ii) not engage in any transaction that would result in it ceasing to "actively conduct" its active business; and

(c) from the date hereof until the first day after the two-year anniversary of the Distribution Date, it will not:

(i) enter into any Proposed Acquisition Transaction or, to the extent it has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur,

(ii) liquidate or partially liquidate (within the meaning of such terms as defined for purposes of Sections 331 and 302, respectively, of the Code),

(iii) sell or transfer in a single transaction or series of transactions, other than sales or transfers of inventory in the ordinary course of business, 35% or more of the gross assets of the Capital Southwest, Active Business or the CSWI Active Business or 35% or more of its and its Affiliates consolidated gross assets (such percentages to be measured based on fair market value as of the Distribution Date), or sell or transfer any portion of its and its Affiliates' assets if such sale or transfer would result in the violation of the "continuity of business enterprise" requirement of Treasury Regulations Section 1.368-1(d) in connection with the Contribution and Share Distribution,

(iv) redeem or otherwise repurchase, directly or through one or more of its Affiliates, any of its Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48),

(v) amend its certificate of incorporation or other organizational documents, or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of its Capital Stock (including, without limitation, through the conversion of one class of its Capital Stock into another class of its Capital Stock); or

(vi) take any other action or actions, including any action that would be reasonably likely to be inconsistent with any representation made in the Tax Materials,

which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) would be reasonably likely to have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly, stock representing a Fifty-Percent or Greater Interest in Capital Southwest or CSWI or otherwise jeopardize qualification of the Contribution and Share Distribution for Tax-Free Status,

unless prior to taking any such action (A) it shall provide the other Party with an Unqualified Tax Opinion in form and substance satisfactory to the other Party in the other Party's discretion, which discretion shall be exercised in good faith to preserve the Tax-Free Status (and in determining whether an opinion is satisfactory, the other Party may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion), or (B) the other Party shall have waived in writing the requirement to obtain such Unqualified Tax Opinion.

Section 3.03. Procedures Regarding Opinions.

(a) If either Party (the "Acting Party") notifies the other Party (the "Non-Acting Party") that it desires to take one of the actions described in clauses (i) through (vi) of Section 3.02(c) (a "Notified Action"), the parties shall cooperate and use commercially reasonable best efforts to attempt to obtain the Unqualified Tax Opinion referred to in Section 3.02(c), unless the Non-Acting Party shall have waived in writing the requirement to obtain the Unqualified Tax Opinion. Each Party shall bear its own costs and expenses of obtaining the Unqualified Tax Opinion.

Section 3.04. Liability for Tax-Related Losses.

(a) Subject to Section 3.04(c), CSWI shall be responsible for, and shall indemnify and hold harmless Capital Southwest and its Affiliates and each of their respective officers, directors and employees from and against, any Tax-Related Losses, without duplication, that are attributable to or result from any one or more of the following: (A) the acquisition (other than pursuant to the Distribution Agreement or the Share Distribution) by any Person, other than Capital Southwest and its Affiliates, of all or a portion of CSWI's stock and/or its or its Subsidiaries' assets, (B) any negotiations, understandings, agreements or arrangements by CSWI (other than as set forth in the Distribution Agreement) with respect to transactions or events (including, without limitation, stock issuances (pursuant to the exercise of stock options or otherwise), option grants, capital contributions, or acquisitions, or a series of such transactions or events) that cause the Contribution and Share Distribution to be treated as part of a plan (or series of related transactions) pursuant to which one or more Persons acquire directly or indirectly stock of CSWI representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by CSWI after the Share Distribution (including any amendment to CSWI's certificate of incorporation or other organizational document, whether through a stockholder vote or otherwise) affecting the voting rights of CSWI stock (including through the conversion of one class of CSWI stock into another class of CSWI stock), (D) any breach by CSWI of its covenants set forth in Section 3.02 (regardless of whether the act or failure to act giving rise to the breach is covered by a Ruling or Unqualified Tax Opinion), or (E) any breach by CSWI of its representations, warranties, or covenants set forth in Section 3.01(a).

(b) Subject to Section 3.04(c), Capital Southwest shall be responsible for, and shall indemnify and hold harmless CSWI and its Affiliates and each of their respective officers, directors and employees from and against any Tax-Related Losses, without duplication, that are attributable to, or result from any one or more of the following: (A) the acquisition (other than pursuant to the Distribution Agreement, or the Share Distribution) by any Person, other than CSWI and its Affiliates, of all or a portion of Capital Southwest's stock and/or its or its Subsidiaries' assets, (B) any negotiations, understandings, agreements or arrangements by Capital Southwest (other than as set forth in the Distribution Agreement) with respect to transactions or events (including, without limitation, stock issuances (pursuant to the exercise of stock options or otherwise), option grants, capital contributions, or acquisitions, or a series of such transactions or events) that cause the Contribution and Share Distribution to be treated as part of a plan (or series of related transactions) pursuant to which one or more Persons acquire directly or indirectly stock of Capital Southwest representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Capital Southwest after the Share Distribution (including any amendment to Capital Southwest's certificate of incorporation (or other organizational document), whether through a stockholder vote or otherwise) affecting the voting rights of Capital Southwest stock (including through the conversion of one class of Capital Southwest stock into another class of Capital Southwest stock), (D) any breach by Capital Southwest of its covenants set forth in Section 3.02 (regardless of whether such act or failure to act is covered by a Ruling or Unqualified Tax Opinion), or (E) any breach by Capital Southwest of its representations, warranties, or covenants set forth in Section 3.01(b).

(c) Notwithstanding Sections 3.04(a) and (b), to the extent that any Tax-Related Loss of a Party can be attributed to an action or actions taken by each Party, individually, or to actions taken by both Parties (whether or not such actions are the same), responsibility for such Tax-Related Loss shall be shared **equally** by Capital Southwest and CSWI.

(d) A Party shall pay to the other Party the amount of any Tax-Related Losses for which the first Party is responsible under this Section 3.04: (A) in the case of Tax-Related Losses described in clause (i) of the definition of Tax-Related Losses no later than three (3) business days prior to the date Capital Southwest files, or causes to be filed, the applicable amended Tax Return for the year of the Contribution and Share Distribution (the "Filing Date"), and (B) in the case of Tax-Related Losses described in clause (ii) of the definition of Tax-Related Losses, no later than five (5) days after the date the Other Party pays such Tax-Related Losses.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Effective Date. This Agreement is effective upon the occurrence of the Share Distribution; provided, however, that the representations, warranties, and covenants set forth in Section 3.01 shall be effective as of the date of this Agreement.

Section 4.02. Complete Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof. Any other agreements (including tax sharing agreements), whether or not written, in respect of any Tax between or among Capital Southwest and CSWI or any of CSWI's Subsidiaries shall be terminated and have no further effect as of the Distribution Date. This Agreement may not be amended except by an agreement in writing signed by the parties hereto.

Section 4.03. Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given (i) when delivered by hand, (ii) three (3) Business Days after it is mailed, certified or registered mail, return receipt requested, with postage prepaid, (iii) on the same Business Day when sent by facsimile or electronic mail (return receipt requested) if the transmission is completed before 5:00 p.m. recipient's time, or one (1) Business Day after the facsimile or email is sent, if the transmission is completed on or after 5:00 p.m. recipient's time or (iv) one (1) Business Day after it is sent by Express Mail, Federal Express or other courier service, as follows (or at such other address for a party as shall be specified in a notice given in accordance with this Section 4.03):

If to CSWI:
CSW Industrials, Inc.
5400 Lyndon B. Johnson Freeway
Suite 1300
Dallas, TX 75240
Attn.: Chief Executive Officer

If to Capital Southwest:
Capital Southwest Corporation
5400 Lyndon B. Johnson Freeway
Suite 1300
Dallas, TX 75240
Attn.: Chief Executive Officer

Section 4.04. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) Governing Law; Jurisdiction. This Agreement (and all claims, controversies or causes of action, whether in contract, tort or otherwise, that may be based upon, arise out of or relate to this Agreement or the negotiation, execution, termination, performance or nonperformance of this Agreement (including any claim, controversy or cause of action based upon, arising out of or relating to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement)) shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any choice or conflict of law provision or rule (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. Each of the parties hereto irrevocably agrees that all proceedings arising out of or relating to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns shall be brought, heard and determined exclusively in any federal or state court sitting in Delaware. Consistent

with the preceding sentence, each of the parties hereto hereby (a) submits to the exclusive jurisdiction of any federal or state court sitting in Delaware for the purpose of any proceeding arising out of or relating to this Agreement or the rights and obligations arising hereunder brought by any party hereto and (b) irrevocably waives, and agrees not to assert by way of motion, defense, counterclaim, or otherwise, in any such proceeding, any claim that it or its property is not subject personally to the jurisdiction of the above-named courts, that the proceeding is brought in an inconvenient forum, that the venue of the proceeding is improper, or that this Agreement, the Share Distribution or any of the other transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each party agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 4.03.

(b) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 4.04(b).

Section 4.05. Successors and Assigns. A party's rights and obligations under this Agreement may not be assigned without the prior written consent of the other party. All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. If any party to this Agreement forms or acquires one or more Subsidiaries, such party will cause any such Subsidiary to be bound by the terms of this Agreement, and this Agreement shall apply to any such Subsidiary in the same manner and to the same extent as the current party.

Section 4.06. Intended Third Party Beneficiaries. This Agreement is solely for the benefit of the parties to this Agreement and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without this Agreement.

Section 4.07. Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions. Any prohibition or unenforceability of any provision of this Agreement in any jurisdiction shall not invalidate or render unenforceable the provision in any other jurisdiction.

Section 4.08. Expenses. Unless otherwise expressly provided in this Agreement, each party shall bear any and all expenses that arise from its respective obligations under this Agreement.

Section 4.09. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 4.10. Change in Law. If, after the date this Agreement is executed, as a result of an amendment to the Code, the promulgation of proposed, temporary or final regulations, the issuance of a ruling by a Taxing Authority, the decision of any court, or a change in any applicable state or local law, Capital Southwest believes that it is necessary or helpful to amend the provisions of this Agreement in order to preserve the rights and benefits contemplated herein, each of the parties hereto agrees to negotiate in good faith all such amendments and modifications as shall be necessary or appropriate in order to preserve as nearly as possible for the parties hereto the rights and benefits contemplated herein.

Section 4.11. Protective Section 336(e) Election. Pursuant to Treasury Regulation sections 1.336-2(h)(2) and 1.336-2(j), Capital Southwest and CSWI agree that Capital Southwest shall make a protective election under Section 336(e) of the Code and the Treasury Regulations issued thereunder for CSWI and each CSWI Subsidiary for whom such an election may be made with respect to the Share Distribution (the "Protective Section 336(e) Election"). It is intended that the Protective Section 336(e) Election will have no effect unless the Share Distribution is a "qualified stock disposition," as defined in Treasury Regulations section 1.336-1(b)(6), either because (a) the Share Distribution is a transaction described in Treasury Regulations section 1.336-1(b)(5)(i)(B) or (b) Treasury Regulation section 1.336-1(b)(5)(ii) applies to the Share Distribution.

[Remainder of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

CAPITAL SOUTHWEST CORPORATION

By: _____
Name:
Title:

CSW INDUSTRIALS, INC.

By: _____
Name:
Title:

Exhibit 10.3

EXECUTION VERSION

CREDIT AGREEMENT

dated as of

April 27, 2015

among

THE WHITMORE MANUFACTURING COMPANY,
as Borrower

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

J.P. MORGAN SECURITIES LLC,
and
SUNTRUST ROBINSON HUMPHREY, INC.,
as Joint Lead Arrangers and Joint Bookrunners

and

SUNTRUST BANK,
as Syndication Agent

TABLE OF CONTENTS

SCHEDULES:

Commitment Schedule

Schedule 3.05 –	Properties, etc.
Schedule 3.10 –	Plans Subject to Title IV of ERISA
Schedule 3.13 –	Subsidiaries; Parent Company
Schedule 5.19 –	Post-Closing Matters
Schedule 6.01 –	Existing Indebtedness
Schedule 6.02 –	Existing Liens
Schedule 6.04 –	Existing Investments
Schedule 6.05(m) –	Real Property To Be Sold
Schedule 6.10 –	Existing Restrictions

EXHIBITS:

Exhibit A –	Assignment and Assumption
Exhibit B-1 –	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)
Exhibit B-2 –	U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)
Exhibit B-3 –	U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
Exhibit B-4 –	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)
Exhibit C –	Compliance Certificate
Exhibit D –	Joinder Agreement
Exhibit E –	Holdco Guaranty
Exhibit F –	Holdco Pledge Agreement

CREDIT AGREEMENT dated as of April 27, 2015 (as it may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), among THE WHITMORE MANUFACTURING COMPANY, as Borrower, the other Loan Parties party hereto, the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acquisition" means the acquisition by the Company or its Subsidiaries of all or substantially all of the assets of the Sellers pursuant to the terms of the Acquisition Documents.

"Acquisition Documents" means (i) the Asset Purchase Agreement dated as of the date hereof, by and among Strathmore Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, as purchaser (the "Purchaser"), the Sellers, Eric T. Burr and William M. Udovich, as shareholders of Strathmore, and the Company, and (ii) each other agreement required to be delivered pursuant thereto as a condition to the occurrence of, or in connection with, Acquisition.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period or for any ABR Borrowing, an interest rate per annum equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (and its subsidiaries and Affiliates), in its capacity as administrative agent for the Lenders hereunder, and any successor thereto appointed pursuant to Section 9.06.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person.

"Aggregate Credit Exposure" means, at any time, the aggregate Credit Exposure of all the Lenders at such time.

"Aggregate Revolving Exposure" means, at any time, the aggregate Revolving Exposure of all the Lenders at such time (with the Swingline Exposure of each Lender calculated assuming that all of the Lenders have funded their participations in all Swingline Loans outstanding at such time).

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%, and

(c) the Adjusted LIBO Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, the Adjusted LIBO Rate for any day shall be based on the LIBO Rate at approximately 11:00 a.m. London time on such day, subject to the interest rate floors set forth therein. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.13 hereof, then the Alternate Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to any Loan Party or any Affiliate of any Loan Party from time to time concerning or relating to bribery or corruption.

"Applicable Percentage" means, at any time with respect to any Lender, a percentage equal to a fraction the numerator of which is such Lender's Revolving Commitment at such time and the denominator of which is the aggregate Revolving Commitments at such time (provided that, if the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon such Lender's share of the Aggregate Revolving Exposure at such time); provided that, in accordance with Section 2.19, so long as any Lender shall be a Defaulting Lender, such Defaulting Lender's Commitment shall be disregarded in the calculations above.

"Applicable Rate" means, for any day, with respect to any Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Company's Total Leverage Ratio as of the most recent determination date, provided that until the delivery to the Administrative Agent, pursuant to Section 5.01, of the Company's consolidated financial information for the Company's first full fiscal quarter ending after the Effective Date, the "Applicable Rate" shall be the applicable rates per annum set forth below in Category 1:

Total Leverage Ratio	Eurodollar Spread	ABR Spread	Commitment Fee Rate
Category 1			
³3.50 to 1.00	300 bps	200 bps	50 bps
Category 2			
<3.50 to 1.00 but ³3.00 to 1.00	275 bps	175 bps	45 bps
Category 3			
<3.00 to 1.00 but ³2.50 to 1.00	250 bps	150 bps	40 bps
Category 4			
<2.50 to 1.00 but ³2.00 to 1.00	225 bps	125 bps	35 bps

Total Leverage Ratio	Eurodollar Spread	ABR Spread	Commitment Fee Rate
Category 5			
<2.00 to 1.00 but ³1.50 to 1.00	200 bps	100 bps	30 bps
Category 6			
<1.50 to 1.00 but ³1.00 to 1.00	175 bps	75 bps	25 bps
Category 7			
<1.00 to 1.00	150 bps	50 bps	20 bps

For purposes of the foregoing, (a) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Company, based upon the Company's annual or quarterly consolidated financial statements delivered pursuant to Section 5.01 and (b) each change in the Applicable Rate resulting from a change in the Total Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that at the option of the Administrative Agent or at the request of the Required Lenders, if the Borrowers fail to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01, the Total Leverage Ratio shall be deemed to be in Category 1 during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

If at any time the Administrative Agent reasonably determines that the financial statements upon which the Applicable Rate was determined were incorrect (whether based on a restatement, fraud or otherwise), the Borrowers shall be required to retroactively pay any additional amount that the Borrowers would have been required to pay if such financial statements had been accurate at the time they were delivered.

Notwithstanding the foregoing, the Applicable Rate in respect of any Class of additional Revolving Commitments or Extended Revolving Commitments and any Extended Term Loans or Revolving Loans made pursuant to any Extended Revolving Commitments shall be the applicable percentages per annum set forth in the relevant Extension Offer.

"Approved Fund" has the meaning assigned to the term in Section 10.04(b).

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability" means, at any time, an amount equal to (a) the aggregate Revolving Commitments and minus (b) the Aggregate Revolving Exposure (calculated, with respect to any Defaulting Lender, as if such Defaulting Lender had funded its Applicable Percentage of all outstanding Borrowings).

"Availability Period" means the period from and including the Effective Date to but excluding the Revolving Credit Maturity Date.

"Banking Services" means each and any of the following bank services provided to any Loan Party by any Lender or any Affiliate of a Lender: (a) credit cards for commercial customers (including, without limitation, "commercial credit cards" and purchasing cards), (b) stored value cards, (c) merchant processing services and (d) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, any direct debit scheme or arrangement, overdrafts and interstate depository network services).

"Banking Services Obligations" means any and all obligations of the Loan Parties, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Bankruptcy Event" means, with respect to any Person, when such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the U.S. or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Beneficial Owner" means, with respect to any U.S. federal withholding Tax, the beneficial owner, for U.S. federal income tax purposes, to whom such Tax relates.

"Board" means the Board of Governors of the Federal Reserve System of the U.S.

"Borrower" or "Borrowers" means the Company; provided that in the event that any additional Person or Persons are from time to time added as a "Borrower" or "Borrowers" pursuant to an amendment to this Agreement, the defined terms "Borrower" or "Borrowers" shall include the Company and each other such Person from and after the date of the applicable amendment or amendments. Each such amendment shall require the written consent of the Administrative Agent and each Lender and shall otherwise be in accordance with Section 10.02.

"Borrower Representative" has the meaning assigned to such term in Section 12.01.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, and (b) Term Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, and (c) a Swingline Loan.

"Borrowing Request" means a request for a Borrowing in accordance with Section 2.03.

"Burdensome Restrictions" means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.10.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for general business in London.

"Capital Expenditures" means, without duplication, any expenditure for any purchase or other acquisition of any asset that would be classified as a fixed or capital asset on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP, excluding (i) reinvestments of proceeds of events of the types described (A) in clause (b) of the definition of "Prepayment Event" and (B) in clause (m) of Section 6.05 (including payments in respect of notes received in connection therewith in accordance with Section 6.04(m)) and (ii) capitalized interest.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, Issuing Bank or any Swingline Lender (as applicable) and the Lenders, as collateral for Letters of Credit, Obligations in respect of Swingline Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the Issuing Bank or Swingline Lenders benefitting from such collateral shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the Issuing Bank or the Swingline Lenders (as applicable). "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Change in Control" means the occurrence of any one or more of the following events or occurrences:

(a) prior to the SpinOff Effective Date, (i) Sponsor shall cease to directly own, free and clear of all Liens or other encumbrances at least 80% of the outstanding voting Equity Interests of the Company on a fully diluted basis; or (ii) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (A) nominated by the Sponsor or the board of directors of the Company nor (B) appointed by directors so nominated; (iii) the acquisition of direct or indirect Control of the Company by any Person or group other than Sponsor; or

(b) on and after the SpinOff Effective Date, an event or series of events by which: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of 25% or more of the equity securities of Spinco entitled to vote for members of the board of directors or equivalent governing body of Spinco 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); or (ii) during any period of 24 consecutive months, occupation of a majority of the seats (other than vacant seats) on the board of directors or other equivalent governing body of Spinco (or, on or prior to the SpinOff

Effective Date, elected by the Sponsor) by Persons who were neither (i) nominated by the board of directors or other equivalent governing body of Spinco nor (ii) appointed by directors so nominated; or

(c) on and after the SpinOff Effective Date, (i) Holdco shall cease to directly own, free and clear of all Liens or other encumbrances (other than Liens created by the Loan Documents), at least 80% of the outstanding voting Equity Interests of the Company on a fully diluted basis or (ii) Spinco shall cease to own, directly or indirectly, free and clear of all Liens or other encumbrances 100% of the outstanding voting Equity Interests of Holdco on a fully diluted basis.

For the avoidance of doubt, the consummation of the SpinOff will not constitute a "Change of Control" if the conditions set forth in Section 2.23 have been satisfied (or waived in accordance with Section 10.02) prior to or concurrently with the consummation of the SpinOff and the events or occurrences set forth in clauses (b) and (c) of this definition have not occurred.

"Change in Law" means the occurrence after the date of this Agreement (or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement) of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.14(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the U.S. 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, issued or implemented.

"Charges" has the meaning assigned to such term in Section 10.17.

"Chase" means JPMorgan Chase Bank, N.A., a national banking association, in its individual capacity, and its successors.

"Class", when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, a Term A Loan, or Swingline Loans, or Extended Term Loans that are designated as an additional Class of Term Loans, (b) any Commitment, refers to whether such Commitment is a Revolving Commitment, a Term A Commitment or Extended Revolving Commitments that are designated as an additional Class of Commitments, and (c) any Lender, refers to whether such Lender has a Loan or Commitment of a particular Class.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all property covered by the Collateral Documents and any and all other property of any Loan Party, Sponsor or Holdco, as applicable, now existing or hereafter acquired, that may at any time be, become or intended to be, subject to a security interest or Lien in favor of the Administrative Agent, on behalf of itself and the Lenders and other Secured Parties, to secure the Secured Obligations, including without limitation, pledges by the Loan Parties and the Sponsor or Holdco, as applicable, of Equity Interests in the Company, the other Borrowers and the Subsidiaries to the extent contemplated by Sections 5.12(b) and (c).

"Collateral Access Agreement" has the meaning assigned to such term in the Security Agreement.

"Collateral Documents" means, collectively, the Security Agreement, the Mortgages, the Sponsor Negative Pledge Agreement, the Holdco Pledge Agreement and any other agreements, instruments and documents executed in connection with this Agreement that are intended to create, perfect or evidence Liens to secure all or any part of the Secured Obligations, including, without limitation, all other security agreements, pledge agreements, mortgages, collateral assignments, deeds of trust, pledges or other similar agreements and financing statements whether theretofore, now or hereafter executed by any Loan Party or any Subsidiary and delivered to the Administrative Agent.

"Commitment" means, with respect to each Lender, the sum of such Lender's Revolving Commitment and Term A Commitment, and if applicable, Extended Revolving Commitment. The initial amount of each Lender's Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Commitment Schedule" means the Schedule attached hereto identified as such.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" has the meaning assigned to such term in Section 10.01(d).

"Company" means The Whitmore Manufacturing Company, a Delaware corporation.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C, with such changes, or in such other form, as agreed to by the Administrative Agent.

"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 Net Income" means, for any period and any Person (a "Subject Person"), such Subject Person's consolidated net income (or loss) determined in accordance with GAAP, but excluding any extraordinary, nonrecurring, nonoperating or noncash gains or losses, including or in addition, the following:

(a) the income (or loss) of any Person (other than a subsidiary) in which the Subject Person or a subsidiary has an ownership interest; provided, however, that (i) Consolidated Net Income shall include amounts in respect of the income of such when actually received in cash by the Subject Person or such subsidiary in the form of dividends or similar distributions and (ii) Consolidated Net Income shall be reduced by the aggregate amount of all investments, regardless of the form thereof, made by the Subject Person or any of its subsidiaries in such Person for the purpose of funding any deficit or loss of such Person;

(b) the income of any subsidiary to the extent the payment of such income in the form of a distribution or repayment of any Indebtedness to the Subject Person or a subsidiary is not permitted, whether on account of any restriction in by-laws, articles of incorporation or similar governing document, any agreement or any law, statute, judgment, decree or governmental order, rule or regulation applicable to such subsidiary;

(c) any gains or losses accrued on foreign currency receivables or on foreign currency payables of the Subject Person or a subsidiary organized under the laws of the U.S. which are not realized in a cash transaction;

(d) the income or loss of any foreign subsidiary or of any foreign Person (other than a subsidiary) in which the Subject Person or subsidiary has an ownership interest to the extent that the equivalent dollar amount of the income contains increases or decreases due to the fluctuation of a foreign currency exchange rate after the Effective Date;

(e) the income or loss of any Person acquired by the Subject Person or a subsidiary for any period prior to the date of such acquisition; and

(f) the income from any sale of assets in which the accounting basis of such assets had been the book value of any Person acquired by the Subject Person or a subsidiary prior to the date such Person became a subsidiary or was merged into or consolidated with the Subject Person or a subsidiary.

"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.

"Credit Exposure" means, as to any Lender at any time, the sum of (a) such Lender's Revolving Exposure at such time plus (b) an amount equal to the aggregate principal amount of its Term Loans outstanding at such time.

"Credit Party" means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, debtor 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.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified any Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a

Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations under the Loan Documents that are accrued and payable and the termination of the Commitments and all outstanding Letters of Credit), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Latest Maturity Date.

"Disregarded Domestic Person" means any Domestic Subsidiary that is treated as a disregarded person for U.S. federal income tax purposes and substantially all of the assets of which consist of the equity interests of one or more Foreign Subsidiaries.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the U.S.

"Document" has the meaning assigned to such term in the Security Agreement.

"dollars" or "$" refers to lawful money of the U.S.

"EBITDA" means, for any period, the total of the following, calculated without duplication for the Company and its Subsidiaries on a consolidated basis for such period:

(a) Consolidated Net Income; plus

(b) any provision for (or less any benefit from) income or franchise Taxes included in determining Consolidated Net Income; plus

(c) interest expense (including the interest portion of Capital Lease Obligations and amounts charged as expense to Swap Agreement Obligations) deducted in determining Consolidated Net Income; plus

(d) amortization and depreciation expense deducted in determining Consolidated Net Income; plus

(e) management fees deducted in determining Consolidated Net Income; plus

(f) ESOP contributions deducted in determining Consolidated Net Income; plus

(g) LIFO adjustments deducted in determining Consolidated Net Income; plus

(h) losses on the disposition of assets deducted in determining Consolidated Net Income; plus

(i) integration expenses actually incurred by the Company in connection with the Acquisition and deducted in determining Consolidated Net Income, up to a maximum add-back of $750,000 over the term of this Agreement; provided that such integration expenses are added-back within two years of the Effective Date; plus

(j) any extraordinary one-time non-cash expenses or losses deducted in determining Consolidated Net Income; plus

(k) non-cash expenses, charges or write-offs and non-cash impairment charges (including non-cash expenses, charges or write-offs of goodwill and forgiveness of Indebtedness and non-cash losses from investments recorded using the equity method) deducted in determining Consolidated Net Income; plus

(l) any non-cash compensation expense, including non-cash expense related to any stock options, profit interests or phantom units deducted in determining Consolidated Net Income; plus

(m) fees and expenses in connection with the Acquisition deducted in determining Consolidated Net Income, so long as the aggregate amount added to EBITDA under this clause does not exceed $2,500,000 over the term of this Agreement; plus

(n) the sum of (i) amortization or write-off of debt discount and debt issuance costs, and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), plus (ii) fees and expenses in connection with acquisitions permitted under Section 6.04 (but not including fees and expenses incurred in connection with the Acquisition), the SpinOff (including restructuring transactions in preparation therefor), dispositions of subsidiaries or lines of business, debt and equity issuances, amendments or waivers to debt facilities and early extinguishment of debt (including the Loan Documents) that are (or at the relevant time were) permitted hereunder, whether or not consummated, plus (iii) expenses of the Sponsor (to the extent relating or attributable to its ownership of the Company) paid or reimbursed by the Company, in each case under clauses (i), (ii) and (iii) above to the extent deducted in determining Consolidated Net Income, so long as the aggregate amount added to EBITDA under clauses (i), (ii) and (iii) above do not exceed $1,000,000 over the term of this Agreement; minus

(o) any gains on the disposition of assets included in determining Consolidated Net Income; minus

(p) any extraordinary non-cash income or gains included in determining Consolidated Net Income.

When determining EBITDA for the Company and its Subsidiaries, (y) any EBITDA attributable to any Foreign Subsidiary shall be excluded to the extent it exceeds 20% of the aggregate amount of EBITDA for the Company and the Subsidiaries and (z) the aggregate amount included in the calculation of EBITDA pursuant to clauses (e) and (f) shall not exceed 7% of the aggregate amount of EBITDA for the Company and the Subsidiaries.

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak, and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and the Issuing Bank and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Environmental Laws" means all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters (as such relate to exposure to Hazardous Materials).

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any 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; provided, however, that "Environmental Liability" does not include any liability relating to any product warranty or product liability claims.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with a Borrower or a Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the failure of any Plan or Multiemployer Plan to satisfy the "minimum funding standard" (as defined in Sections 412, 430 and 431 of the Code or Sections 302, 303 or 304 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Borrower or any ERISA Affiliate from the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any

Plan; (f) the incurrence by any Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal of any Borrower or any ERISA Affiliate from any Plan or Multiemployer Plan; (g) the receipt by any Borrower or any ERISA Affiliate of any notice concerning a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (h) the determination that any Plan is considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA or the imposition of any lien on any Borrower or ERISA Affiliate thereunder; or (i) the determination that any Multiemployer Plan is in endangered or critical status within the meaning of Section 432 of the Code or Section 305 of ERISA.

"ESOP" means The Whitmore Manufacturing Company Employee Stock Ownership Plan (as revised and restated effective April 1, 2008) and the trust established thereunder, as each may be amended from time to time, including any successor thereto that, in each case, is intended to qualify as an "employee stock ownership plan" under Section 4975(e)(7) of the Code.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Section 8.01.

"Excess Cash Flow" means, for any fiscal year of the Company, the excess, if any, of (a) the sum, without duplication, of (i) Consolidated Net Income for such fiscal year, (ii) the amount of all non-cash charges (including depreciation and amortization) deducted in determining such Consolidated Net Income, and (iii) the aggregate net amount of non-cash loss on the disposition of property by the Company and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent deducted in arriving at such Consolidated Net Income minus (b) the sum, without duplication, of (i) the amount of all non-cash credits included in arriving at such Consolidated Net Income, (ii) the aggregate amount of Non-Financed Capital Expenditures (excluding any such expenditures financed with the proceeds of asset dispositions that have not yet been used to pay down the Loans), (iii) the aggregate amount of all mandatory prepayments of Revolving Loans and Swingline Loans during such fiscal year to the extent of accompanying permanent reductions of the Revolving Commitments, (iv) the aggregate amount of all mandatory prepayments of the Term Loans during such fiscal year, (v) the aggregate amount of all regularly scheduled principal payments of Indebtedness (including the Term Loans) of the Company and its Subsidiaries made during such fiscal year (other than in respect of any revolving credit facility, to the extent that there is not an equivalent permanent reduction in revolving commitments thereunder), (vi) the aggregate net amount of non-cash gain on the disposition of property by the Company and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent included in arriving at such Consolidated Net Income and (vii) the aggregate amount of cash payments made by the Company to any Affiliate with respect to the Plans in connection with the SpinOff, in an aggregate amount not to exceed $3,000,000 over the term of this Agreement.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an ECP at the time the Guarantee of such Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a 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, 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 applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by the Borrowers under Section 2.18(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Predecessor UCCs" shall mean (i) that certain UCC-1 No. 13759415 filed on September 30, 2011 with the Delaware Secretary of State naming Strathmore Properties, LLC as debtor and General Electric Capital Corporation as debtor, (ii) that certain UCC-1 No. 13768317 filed on September 30, 2011 with the Delaware Secretary of State naming Strathmore Properties, LLC as debtor and Deutsche Bank AG, New York Branch as debtor, (iii) that certain UCC-1 No. 13768382 filed on September 30, 2011 with the Delaware Secretary of State naming Strathmore Properties, LLC as debtor and Deutsche Bank AG, New York Branch as debtor and (iv) that certain UCC-1 No. 21149022 filed on March 26, 2012 with the Delaware Secretary of State naming Strathmore Properties, LLC as debtor and General Electric Capital Corporation as debtor.

"Extended Revolving Commitment" means Revolving Commitments the maturity of which shall have been extended pursuant to Section 2.22.

"Extended Revolving Loans" means any Revolving Loans made pursuant to the Extended Revolving Commitments.

"Extended Term Loans" means Term A Loans the maturity of which shall have been extended pursuant to Section 2.22.

"Extension" has the meaning set forth in Section 2.22(a).

"Extension Amendment" means an amendment to this Agreement (which may, at the option of the Administrative Agent and the Company, be in the form of an amendment and restatement of this Agreement) among the Borrowers and the other Loan Parties, the applicable extending Lenders, the Administrative Agent and, to the extent required by Section 2.22, the Issuing Bank and/or the Swingline Lender implementing an Extension in accordance with Section 2.22.

"Extension Offer" has the meaning set forth in Section 2.22.

"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), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero from purposes of this Agreement.

"Fee Letter" means the fee letter, dated February 17, 2015, by and among the Company, JPMorgan Chase Bank, N.A., and J.P. Morgan Securities LLC.

"Financial Statements" has the meaning assigned to such term in Section 5.01(h).

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Fixed Charges" means for any period, the sum of the following for the Company and the Subsidiaries calculated on a consolidated basis without duplication for such period: (a) the aggregate amount of cash interest, including cash payments in the nature of interest under Capital Lease Obligations; and (b) the aggregate amount of regularly scheduled payments of principal of Indebtedness paid or payable.

"Fixed Charge Coverage Ratio" means for any period, the ratio of (a) EBITDA for such period minus, for the Company and the Subsidiaries calculated on a consolidated basis without duplication for such period, the sum of (i) Non-Financed Capital Expenditures, (ii) any provision for (or less any benefit from) income or franchise Taxes payable in cash included in determining Consolidated Net Income (including, without limitation Permitted Tax Distributions), (iii) all cash dividends and other cash distributions made by Company on account of Equity Interests and (iv) Restricted Payments made pursuant to Sections 6.08(g), (o)(iii)(B), (o)(iv)(B) and (p) to (b) Fixed Charges for such period.

"Foreign Lender" means (a) if a Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if a Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

"Foreign Subsidiary" means each Subsidiary which is organized under the laws of a jurisdiction other than the U.S. or any state or commonwealth thereof.

"Funded Debt" means, without duplication, the sum of the following as calculated for the Company and the Subsidiaries on a consolidated basis in accordance with GAAP: (a) all obligations for borrowed money (including, without limitation, all borrowings in connection with any real estate of the Company and the Subsidiaries); (b) all obligations evidenced by bonds, debentures, notes or similar instruments; (c) all obligations upon which interest charges are customarily paid prior to a breach or default of such obligations; (d) all obligations under conditional sale or other title retention agreements relating to property acquired by such Person; (e) all obligations in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business); (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person,

whether or not the Indebtedness secured thereby has been assumed (provided that the amount of such Indebtedness included in "Funded Debt", to the extent such Indebtedness was not otherwise assumed, shall not exceed the fair market value of the property of such Person secured by such Lien); (g) all Guarantees; and (h) all Capital Lease Obligations; provided that, in each case "Funded Debt" shall exclude earn-outs permitted to exist under the terms of this Agreement.

"Funding Account" has the meaning assigned to such term in Section 4.01(h).

"GAAP" means generally accepted accounting principles in the U.S.

"Governmental Authority" means the government of the U.S., any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation (including any obligations under an operating lease) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation (including any obligations under an operating lease) of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be equal to the amount of the obligation so guaranteed of supported (or, if less, the maximum amount so guaranteed or supported) or if not a fixed or determinable amount, the amount thereof determined in accordance with GAAP. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning assigned to such term in Section 11.01.

"Guarantors" means all Loan Guarantors and all non-Loan Parties who have delivered an Obligation Guaranty, and the term "Guarantor" means each or any one of them individually.

"Hazardous Materials" means: (a) any substance, material, or waste that is included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," "toxic materials," "toxic waste," or words of similar import in any Environmental Law; (b) those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) (40 C.F.R. Part 302 and amendments thereto); and (c) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical.

"Headquarters Loan" means the loan and all other obligations evidenced by the Headquarters Loan Agreement and the Headquarters Loan Documents, and all extensions, renewals, replacements, substitutions and refinancings thereof.

"Headquarters Loan Agreement" means that Credit Agreement, dated as of April 27, 2012, among the Company, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, as amended and restated as of the date hereof, and including any additional amendments, modifications, replacements, extensions, renewals and replacements of such credit agreement.

"Headquarters Loan Documents" means "Loan Documents" as that term is defined in the Headquarters Loan Agreement.

"Headquarters Real Property" means the Real Property located at 930 Whitmore and 1250 Justin Road, Rockwall, TX**.**

"Headquarters Transactions" means the execution, delivery and performance by the Company and the other Loan Parties of the Headquarters Loan Agreement and the other Headquarters Loan Documents, the borrowing of loans and other credit extensions thereunder and the use of the proceeds thereof.

"Holdco" means the domestic Person that owns directly at least 80% of the Equity Interests of the Company on and after the SpinOff Effective Date. Holdco and Spinco shall be distinct Persons.

"Holdco Guaranty" means a full Guarantee of the Obligations (including any and all supplements thereto), by and between Holdco and the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, to be dated as of or prior to the SpinOff Effective Date and executed and delivered by Holdco as a condition to the SpinOff Effective Date, substantially in the form of Exhibit E (with such changes, or in such other form, as agreed to by the Administrative Agent), and any other guaranty agreement entered into, after the date of this Agreement by Holdco (as required by this Agreement or any other Loan Document) for the benefit of the Administrative Agent and the other Secured Parties, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Holdco Pledge Agreement" means a pledge agreement (including any and all supplements thereto), by and between Holdco and the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, to be dated as of or prior to the SpinOff Effective Date and executed and delivered by Holdco, as a condition to the SpinOff Effective Date, substantially in the form of Exhibit F (with such changes, or in such other form, as agreed to by the Administrative Agent) pursuant to which Holdco pledges all of the Equity Interests of the Company owned directly by Holdco and 100% of the Equity Interests of each other Borrower owned directly by Holdco, if any, and any other pledge agreement entered into, after the date of this Agreement by Holdco (as required by this Agreement or any other Loan Document) for the benefit of the Administrative Agent and the other Secured Parties, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Impacted Interest Period" has the meaning assigned to such term in the definition of "LIBO Rate".

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid (excluding obligations for which interest charges only arise following a breach or a default), (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than sixty (60) days after the date on which such trade account was created), (f) all Indebtedness

of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (provided that the amount of such debt included in "Indebtedness", to the extent such debt was not otherwise assumed, shall not exceed the fair market value of the property of such Person secured by such Lien), (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) all obligations of such Person in respect of mandatory redemption or mandatory dividend rights on Disqualified Equity Interests but excluding dividends payable solely in Qualified Equity Interests; (l) all obligations of such Person, contingent or otherwise, for the payment of money under any earn-out or similar agreement entered into with the seller of a target of an acquisition or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition permitted hereby or an acquisition consummated prior to the date hereof, (m) obligations under any liquidated earn-out, (n) any other Off-Balance Sheet Liability, and (o) obligations, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Swap Agreements, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of the obligations of the Company or any Subsidiary in respect of any Swap Agreement shall, at any time of determination and for all purposes under this Agreement, be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time giving effect to current market conditions notwithstanding any contrary treatment in accordance with GAAP. For the avoidance of doubt, any obligation in respect of or relating to any employee benefit plan (including any Plan or the ESOP) is not considered to be Indebtedness for purposes of this Agreement.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 10.03(b).

"Ineligible Institution" has the meaning assigned to such term in Section 10.04(b).

"Information" has the meaning assigned to such term in Section 10.12.

"Interest Election Request" means a request to convert or continue a Revolving Borrowing in accordance with Section 2.07.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last Business Day of each calendar quarter and the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Revolving Credit Maturity Date.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Eurodollar Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, six or, if available to all applicable Lenders, twelve months thereafter, as the Company may elect; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter, in the case of a Revolving Borrowing, shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, for any Interest Period, the rate per annum (rounded the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period and (b) the LIBO Screen Rate for the shortest period (for which the LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means (a) Chase, in its capacity as the issuer of Letters of Credit hereunder, and (b) any other Revolving Lender from time to time designated by the Company as an Issuing Bank, with the consent of such Revolving Lender and the Administrative Agent, in which case the term "Issuing Bank" shall mean Chase and each such Revolving Lender, individually or collectively as the context shall require, and their successors in such capacity as provided in Section 2.05(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by its Affiliates, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate (it being agreed that such Issuing Bank shall, or shall cause such Affiliate to, comply with the requirements of Section 2.05 with respect to such Letters of Credit). At any time that there is more than one Issuing Bank, all singular references to the Issuing Bank shall mean any Issuing Bank, either Issuing Bank, each Issuing Bank, the Issuing Bank that has issued the applicable Letter of Credit, or both (or all) Issuing Banks, as the context may require.

"Joinder Agreement" means a Joinder Agreement in substantially the form of Exhibit D.

"Latest Maturity Date" means, at any date of determination, the latest of the Revolving Credit Maturity Date or Term A Maturity Date that is applicable to any Loan or Commitment hereunder at such time, including the latest maturity date of any Extended Revolving Commitment or Extended Term Loan, in each case as extended in accordance with this Agreement from time to time.

"LC Collateral Account" has the meaning assigned to such term in Section 2.05(j).

"LC Disbursement" means any payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all standby Letters of Credit outstanding at such time plus (b) the aggregate amount of all LC Disbursements relating to standby Letters of Credit that have not yet been reimbursed by or on behalf of the Borrowers at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the aggregate LC Exposure at such time.

"Lenders" means the Persons listed on the Commitment Schedule and any other Person that shall have become a Lender hereunder pursuant to Section 2.08, an Assignment and Assumption or an amendment to this Agreement, other than any such Person that ceases to be a Lender hereunder pursuant to an Assignment and Assumption or an amendment to this Agreement. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender and the Issuing Bank.

"Letters of Credit" means standby letters of credit issued pursuant to this Agreement, and the term "Letter of Credit" means any one of them or each of them singularly, as the context may require.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any applicable Interest Period or for any ABR Borrowing, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for dollars) for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as shall be selected by the Administrative Agent in its reasonable discretion (in each case, the "LIBO Screen Rate") at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period; provided that, (x) if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement and (y) if the LIBO Screen Rate shall not be available at such time for a period equal in length to such Interest Period (an "Impacted Interest Period"), then the LIBO Rate shall be the Interpolated Rate at such time, subject to Section 2.13 in the event that the Administrative Agent shall conclude that it shall not be possible to determine such Interpolated Rate (which conclusion shall be conclusive and binding absent manifest error); provided, further, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Notwithstanding the above, to the extent that "LIBO Rate" or "Adjusted LIBO Rate" is used in connection with an ABR Borrowing, such rate shall be determined as modified by the definition of Alternate Base Rate.

"LIBO Screen Rate" has the meaning assigned to such term in the definition of "LIBO Rate".

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means, collectively, this Agreement, each promissory note issued pursuant to this Agreement, each Letter of Credit application, each Collateral Document, the Loan Guaranty, each Obligation Guaranty, and each other agreement, instrument, document and certificate identified in Section 4.01 executed and delivered to, or in favor of, the Administrative Agent or any Lender and including each other loan agreement, note, guarantee, subordination agreement, financing statement, pledge, power of attorney, consent, assignment, contract, notice, fee letter, letter of credit agreement, instrument and certificate, whether heretofore, now or hereafter executed by or on behalf of any Loan Party, or any employee of any Loan Party, and delivered to the Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or

schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Guarantor" means each of the Domestic Subsidiaries of the Borrowers**.**

"Loan Guaranty" means Article XI of this Agreement.

"Loan Parties" means, collectively, the Borrowers and the Loan Guarantors, and any other Person who becomes a party to (a) this Agreement pursuant to a Joinder Agreement or (b) an Obligation Guaranty, and their successors and assigns, and the term "Loan Party" shall mean any one of them or all of them individually, as the context may require; provided that, notwithstanding clause (b) above, Holdco will not be included in the definition of Loan Parties.

"Loans" means the loans and advances made by the Lenders pursuant to this Agreement, including Swingline Loans.

"Longview Real Property" means the Real Property located at 10 Robert Wilson Road, Longview, Texas.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, or financial condition of the Company and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its material obligations under the Loan Documents to which it is a party, (c) a material portion of the Collateral, or the Administrative Agent's Liens (on behalf of itself and the other Secured Parties) on a material portion of the Collateral or the priority of such Liens, or (d) the material rights of or remedies available to the Administrative Agent, the Issuing Bank or the Lenders under any of the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Obligations under the Loan Documents), or obligations in respect of one or more Swap Agreements, of any one or more of the Loan Parties in an aggregate principal amount exceeding $3,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Loan Parties in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Loan Party would be required to pay if such Swap Agreement were terminated at such time.

"Maximum Rate" has the meaning assigned to such term in Section 10.17.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means any mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, on certain parcels of Real Property, including any amendment, restatement, modification or supplement thereto.

"Mortgaged Property" means collectively, (a) the Longview Real Property and (b) all other Real Properties, owned by any Loan Party, that become subject to a Mortgage subsequent to the Effective Date.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA with respect to which any Borrower or any ERISA Affiliate may have any liability.

"Net Proceeds" means, with respect to any applicable event, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, minus (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all Taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

"New York Real Property" means the Real Property located at 4724 Burr Drive, Clay, New York.

"Non-Consenting Lender" has the meaning assigned to such term in Section 10.02(d).

"Non-Financed Capital Expenditures" means Capital Expenditures of the Company that were paid for in cash and not financed with the proceeds of Indebtedness (other than Revolving Loans).

"Not Otherwise Applied" means with reference to the proceeds of a Specified Equity Contribution, that none of the proceeds of such Specified Equity Contribution were or will be (i) used as Cash Collateral, (ii) applied in determining the permissibility of a transaction under the Loan Documents where such permissibility was (or may have been) contingent on the receipt of any amount or utilization of any such amount for a specified purpose, (iii) used in any calculation of cash balances required to meet any covenant or permissive exception requirement, promise or threshold or (iv) used for any other purpose other than to reduce Indebtedness as permitted by this Agreement.

"Obligated Party" has the meaning assigned to such term in Section 11.02.

"Obligation Guaranty" means (a) the Holdco Guarantee and (b) any other Guarantee of all or any portion of the Secured Obligations executed and delivered to the Administrative Agent for the benefit of the Secured Parties by any other guarantor who is not a Loan Party.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Loan Parties and Holdco to any of the Lenders, the Administrative Agent, the Issuing Bank or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Off-Balance Sheet Liability" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any indebtedness, liability or obligation under any so-called "synthetic lease" transaction entered into by such Person, or (c) any indebtedness, liability or obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person (other than operating leases).

"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 a connection arising from such Recipient having (i) 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 (ii) sold or assigned an interest in any Loan, Letter of Credit, Commitment or Loan Document.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18).

"Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Parent Entities" or "Parent Entity" means Holdco, Spinco and any other subsidiary of Spinco that is also a direct or indirect parent of the Company or any other Borrower.

"Participant" has the meaning assigned to such term in Section 10.04(c).

"Participant Register" has the meaning assigned to such term in Section 10.04(c).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of tenders, bids, trade contracts, leases, statutory obligations, surety and appeal bonds, government contracts, performance bonds and return-of-money bonds, insurance premiums other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 8.01;

(f) easements, encroachments, covenants, zoning restrictions, rights-of-way, restrictions, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of any Borrower or any Subsidiary;

(g) operating leases or subleases entered into in the ordinary course of business and easements or rights of way granted to others, that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of any Borrower or any Subsidiary;

(h) Liens arising from Uniform Commercial Code financing statements filed with respect to operating leases that are permitted by this Agreement and not capitalized, and that do not secure any monetary obligations;

(i) any interest or title (and any Lien affecting the interest or title) of (i) a lessor or sublessor under any lease or sublease to be mortgaged as security hereunder permitted by this Agreement, (ii) any underlying lessor of such a lease or sublease (e.g., an underlying ground or operating lease or prime lease), and (iii) a grantor or licensor of any easements and rights of way to be mortgaged as security hereunder or otherwise permitted by this Agreement, in each case that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of any Borrower or any Subsidiary;

(j) Liens of collecting banks under the UCC on items in the course of collection and statutory Liens and customary rights of set-off of banks and Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes; and

(k) (i) Liens (A) on advances of cash or Permitted Investments in favor of the seller of any property to be acquired in an acquisition or investment permitted by Section 6.04 to be applied against the purchase price for such acquisition or investment and (B) consisting of an agreement to dispose of any property in a disposition permitted by Section 6.05, in each case, solely to the extent such acquisition, investment or disposition, as the case may be, would have been permitted on the date of the creation of such Lien, and (ii) earnest money deposits of cash or Permitted Investments by a Loan Party or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted by the terms of this Agreement;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the U.S. (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the U.S.), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, bankers' acceptances and demand or time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the U.S. or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Permitted Tax Distributions" means for any taxable period in which the Company and/or any of its Subsidiaries is a member of a consolidated, combined or similar income tax group of which a direct or indirect parent of the Company is the common parent (a "Tax Group"), distributions by the Company to such direct or indirect parent of the Company to pay federal, foreign, state and local income Taxes of such Tax Group that are attributable to the taxable income of the Company and/or its Subsidiaries; provided that, for each taxable period, the amount of such payments made in respect of such taxable period in the aggregate shall not exceed the amount that the Company and the Subsidiaries would have been required to pay as a stand-alone Tax Group, reduced by any portion of such income Taxes directly paid by the Company or any of its Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset (except cash and Permitted Investments) of any Loan Party or any Subsidiary after the Effective Date, other than (i) dispositions described in clauses (a), (c), (d), (e), (f), (g), (i), (j), (k), (m) and (o) of Section 6.05 and (ii) dispositions of any property or asset of any Loan Party or any Subsidiary with a fair value immediately prior to such event (as determined in good faith by such Loan Party or Subsidiary) less than $100,000; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Loan Party or any Subsidiary with a fair value immediately prior to such event (as determined in good faith by such Loan Party or Subsidiary) equal to or greater than $100,000; or

(c) the incurrence by any Loan Party or any Subsidiary of any Indebtedness after the Effective Date, other than Indebtedness permitted under Section 6.01.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Chase as its prime rate in effect at its principal offices in New York City. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Pro Forma Basis" means, with respect to compliance with any test or covenant hereunder for an applicable period of measurement, compliance with such test or covenant after giving effect to (a) any acquisition of an entity or business that is (or, subject to the satisfaction of such test or covenant would be) permitted under Section 6.04(l) (and any related incurrence, repayment or assumption of Indebtedness), (b) the making of any Restricted Payment that is (or, subject to the satisfaction of such test or covenant would be) permitted under Sections 6.08(c), (d), (g), (o)(iii) and (o)(iv), or (c) any increase in the Revolving Commitments that is (or, subject to the satisfaction of such test or covenant would be) permitted under Section 2.08(f) (including, in each case, (i) pro forma adjustments arising out of events which are directly attributable to such acquisition, the making of such Restricted Payment or incurrence of such Indebtedness, are factually supportable and are reasonably expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC and (ii) such other adjustments as are otherwise acceptable to the Administrative Agent in its reasonable discretion, and as certified by a Financial Officer), using, for purposes of determining such compliance, the historical financial statements of all entities or assets so acquired and the consolidated financial statements of Company and its Subsidiaries, which shall be reformulated as if (x) such acquisitions have been consummated at the beginning during the period (and any other Indebtedness or other liabilities incurred or repaid in connection with such acquisitions, had been incurred or repaid at the beginning of such period), (y) such Restricted Payments had been made at the beginning of such period and (z) such increase in the Revolving Commitments had been consummated at the beginning of such period (and assuming that (1) any Loan incurred bears interest during any portion of the applicable measurement period prior to the relevant transaction at the weighted average of the interest rates applicable to outstanding Loans incurred during such period and (2) any other Indebtedness incurred bears interest during any portion of the applicable measurement period prior to the relevant transaction at the rate which is or would be in effect with respect to such Indebtedness incurred during such period).

"Pro Forma Compliance" means, at any date of determination, that Company shall be in compliance on a pro forma basis with each of the financial covenants set forth in Article VII as of the last day of the most recent four (4) fiscal quarter period for which financial statements are then required to have been delivered or are otherwise available (computed on the basis of (a) balance sheet amounts as of such date and (b) income statement amounts for such four (4) fiscal quarter period and calculated on a Pro Forma Basis in respect of the event giving rise to such determination)

"Projections" means those projections delivered to the Administrative Agent by or on behalf of the Company prior to the Effective Date.

"Public-Sider" means a Lender whose representatives may trade in securities of the Company or its controlling person or any of its Subsidiaries while in possession of the financial statements provided by the Company under the terms of this Agreement.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Loan Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Equity Interests" means any Equity Interests that are not Disqualified Equity Interests.

"Real Property" means all real property that was, is now or may hereafter be owned, occupied or otherwise controlled by any Loan Party or Subsidiary pursuant to any contract of sale, lease or other conveyance of any legal interest in any real property to any Loan Party or Subsidiary.

"Recipient" means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, or any combination thereof (as the context requires).

"Register" has the meaning assigned to such term in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, trustees, employees, agents, administrators, managers, representatives and advisors of such Person and such Person's Affiliates.

"Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing, or dumping of any substance into the environment.

"Report" means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to the assets of any Loan Party from information furnished by or on behalf of the Borrowers, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement, which Reports may be distributed to the Lenders by the Administrative Agent.

"Required Lenders" means, at any time, two or more Lenders (other than Defaulting Lenders) having Credit Exposure and unused Commitments representing more than 50% of the sum of the Aggregate Credit Exposure and unused Commitments at such time; provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VIII, and for all purposes after the Loans become due and payable pursuant to Article VIII or the Commitments expire or terminate, then, as to each Lender, clause (a) of the definition of Swingline Exposure shall only be applicable for purposes of determining its Revolving Exposure to the extent such Lender shall have funded its participation in the outstanding Swingline Loans.

"Requirement of Law" means, with respect to any Person, (a) the charter, articles or certificate of organization or incorporation and bylaws or operating, management or partnership agreement, or other organizational or governing documents of such Person and (b) any statute, law (including common law), treaty, rule, regulation, code, ordinance, order, decree, writ, judgment, injunction or determination of any arbitrator or court or other Governmental Authority (including Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Restricted Payment" means (i) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest in any Loan Party, or 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 Equity Interests or any option, warrant or other right to acquire any such Equity Interests, (ii) any fee, charge, payment or distribution (including any sinking fund or other similar deposit) of any kind to any Affiliate in respect of any advisory, management or consulting agreement or in respect of any monitoring, oversight, transaction or similar fees and (iii) any earnout payment or seller finance payment. For the avoidance of doubt, contributions to and distributions from the ESOP, a Plan or any other employee benefit plan do not constitute Restricted Payments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate permitted amount of such Lender's Revolving Exposure hereunder, as such commitment may be reduced or increased from time to time pursuant to (a) Section 2.08 and (b) assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Revolving Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $20,000,000.

"Revolving Credit Maturity Date" means April 27, 2020 (if the same is a Business Day, or if not then the immediately next succeeding Business Day) or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof, (and, with respect to any Extended Revolving Commitment, the maturity date applicable to such Extended Revolving Commitment in accordance with the terms hereof if the same is a Business Day, or if not then the immediately next succeeding Business Day, or any earlier date on which such Extended Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof).

"Revolving Exposure" means, with respect to any Lender, at any time, the sum of the aggregate outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Lender" means, as of any date of determination, a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to Section 2.01(a).

"Rockwall Real Property" means the Real Property located at Highway 230 and Sids Road, Rockwall, Texas, as more particularly described on Schedule 3.05 hereto.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" has the meaning assigned to such term in Section 6.06.

"Sanctioned Country" means, at any time, a country or territory that is the subject or target of any Sanctions (on the Effective Date, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, or the U.S. Department of State or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom.

"SEC" means the Securities and Exchange Commission of the U.S.

"Secured Obligations" means all Obligations, together with all (i) Banking Services Obligations and (ii) Swap Agreement Obligations owing to one or more Lenders or their respective Affiliates; provided, however, that the definition of "Secured Obligations" shall not create any guarantee by any Guarantor of (or grant of security interest by any Guarantor to support, as applicable) any Excluded Swap Obligations of such Guarantor for purposes of determining any obligations of any Guarantor.

"Secured Parties" means (a) the Administrative Agent, (b) the Lenders, (c) the Issuing Bank, (d) each provider of Banking Services, to the extent the Banking Services Obligations in respect thereof constitute Secured Obligations, (e) each counterparty to any Swap Agreement, to the extent the obligations thereunder constitute Secured Obligations, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document, and (g) the successors and assigns of each of the foregoing.

"Security Agreement" means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of the date hereof, among the Loan Parties and the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, and any other pledge or security agreement entered into, after the date of this Agreement by any other Loan Party (as required by this Agreement or any other Loan Document) or any other Person for the benefit of the Administrative Agent and the other Secured Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Sellers" means, collectively, Strathmore, Strathmore Products of Longview, LLC, a New York limited liability company, Strathmore Products of Houston, LLC, a Texas limited liability company, and SP Walker, LLC, a Texas limited liability company.

"Specified Equity Contribution" shall mean any contribution, in each case on terms acceptable to the Administrative Agent, to the common equity of the Company (other than a Disqualified Equity Interest); which Specified Equity Contribution shall be designated in writing in a notice given by the Company to the Administrative Agent as a "Specified Equity Contribution" to be used solely for purposes of a Cure in accordance with the terms of Section 8.02.

"Spinco" means the domestic subsidiary to be formed and wholly owned by Sponsor until the SpinOff Effective Date (i) that will, at the time of the SpinOff and at all times thereafter, (x) directly or indirectly own, among other things, 100% of the Equity interests of Holdco, (y) indirectly own, among other things, at least 80% of the Equity Interests of the Company and (z) directly or indirectly own, among other things, 100% of the Equity Interests of each other Borrower, if any, and (ii) all of the shares of which will be distributed to the shareholders of the Sponsor pursuant to the SpinOff. Spinco and Holdco shall be distinct Persons.

"SpinOff" has the meaning assigned to such term in Section 2.23(a).

"SpinOff Amendment" and "SpinOff Amendments" have the meanings assigned to such terms in Section 2.23(d).

"SpinOff Effective Date" means the date on which each of the conditions set forth in Section 2.23(b) shall have been satisfied (or waived in accordance with Section 10.02) and the SpinOff is consummated in accordance with the terms of this Agreement and the other Loan Documents.

"Sponsor" means Capital Southwest Corporation.

"Sponsor Negative Pledge Agreement" means that certain Negative Pledge Agreement, dated as of the date hereof, by and between the Sponsor and the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties pursuant to which the Sponsor covenants and agrees that it will not create, incur, assume or permit to exist any Lien on the Equity Interests of the Company, and any other negative pledge agreement entered into, after the date of this Agreement by the Sponsor (as required by this Agreement or any other Loan Document) or any other Person for the benefit of the Administrative Agent and the other Secured Parties, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Statement" has the meaning assigned to such term in Section 2.17(g).

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D of the Board. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D of the Board or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Strathmore" means Strathmore Products, Inc., a New York corporation.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person, the payment and performance of which is fully subordinated to the payment and performance of the Secured Obligations on terms and conditions, and pursuant to documentation, in each case reasonably satisfactory to the Administrative Agent; provided that, in no event shall any such Subordinated Indebtedness (a) be secured or benefit from any Lien on the assets of any Loan Party or Subsidiary, (b) mature, require any principal payment, contain any mandatory redemption provision, prepayment provision or any other term or provision that would provide for the payment or return of any principal of such Subordinated Indebtedness (or a sinking fund or any other similar arrangement) prior to a date that is 91 days after the Latest Maturity Date, (c) be guaranteed by or benefit from any other assurance from any Loan Party or Subsidiary or (d) contain terms and conditions that are, taken as a whole, more restrictive in any manner than those set forth in this Agreement and the other Loan Documents; provided that all-in cash pricing on Subordinated Indebtedness may be up to 8.00% per annum higher than the all-in pricing on the Loans.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity, the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability

company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any direct or indirect subsidiary of the Company, a Borrower or a Loan Party, as applicable.

"Swap Agreement" means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrowers or their Subsidiaries shall be a Swap Agreement.

"Swap Agreement Obligations" means any and all obligations of the Loan Parties and their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any Swap Agreement permitted hereunder with a Lender or an Affiliate of a Lender, and (b) any cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction permitted hereunder with a Lender or an Affiliate of a Lender.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Revolving Lender at any time shall be the sum of (a) its Applicable Percentage of the total Swingline Exposure at such time other than with respect to any Swingline Loans made by such Revolving Lender in its capacity as the Swingline Lender and (b) the principal amount of all Swingline Loans made by such Revolving Lender in its capacity as the Swingline Lender outstanding at such time (less the amount of participations funded by the other Lenders in such Swingline Loans).

"Swingline Lender" means Chase, in its capacity as lender of Swingline Loans hereunder. Any consent required of the Administrative Agent or the Issuing Bank shall be deemed to be required of the Swingline Lender and any consent given by Chase in its capacity as Administrative Agent or Issuing Bank shall be deemed given by Chase in its capacity as Swingline Lender as well.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Target" has the meaning assigned to such term in Section 6.04(l)(iv).

"Taxes" means any and 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 Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make a Term A Loan, expressed as an amount representing the maximum principal amount of the Term A Loan to be made by such Lender, as such commitment may be reduced or increased from time to time pursuant to assignments by or to such Lenders pursuant to Section 10.04. The initial amount of each Lender's Term A Commitment is set forth on the Commitment Schedule or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term A Commitment, as applicable. The aggregate amount of the Lenders' Term A Commitment on the Effective Date is $70,000,000.

"Term A Lender" means a Lender having a Term A Commitment or an outstanding Term A Loan.

"Term A Loan" means a Loan made pursuant to Section 2.01(b).

"Term A Maturity Date" means April 27, 2020, and with respect to any Extended Term Loan, the maturity date applicable to such Extended Term Loan in accordance with the terms hereof (in each case if the same is a Business Day, or if not then the immediately next succeeding Business Day).

"Term Loans" means the Term A Loans and the Extended Term Loans.

"Total Leverage Ratio" means on any date of determination for the Company and the Subsidiaries on a consolidated basis, the ratio of (a) Funded Debt on such date of determination to (b) EBITDA calculated for the four fiscal quarter period most recently ended.

"Transactions" means (a) the execution, delivery and performance by the Borrowers and the other Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder, and (b) the Acquisition.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, or the Alternate Base Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or in any other state, the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Unliquidated Obligations" means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"U.S." means the United States of America.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.16(f)(ii)(B)(3).

"Waller Real Property" means that certain tract or parcel containing 25 acres of land out of that certain call 49.963 acre tract of land situated in the James Hitchcock Survey, A-138 in Waller County, Texas.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. 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 "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply) and all judgments, orders and decrees of all Governmental Authorities. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) any reference in any definition to the phrase "at any time" or "for any period" shall refer to the same time or period for all calculations or determinations within such definition, and (g) 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.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if after the date hereof there occurs any change in GAAP or in the application thereof on the operation of any provision hereof and the Company notifies the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of such change in GAAP or in the application thereof (or if the Administrative Agent notifies the Borrower Representative that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at "fair value", as

defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

SECTION 1.05. Pro Forma Adjustments for Acquisitions and Dispositions. To the extent a Borrower or any Subsidiary makes any acquisition permitted pursuant to Section 6.04 or disposition of assets outside the ordinary course of business during the period of four fiscal quarters of the Company most recently ended, the Total Leverage Ratio and the Fixed Charge Coverage Ratio shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to the acquisition or the disposition of assets, are factually supportable and are reasonably expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC or that are otherwise acceptable to the Administrative Agent in its reasonable discretion, and as certified by a Financial Officer), as if such acquisition or such disposition (and any related incurrence, repayment or assumption of Indebtedness and Funded Debt) had occurred in the first day of such four-quarter period; provided that the interest rate for any such Funded Debt incurred or assumed in connection with such acquisition shall have an implied rate of interest determined by utilizing the rate which is or would be in effect with respect to such Funded Debt as at the relevant date of determination.

SECTION 1.06. Status of Obligations. In the event that any Borrower or any other Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, such Borrower shall take or cause such other Loan Party to take all such actions as shall be necessary to cause the Secured Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Secured Obligations are hereby designated as “senior indebtedness” and as “designated senior indebtedness” and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

ARTICLE II

The Credits

SECTION 2.01. Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally (and not jointly) agrees to make revolving loans in dollars to the Borrowers from time to time during the Availability Period in an aggregate principal amount that will not result (after giving effect to any application of proceeds of such Borrowing pursuant to Section 2.09(a)) in (i) such Lender’s Revolving Exposure exceeding such Lender’s Revolving Commitment or (ii) the Aggregate Revolving Exposure exceeding the aggregate Revolving Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

(b) Subject to the terms and conditions set forth herein, each Term A Lender severally (and not jointly) agrees to make a Term A Loan in dollars to the Borrowers, on the Effective Date, in a principal amount not to exceed such Lender's Term A Commitment. Amounts prepaid or repaid in respect of Term A Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings.

(a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.04.

(b) Subject to Section 2.13, each Revolving Borrowing and Term Loan Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower Representative may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.13, 2.14, 2.15 and 2.16 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $500,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $50,000 and not less than $250,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of $50,000 and not less than $250,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of six Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date or the Term A Maturity Date, as applicable.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower Representative shall notify the Administrative Agent of such request either in writing (delivered by hand or fax) in a form approved by the Administrative Agent and signed by the Borrower Representative or by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) may be given not later than 10:00 a.m., Dallas, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or fax to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower Representative. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.01:

(i) the Class of Borrowing, the aggregate amount of the requested Borrowing, and a breakdown of the separate wires comprising such Borrowing;

(ii) name of the applicable Borrower(s);

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the applicable Borrower(s) shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Swingline Loans.

(a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period, the Swingline Lender agrees to make Swingline Loans to the Borrowers, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $5,000,000, (ii) the Swingline Lender's Revolving Exposure exceeding its Revolving Commitment or (iii) the Aggregate Revolving Exposures exceeding the aggregate Revolving Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Swingline Loans. To request a Swingline Loan, the Borrower Representative shall notify the Administrative Agent of such request by telephone (confirmed by fax), not later than 12:00 p.m., Dallas, Texas time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower Representative. The Swingline Lender shall make each Swingline Loan available to the Borrowers by means of a credit to the Funding Account(s) (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank, and in the case of repayment of another Loan or fees or expenses as provided by Section 2.17(c), by remittance to the Administrative Agent to be distributed to the Lenders) by 2:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(b) The Swingline Lender may by written notice given to the Administrative Agent require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which the Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice

such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, promptly upon such notice from the Administrative Agent (and in any event, if such notice is received by 11:00 a.m., Dallas, Texas time, on a Business Day no later than 4:00 p.m. Dallas, Texas time on such Business Day and if received after 11:00 a.m., Dallas time, "on a Business Day" shall mean no later than 9:00 a.m. Dallas, Texas time on the immediately succeeding Business Day), to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower Representative of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrowers (or other party on behalf of the Borrowers) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrowers for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrowers of any default in the payment thereof.

SECTION 2.05. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower Representative, on behalf of a Borrower, may request the issuance of standby Letters of Credit denominated in dollars as the applicant thereof for the support of the obligations of any Borrower or any Subsidiary thereof, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrowers to, or entered into by the Borrowers with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Each Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, such Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.11(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (each Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such Subsidiary that is an account party in respect of any such Letter of Credit). Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (B) in any manner that would result in a violation of any

Sanctions by any party to this Agreement, (ii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Requirement of Law relating to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Bank in good faith deems material to it, or (iii) if the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements 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 not to be in effect on the Effective Date for purposes of clause (ii) above, regardless of the date enacted, adopted, issued or implemented.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower Representative shall hand deliver or fax (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof, and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the applicable Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrowers shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $5,000,000, (ii) no Lender's Revolving Exposure shall exceed its Revolving Commitment and (iii) the Aggregate Revolving Exposure shall not exceed the aggregate Revolving Commitments. Notwithstanding the foregoing or anything to the contrary contained herein, no Issuing Bank shall be obligated to issue or modify any Letter of Credit if, immediately after giving effect thereto, the outstanding LC Exposure in respect of all Letters of Credit issued by such Person and its Affiliates would exceed such Issuing Bank's Issuing Bank Sublimit. Without limiting the foregoing and without affecting the limitations contained herein, it is understood and agreed that any Borrower may from time to time request that an Issuing Bank issue Letters of Credit in excess of its individual Issuing Bank Sublimit in effect at the time of such request, and each Issuing Bank agrees to consider any such request in good faith. Any Letter of Credit so issued by an Issuing Bank in excess of its individual Issuing Bank Sublimit then in effect shall nonetheless constitute a Letter of Credit for all purposes of the Credit Agreement, and shall not affect the Issuing Bank Sublimit of any other Issuing Bank, subject to the limitations on the aggregate LC Exposure set forth in clause (i) of this Section 2.05(b).

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination or non-renewal by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, including, without limitation, any automatic renewal provision, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Revolving Credit Maturity Date. At the request of the Borrower Representative, the Issuing Bank may, in its sole discretion, renew any Letter of Credit with a one-year term for additional one-year periods not to extend past the date specified in the foregoing clause (ii).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Revolving Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrowers on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrowers for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 p.m., Dallas, Texas time, on (i) the Business Day that the Borrower Representative receives notice of such LC Disbursement, if such notice is received prior to 10:00 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower Representative receives such notice, if such notice is received after 10:00 a.m., Dallas, Texas time, on the day of receipt; provided that, the Borrowers may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrowers fail to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrowers in respect thereof, and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrowers, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrowers pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank, as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrowers of their obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrowers' joint and several obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) any payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. None of the Administrative Agent, the Revolving Lenders or the Issuing Bank, or any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrowers to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by any Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence, bad faith or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower Representative by telephone (confirmed by fax or email if arrangements for doing so have been approved by the Issuing Bank) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrowers shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrowers reimburse such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans and such interest shall be due and

payable on the date when such reimbursement is due; provided that, if the Borrowers fail to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.12(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower Representative, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default exists, on the Business Day that the Borrower Representative receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the aggregate LC Exposure) demanding the deposit of Cash Collateral pursuant to this paragraph, the Borrowers shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Lenders (the "LC Collateral Account"), an amount in cash equal to 105% of the LC Exposure as of such date plus accrued and unpaid interest thereon; provided that the obligation to deposit such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Article VII. The Borrowers also shall deposit Cash Collateral in accordance with this paragraph as and to the extent required by Section 2.10(b) or 2.19. Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Secured Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and the Borrowers hereby grant the Administrative Agent a security interest in the LC Collateral Account and all moneys or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the aggregate LC Exposure), be applied to satisfy other Secured Obligations. If the Borrowers are required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrowers within three Business Days after all such Events of Default have been cured or waived as confirmed in writing by the Administrative Agent.

(k) Issuing Bank Reports to the Administrative Agent. Unless otherwise agreed by the Administrative Agent, each Issuing Bank shall, in addition to its notification obligations set forth elsewhere in this Section, report in writing to the Administrative Agent (i) periodic activity (for such period or recurrent periods as shall be requested by the Administrative Agent) in respect of Letters of Credit issued by such Issuing Bank, including all issuances, extensions, amendments and renewals, all expirations and cancelations and all disbursements and reimbursements, (ii) reasonably prior to the time that such Issuing Bank issues, amends, renews or extends any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the stated amount of the Letters of Credit issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed), (iii) on each Business Day on which such Issuing Bank makes any LC Disbursement, the date and amount of such LC Disbursement, (iv) on any Business Day on which a Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such LC Disbursement, and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by such Issuing Bank.

(l) LC Exposure Determination. For all purposes of this Agreement, the amount of a Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at the time of determination.

SECTION 2.06. Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by such Lender hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 p.m., Dallas, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders in an amount equal to such Lender's Applicable Percentage; provided that Term Loans shall be made as provided in Sections 2.01(b) and 2.02(b) and Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower Representative by promptly crediting the amounts so received, in like funds, to the Funding Account(s); provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower 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, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrowers, the interest rate applicable to ABR Revolving Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07. Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower Representative may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower Representative may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower Representative shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrowers were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or fax, to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower Representative.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the name of the applicable Borrower and the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this Section 2.07(c) shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrowers shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the applicable Class of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower Representative fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing.

(f) Notwithstanding any contrary provision hereof, if an Event of Default exists and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower Representative, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto. A Borrowing of any Class may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans of such Class is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding Eurodollar Borrowings of such Class with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings of such Class would be less than the aggregate principal amount of Loans of such Class required to be repaid on such scheduled repayment date.

SECTION 2.08. Termination and Reduction of Commitments; Increase in Revolving Commitments.

(a) Unless previously terminated, (i) the Term A Commitments shall terminate at 5:00 p.m., Dallas, Texas time, on the Effective Date and (ii) all the Revolving Commitments shall terminate on the Revolving Credit Maturity Date. The Extended Revolving Commitments shall terminate on the respective maturity dates applicable thereto.

(b) The Borrowers may at any time terminate the Revolving Commitments upon (i) the payment in full of all outstanding Revolving Loans and LC Disbursements, together with accrued and unpaid interest thereon, (ii) the cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Administrative Agent of a cash deposit (or at the discretion of the Administrative Agent a backup standby letter of credit satisfactory to the Administrative Agent and the Issuing Bank) in an amount equal to 105% of the LC Exposure as of such date), (iii) the payment in full of the accrued and unpaid fees, and (iv) the payment in full of all reimbursable expenses and other Obligations together with accrued and unpaid interest thereon.

(c) The Borrowers may from time to time reduce the Revolving Commitments; provided that (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000 and (ii) the Borrowers shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.10, the Aggregate Revolving Exposure would exceed the aggregate Revolving Commitments.

(d) The Borrower Representative shall notify the Administrative Agent of any election to terminate or reduce the Revolving Commitments under paragraph (b) or (c) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower Representative pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by the Borrower Representative may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower Representative (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Revolving Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Revolving Commitments.

(e) The Borrowers shall have the right to increase the Revolving Commitments by obtaining additional Revolving Commitments, either from one or more of the Lenders or another lending institution, provided that (i) any such request for an increase shall be in a minimum amount of $5,000,000, (ii) after giving effect thereto, the aggregate additional Commitments pursuant to this Section 2.08(e) do not exceed $15,000,000, (iii) the Administrative Agent, the Swingline Lender and the Issuing Bank have approved the identity of any such new Lender, such approvals not to be unreasonably withheld, (iv) any such new Lender assumes all of the rights and obligations of a "Lender" hereunder, and (v) the procedure described in Section 2.08(f) have been satisfied. Nothing contained in this Section 2.08 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder at any time.

(f) Any amendment hereto for such an increase or addition shall be in form and substance reasonably satisfactory to the Administrative Agent and shall only require the written signatures of the Administrative Agent, the Borrowers and each Lender being added or increasing its Commitment, subject only to the approval of all Lenders if any such increase or addition would cause the Revolving Commitments to exceed $35,000,000. As a condition precedent to such an increase or addition, the Borrowers shall deliver to the Administrative Agent (i) a certificate of each Loan Party signed by an authorized officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (B) in the case of the Borrowers and the other Loan Parties, certifying that, before and after giving effect to such increase or addition, (1) the representations and warranties contained in Article III and the other Loan Documents are true and correct in all material respects, except to the extent that such representations and warranties (x) are already qualified by materiality in which case they are true and correct in all respects and (y) specifically refer to an earlier date, in which case they are true and correct as of such earlier date, (2) no Default exists and (3) the Borrowers are in Pro Forma Compliance (provided that, for purposes of this clause (3), the amount of any increase in the Revolving Commitments shall be deemed to be fully drawn in determining Pro Forma Compliance) and (ii) legal opinions and documents consistent with those delivered on the Effective Date, to the extent requested by the Administrative Agent.

(g) On the effective date of any such increase or addition, (i) any Lender increasing (or, in the case of any newly added Lender, adding) its Revolving Commitment shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase or addition and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its revised Applicable Percentage of such outstanding Revolving Loans, and the Administrative Agent shall make such other adjustments among the Lenders with respect to the Revolving Loans then outstanding and amounts of principal, interest, commitment fees and other amounts paid or payable with respect thereto as shall be necessary, in the opinion of the Administrative Agent, in order to effect such reallocation and (ii) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase (or addition) in the Revolving Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower Representative, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurodollar Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 2.15 if the deemed payment occurs other than on the last day of the related Interest Periods. Within a reasonable time after the effective date of any increase or addition, the Administrative Agent shall, and is hereby authorized and directed to, revise the Commitment Schedule to reflect such increase or addition and shall distribute such revised Commitment Schedule to each of the Lenders and the Borrower Representative, whereupon such revised Commitment Schedule shall replace the old Commitment Schedule and become part of this Agreement.

SECTION 2.09. Repayment and Amortization of Loans; Evidence of Debt.

(a) The Borrowers hereby unconditionally promise to pay (i) to the Administrative Agent for the account of each Revolving Lender the then unpaid principal amount of each Revolving Loan on the Revolving Credit Maturity Date, and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Credit Maturity Date and the fifth Business Day after such Swingline Loan is made; provided that on each date that a Revolving Loan is made, the Borrowers shall repay all Swingline Loans then outstanding and the proceeds of any such Revolving Loan shall be applied by the Administrative Agent to repay any Swingline Loans outstanding.

(b) The Borrowers hereby unconditionally promise to pay to the Administrative Agent for the account of each Term A Lender on the dates set forth below the aggregate principal amount set forth opposite such date (as adjusted from time to time pursuant to Section 2.10(e) or 2.17(b)):

Date	Amount
June 30, 2015	$ 875,000
September 30, 2015	$ 875,000
December 31, 2015	$ 875,000
March 31, 2016	$ 875,000
June 30, 2016	$ 1,312,500
September 30, 2016	$ 1,312,500
December 31, 2016	$ 1,312,500
March 31, 2017	$ 1,312,500
June 30, 2017	$ 1,750,000
September 30, 2017	$ 1,750,000
December 31, 2017	$ 1,750,000
March 31, 2018	$ 1,750,000
June 30, 2018	$ 1,750,000
September 30, 2018	$ 1,750,000
December 31, 2018	$ 1,750,000
March 31, 2019	$ 1,750,000
June 30, 2019	$ 1,750,000
September 30, 2019	$ 1,750,000
December 31, 2019	$ 1,750,000
Term A Maturity Date	The entire unpaid principal amount of all Term A Loans

To the extent not previously paid, all unpaid Term A Loans and all other Obligations shall be paid in full in cash by the Borrowers on the Term A Maturity Date; provided that, in the event any Extended Term Loans are made, such Extended Term Loans shall be repaid by the Borrowers in the amounts and on the dates set forth in the definitive documentation with respect thereto and on the applicable maturity date thereof.

(c) Prior to any repayment of any Term Loan Borrowings of any Class under this Section, the Borrowers shall select the Borrowing or Borrowings of the applicable Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by fax) of such selection not later than 11:00 a.m., Dallas, Texas time, three (3) Business Days before the scheduled date of such repayment. Each repayment of a Term Loan Borrowing shall be applied ratably to the Loans included in the repaid Term Loan Borrowing. Repayments of Term Loan Borrowings shall be accompanied by accrued interest on the amounts repaid.

(d) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(e) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, if any, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(f) The entries made in the accounts maintained pursuant to paragraph (d) or (e) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(g) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Prepayment of Loans.

(a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (e) of this Section and, if applicable, payment of any break funding expenses under Section 2.15.

(b) In the event and on such occasion that the Aggregate Revolving Exposure exceeds the aggregate Revolving Commitments, the Borrowers shall prepay the Revolving Loans, LC Exposure and/or Swingline Loans (or, if no such Borrowings are outstanding, deposit Cash Collateral in the LC Collateral Account in an aggregate amount equal to such excess, in accordance with Section 2.05(j)).

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of any Loan Party or any Subsidiary in respect of any Prepayment Event, the Borrowers shall, promptly (but in any event within three (3) Business Days) after such Net Proceeds are received by any Loan Party or Subsidiary, prepay the Obligations and Cash Collateralize the LC Exposure as set forth in Section 2.10(e) below in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrower Representative shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Loan Parties intend to apply the Net Proceeds from such event (or a

portion thereof specified in such certificate), within 180 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) Real Property, equipment or other tangible assets (excluding inventory) to be used in the business of the Loan Parties, and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate, provided that to the extent of any such Net Proceeds that have not been so applied by the end of such 180 day period, a prepayment shall be required at such time in an amount equal to such Net Proceeds that have not been so applied; provided further that the Borrowers shall not be permitted to make elections to use Net Proceeds to acquire (or replace or rebuild) Real Property, equipment or other tangible assets (excluding inventory) with respect to Net Proceeds in any fiscal year of the Company in an aggregate amount in excess of $1,500,000.

(d) The Borrowers shall prepay the Obligations as set forth in Section 2.10(e) below on the date that is ten (10) days after the earlier of (i) the date on which the Company's annual audited financial statements for the immediately preceding fiscal year are delivered pursuant to Section 5.01 (commencing with delivery of the Company's annual audited financial statements for the fiscal year ending on March 31, 2016) or (ii) the date on which such annual audited financial statements were required to be delivered pursuant to Section 5.01 (commencing with the date for which the Company's annual audited financial statements for the fiscal year ending on March 31, 2016 were required to be delivered), in an amount equal to fifty percent (50%) of the Company's Excess Cash Flow for the immediately preceding fiscal year, minus the aggregate amount of all voluntary prepayments of Term Loans and Revolving Loans (to the extent accompanied by a corresponding permanent reduction in the Revolving Commitments) during such fiscal year (in each case to the extent not funded with the proceeds of Indebtedness), as set forth in paragraph (e) of this Section 2.10 if the Company's Total Leverage Ratio is greater than or equal to 2.50 to 1.00 as of the last day of such fiscal year. Each Excess Cash Flow prepayment shall be accompanied by a certificate signed by a Financial Officer certifying the manner in which Excess Cash Flow and the resulting prepayment were calculated, which certificate shall be in form and substance reasonably satisfactory to Administrative Agent.

(e) All prepayments required to be made pursuant to Section 2.10(c) or (d) shall be applied, ***first*** to prepay the Term Loans (and in the event Term Loans of more than one Class shall be outstanding at the time, shall be allocated among the Term Loans pro rata based on the aggregate principal amounts of outstanding Term Loans of each such Class), and shall be applied to reduce the subsequent scheduled repayments of Term Loans of each Class to be made pursuant to Section 2.09 ratably based on the amount of such scheduled repayments, and ***second*** to prepay the Revolving Loans (including Swingline Loans) with a corresponding reduction in the Revolving Commitments if such prepayment is made as a result of clause (c) preceding and ***third*** to Cash Collateralize outstanding LC Exposure.

(f) The Borrower Representative shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by fax) of any prepayment under the preceding clauses of this Section: (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, one (1) Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 p.m., Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that if a notice of prepayment is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any

Revolving Borrowing or Term Loan shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.12 and (ii) break funding payments pursuant to Section 2.15.

SECTION 2.11. Fees.

(a) The Borrowers agree to pay to the Administrative Agent a commitment fee for the account of each Revolving Lender, which shall accrue at the Applicable Rate on the daily amount of the undrawn portion of the Revolving Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which the Lenders' Revolving Commitments terminate; it being understood that the LC Exposure of a Lender shall be included and the Swingline Exposure of a Lender shall be excluded in the drawn portion of the Revolving Commitment of such Lender for purposes of calculating the commitment fee. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrowers agree to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Revolving Loans on the daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrowers and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.12. Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the sum of the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the sum of the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, during the occurrence and continuance of an Event of Default, the Administrative Agent or the Required Lenders may, at their option, by notice to the Borrower Representative (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 10.02 requiring the consent of "each Lender affected thereby" for reductions in interest rates), declare that (i) all Loans shall bear interest at 2% plus the rate otherwise applicable to such Loans as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to such fee or other obligation as provided hereunder; provided that, and notwithstanding the foregoing, if any principal or interest on any Loan or any fee or other amount payable by the Borrowers hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loans as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to such fee or other obligation as provided hereunder.

(d) Accrued interest on each Loan (for ABR Loans, accrued through the last day of the prior calendar month) shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.13. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining (including, without limitation, by means of an Interpolated Rate) the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for the applicable Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower Representative and the Lenders by electronic communication as provided in Section 10.01 as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower Representative and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and any such Eurodollar Borrowing shall be converted to an ABR Borrowing on the last day of the then current Interest Period applicable thereto, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.14. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) 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, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law

(taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrowers will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrowers shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower Representative of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.15. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.10), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.08(d) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower Representative pursuant to Section 2.18 or Section 10.02(d), then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Eurodollar Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Eurodollar Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

SECTION 2.16. Taxes.

(a) Withholding Taxes; Gross-Up; Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without

deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.16), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Loan Parties. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Evidence of Payment. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.16, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment, or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrowers. The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) Business 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) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any 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 Borrower Representative by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Administrative Agent has not been indemnified by a Loan Party for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent 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 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 any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders.

(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 Borrower Representative and the Administrative Agent, at the time or times reasonably requested by the Borrower Representative or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower Representative 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 Borrower Representative or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower Representative or the Administrative Agent as will enable the Borrower Representative 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 2.16(f)(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 Borrower Representative 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 Borrower Representative or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative 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 Borrower Representative or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the U.S. is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN 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 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;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the Beneficial Owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-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 B-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 Borrower Representative 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 Borrower Representative 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 Borrower Representative 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 Borrower Representative and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower Representative 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 Borrower Representative or the Administrative Agent as may be necessary for the Borrower Representative 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. For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrowers and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower Representative and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party 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 pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.16 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph (g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.16 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 obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 2.16, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

SECTION 2.17. Payments Generally; Allocation of Proceeds; Sharing of Set-offs.

(a) The Borrowers shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Sections 2.14, 2.15 or 2.16, or otherwise) prior to 12:00 p.m., Dallas, Texas time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent pursuant to payment instructions provided by the Administrative Agent, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Any proceeds of Collateral received by the Administrative Agent (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which shall be applied as specified by the Borrowers), or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.10) or (ii) after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, shall be applied ratably ***first***, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent, the Swingline Lender and the Issuing Bank from the Borrowers (other than in connection with Banking Services Obligations or Swap Agreement Obligations), ***second***, to pay any fees or expense reimbursements then due to the Lenders from the Borrowers (other than in connection with Banking Services Obligations or Swap Agreement Obligations), ***third***, to pay interest then due and payable on the Loans ratably, ***fourth***, to prepay principal on the Loans and unreimbursed LC Disbursements and to pay any amounts owing with respect to Swap Agreement Obligations up to and including the amount most recently provided to the Administrative Agent pursuant to Section 2.21, ratably (with amounts allocated to the Term Loans of any Class applied to reduce the subsequent scheduled repayments of the Term Loans of such Class to be made pursuant to Section 2.09 in inverse order of maturity), ***fifth***, to pay an amount to the Administrative Agent equal to one hundred five percent (105%) of the aggregate LC Exposure, to be held as Cash Collateral for such Obligations, ***sixth***, to the payment of any amounts owing in respect of Banking Services Obligations up to and including the amount most recently provided to the Administrative Agent pursuant to Section 2.21, and ***seventh***, to the payment of any other Secured Obligation due to the Administrative Agent or any Lender from the Borrowers or any other Loan Party. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower Representative, or unless a Default is in existence, neither the Administrative Agent nor any Lender shall apply any payment which it receives to any Eurodollar Loan of a Class, except (i) on the expiration date of the Interest Period applicable thereto, or (ii) in the event, and only to the extent, that there are no outstanding ABR Loans of the same Class and, in any such event, the Borrowers shall pay the break funding payment required in accordance with Section 2.15. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations.

Notwithstanding the foregoing, Secured Obligations arising under Banking Services Obligations or Swap Agreement Obligations shall be excluded from the application described above and paid in clause seventh if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may have reasonably requested from the applicable provider of such Banking Services or Swap Agreements.

(c) At the election of the Administrative Agent after and during the continuation of an Event of Default, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees, costs and expenses pursuant to Section 10.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder, whether made following a request by the Borrower Representative pursuant to Section 2.03 or 2.04 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrowers maintained with the Administrative Agent. The Borrowers hereby irrevocably authorize (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agree that all such amounts charged shall constitute Loans (including Swingline Loans), and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03 or 2.04, as applicable, and (ii) the Administrative Agent to charge any deposit account of any Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If, except as otherwise expressly provided herein, any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; 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 paragraph shall not be construed to apply to any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Borrowers or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank 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, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04, 2.05(d) or (e), 2.06(b), 2.17(e) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender, for the benefit of the Administrative Agent, the Swingline Lender or the Issuing Bank to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as Cash Collateral for, and application to, any future funding obligations of such Lender under such Sections. Application of amounts pursuant to (f)(i) and (f)(ii) of this Section 2.17 shall be made in such order as may be determined by the Administrative Agent in its discretion.

(g) The Administrative Agent may from time to time provide the Borrowers with account statements or invoices with respect to any of the Secured Obligations (the "Statements"). The Administrative Agent is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrowers' convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Secured Obligations. If the

Borrowers pay the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrowers shall not be in default of payment with respect to the billing period indicated on such Statement; provided, that acceptance by the Administrative Agent, on behalf of the Lenders, of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Administrative Agent's or the Lenders' right to receive payment in full at another time.

SECTION 2.18. Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, 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 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.14 or 2.16, as the case may be, in the future and (ii) 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) If any Lender requests compensation under Section 2.14, 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 2.16, or if any Lender becomes a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.14 or 2.16) and obligations under this Agreement and other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrowers shall have received the prior written consent of the Administrative Agent (and in circumstances where its consent would be required under Section 10.04, the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 2.19. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.11(a);

(b) such Defaulting Lender shall not have the right to vote on any issue on which voting is required (other than to the extent expressly provided in Section 10.02(b)) and the Commitment and Revolving Exposure and, if applicable, Term A Commitment and Term Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder or under any other Loan Document; provided that, except as otherwise provided in Section 10.02, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender (other than the portion of such Swingline Exposure referred to in clause (b) of the definition of such term) shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only (x) to the extent that the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless any Borrower shall have otherwise notified the Administrative Agent at such time, any Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Exposures to exceed its Revolving Commitments;

(ii) if the reallocation described in clause (i) of this Section 2.19(c) cannot, or can only partially, be effected, the Borrowers shall within one (1) Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, Cash Collateralize, for the benefit of the Issuing Bank, the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) of this Section 2.19(c)) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding;

(iii) if the Borrowers Cash Collateralize any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) of this Section 2.19(c), the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.11(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is Cash Collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) of this Section 2.19(c), then the fees payable to the Lenders pursuant to Sections 2.11(a) and 2.11(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) of this Section 2.19(c), then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.11(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or Cash Collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, renew, extend or increase any Letter of Credit, unless it is satisfied that the related exposure and such Defaulting

Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or Cash Collateral will be provided by the Borrowers in accordance with Section 2.19(c), and Swingline Exposure related to any such newly made Swingline Loan or newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to the Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrowers or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that each of the Administrative Agent, the Borrowers, the Swingline Lender and the Issuing Bank agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on the date of such readjustment such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

SECTION 2.20. Returned Payments. If, after receipt of any payment which is applied to the payment of all or any part of the Obligations (including a payment effected through exercise of a right of setoff), the Administrative Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion), then the Obligations or part thereof intended to be satisfied shall be revived and continued and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Administrative Agent or such Lender. The provisions of this Section 2.20 shall be and remain effective notwithstanding any contrary action which may have been taken by the Administrative Agent or any Lender in reliance upon such payment or application of proceeds. The provisions of this Section 2.20 shall survive the termination of this Agreement.

SECTION 2.21. Intentionally Omitted.

SECTION 2.22. Extension Offers.

(a) The Company may, by written notice to the Administrative Agent from time to time, request an extension (each, an "Extension") of the maturity date of Term A Loans and Revolving Commitments (but specifically not including Swingline Loans) to the extended maturity date specified in such notice. Such notice shall (i) set forth the amount of the Revolving Commitments and/or Term A Loans that will be subject to the Extension, provided that (y) no Class of Extended Term Loans shall be in an amount less than the lesser of (A) 75% of the outstanding principal amount of the Term Loans or (B) $40,000,000 and (z) no Class of Extended Revolving Commitments shall be in an amount less than the lesser of (A) 75% of the then outstanding Revolving Commitments or (B) $10,000,000 (each amount in clause (y) and (z) of this Section 2.22(a), the "Minimum Tranche Amount"), unless such Minimum Tranche Amount is waived by the Administrative Agent, (ii) set forth the date on which such Extension is requested to become effective (which shall be not less than

ten (10) Business Days nor more than sixty (60) days after the date of such Extension notice (or such longer or shorter periods as the Administrative Agent shall agree in its sole discretion)) and (iii) identify whether the Extension relates to the Revolving Commitments and/or Term A Loans. Each Lender of the applicable Class shall be offered (an "Extension Offer") an opportunity to participate in such Extension on a pro rata basis and on the same terms and conditions as each other Lender of such Class pursuant to procedures established by, or reasonably acceptable to, the Administrative Agent and the Company. If the aggregate principal amount of Revolving Commitments or Term A Loans in respect of which Lenders shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Revolving Commitments or Term A Loans, as applicable, subject to the Extension Offer as set forth in the Extension notice, then the Revolving Commitments or Term A Loans, as applicable, of Lenders of the applicable Class shall be extended ratably up to such maximum amount based on the respective principal amounts with respect to which such Lenders have accepted such Extension Offer.

(b) The following shall be conditions precedent to the effectiveness of any Extension: (i) no Default shall have occurred and be continuing immediately prior to and immediately after giving effect to such Extension, (ii) the representations and warranties set forth in Article III and in each other Loan Document shall be deemed to be made and shall be true and correct in all material respects on and as of the effective date of such Extension, (iii) the Issuing Bank and the Swingline Lender shall have consented to any Extension of the Revolving Commitments, to the extent that such Extension provides for the issuance or extension of Letters of Credit or making of Swingline Loans at any time during the extended period and (iv) the terms of such Extended Revolving Commitments and Extended Term Loans shall comply with paragraph (c) of this Section.

(c) The terms of each Extension shall be determined by the Company and the applicable extending Lenders and set forth in an Extension Amendment; provided that (i) the final maturity date of any Extended Revolving Commitment or Extended Term Loan shall be no earlier than the Revolving Credit Maturity Date or the Term A Maturity Date, respectively, (ii)(A) there shall be no scheduled amortization of the loans or reductions of commitments under any Extended Revolving Commitments and (B) the average life to maturity of the Extended Term Loans shall be no shorter than the remaining average life to maturity of the existing Term A Loans, (iii) the Extended Revolving Loans and the Extended Term Loans will rank pari passu in right of payment and with respect to security with the existing Revolving Loans and the existing Term Loans and the borrowers and guarantors of the Extended Revolving Commitments or Extended Term Loans, as applicable, shall be the same as the Borrowers and Guarantors with respect to the existing Revolving Loans or Term Loans, as applicable, (iv) the interest rate margin, rate floors, fees, original issue discount and premium applicable to any Extended Revolving Commitment (and the Extended Revolving Loans thereunder) and Extended Term Loans shall be determined by the Company and the applicable extending Lenders, (v)(A) the Extended Term Loans may participate on a pro rata or less than pro rata (but not greater than pro rata) basis in voluntary or mandatory prepayments with the other Term Loans, (B) the Extended Revolving Loans may participate on a pro rata or less than pro rata (but not greater than pro rata) basis in voluntary or mandatory prepayments with the other Revolving Loans and (C) borrowing and prepayment of Extended Revolving Loans, or reductions of Extended Revolving Commitments, and participation in Letters of Credit and Swingline Loans, shall be on a pro rata basis with the other Revolving Loans or Revolving Commitments (other than upon the maturity of the non-extended Revolving Loans and Revolving Commitments) and (vi) the terms of the Extended Revolving Commitments or Extended Term Loans, as applicable, shall be substantially identical to the terms set forth herein (except as set forth in clauses (i) through (v) of this Section 2.22(c)).

(d) In connection with any Extension, the Company, the Administrative Agent and each applicable extending Lender shall execute and deliver to the Administrative Agent an Extension Amendment and such other documentation as the Administrative Agent shall reasonably specify to evidence the Extension. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Extension. Any Extension Amendment may, without the consent of any other Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Company, to implement the terms of any such Extension, including any amendments necessary to establish Extended Revolving Commitments or Extended Term Loans as a new Class or tranche of Revolving Commitments or Term Loans, as applicable, and such other technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Company in connection with the establishment of such new Class or tranche (including to preserve the pro rata treatment of the extended and non-extended Classes or tranches and to provide for the reallocation of Revolving Exposure upon the expiration or termination of the commitments under any Class or tranche), in each case on terms consistent with this section.

(e) Without limiting the foregoing, in connection with any Extensions the respective Loan Parties shall (at their expense) amend (and the Administrative Agent is hereby directed to amend) any Mortgage that has a maturity date prior to the then Latest Maturity Date so that such maturity date is extended to the then Latest Maturity Date (or such later date as may be advised by local counsel to the Administrative Agent).

SECTION 2.23.The SpinOff.

(a) Description and Consent. The Administrative Agent, the Swingline Lender, each Issuing Bank and each Lender hereby acknowledge that it is the intention and plan of the Sponsor and the Company that (i) (x) at least 80% of the outstanding shares of the Company will be contributed by the Sponsor and its Affiliates to Spinco, and, in turn by Spinco to Holdco and (y) all of the outstanding shares of certain other subsidiaries of the Sponsor will be contributed by the Sponsor and its Affiliates to Spinco, and (ii) all of the shares of Spinco will be distributed to the shareholders of the Sponsor (collectively, the "SpinOff"). The Administrative Agent, the Swingline Lender, each Issuing Bank and each Lender hereby consent to the SpinOff, subject only to the satisfaction of the conditions set forth in this Section 2.23 and subject to the other terms and conditions of this Agreement and the other Loan Documents, and each Loan Party hereby consents to the SpinOff and acknowledges and agrees that no action or inaction taken in connection with the SpinOff, or any waiver of any condition or otherwise (whether such action or inaction was taken or not taken by the Administrative Agent, the Swingline Lender, any Issuing Bank, any Lender, any other Secured Party, any Loan Party, the Sponsor or Holdco, or any of their Affiliates, or any other Person), will in any manner relieve such Loan Party of any obligation, covenant or duty it has or may have under this Agreement or under any of the other Loan Documents.

(b) Conditions Precedent. Each of the following is a condition precedent to the consent to the SpinOff set forth in Section 2.23(a) above:

(i) Loan Documents. The Administrative Agent (or its counsel) shall have received, in each case on terms and conditions, and subject to documentation in form and substance reasonably satisfactory to the Administrative Agent (A) from Holdco and each Loan Party that is a party thereto duly executed copies of the Holdco Guaranty and the Holdco Pledge Agreement, and such other certificates, documents, instruments and agreements relating thereto as the Administrative Agent shall reasonably request in connection therewith and (B) written opinions of counsel to the Loan Parties, Holdco and Sponsor, addressed to the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders in form and substance reasonably satisfactory to the Administrative Agent and its counsel, including, without limitation, customary

opinions with respect to (1) the SpinOff, (2) the Holdco Guaranty, the Holdco Pledge Agreement and each other Loan Document executed or amended in connection the SpinOff, (3) no conflicts with material agreements and applicable law and (4) other matters reasonably requested by the Administrative Agent or its counsel.

(ii) Closing Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent (or its counsel) shall have received, in each case on terms and conditions, and subject to documentation in form and substance reasonably satisfactory to the Administrative Agent (A) a certificate of Holdco, the Company and each other entity whose Equity Interests are being pledged by Holdco pursuant to the Holdco Pledge Agreement, dated as of the SpinOff Effective Date and executed by its Secretary or Assistant Secretary, which shall (1) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Holdco Guaranty, the Holdco Pledge Agreement and each other Loan Documents to which it is to become a party in connection with the SpinOff, (2) identify by name and title and bear the signatures of the officers of such Loan Party or Holdco authorized to sign the Loan Documents to which it is a party and, in the case of the Company, its Financial Officers, and (3) contain appropriate attachments, including the charter, articles or certificate of organization or incorporation of each such Person certified by the relevant authority of the jurisdiction of organization of such Person and a true and correct copy of its bylaws or operating, management or partnership agreement, or other organizational or governing documents, and (B) a long form good standing certificate for each such Person from its jurisdiction of organization.

(iii) No Default Certificate. The Administrative Agent (or its counsel) shall have received, on terms and conditions, and subject to documentation in form and reasonably substance satisfactory to the Administrative Agent, signed by a Financial Officer, dated as of the SpinOff Effective Date, a certificate of such Financial Officer (A) stating that no Default has occurred and is continuing or will result from the consummation of the SpinOff, (B) stating that the representations and warranties contained in the Loan Documents are true and correct in all material respects with the same effect as though made on and as of the SpinOff Effective Date (it being understood and agreed that any representation and warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects), and (C) certifying as to any other factual matters as may be reasonably requested by the Administrative Agent in relation to the SpinOff or the Loan Documents.

(iv) Fees. The Administrative Agent shall have received all fees and expenses for which it is required to be reimbursed under the Loan Documents (including the reasonable fees and expenses of legal counsel) and for which invoices have been presented, on or before the SpinOff Effective Date.

(v) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in the jurisdiction of organization of Holdco and such search shall reveal no Liens (other than the Liens created by the Loan Documents) on the Equity Interests of the Company, any Borrower or any other Person whose Equity Interests are being pledged pursuant to the terms of the Holdco Pledge Agreement.

(vi) Pledged Equity Interests; Stock Powers. The Administrative Agent shall have received the certificates representing the Equity Interests of the Company and any other entity pledged pursuant to the Holdco Pledge Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of Holdco.

(vii) Filings, Registrations and Recordings. The Administrative Agent (or its counsel) shall have received, each document (including any Uniform Commercial Code financing statement) required by the Holdco Pledge Agreement or applicable law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), which shall be in proper form for filing, registration or recordation.

(viii) Governmental and Third Party Approvals. The Administrative Agent (or its counsel) shall have received, evidence satisfactory to it that all governmental and third party approvals necessary in connection with the SpinOff and the continuing operations of Spinco, Holdco and their subsidiaries (including shareholder approvals, if any) shall have been obtained on reasonably satisfactory terms and shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the SpinOff or, any of the transactions contemplated in connection therewith.

(ix) Other Documents. The Administrative Agent shall have received such other documents, instruments and information as the Administrative Agent or its counsel may reasonably request.

(x) KYC Information. The Administrative Agent and Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for all Parent Entities, any Borrower and each other Loan Party.

(xi) Miscellaneous. (A) no Default shall have occurred and be continuing immediately prior to and immediately after giving effect to the SpinOff (after giving effect to any SpinOff Amendment), (B) the representations and warranties set forth in Article III and in each other Loan Document shall be true and correct in all material respects with the same effect as though made on and as of the SpinOff Effective Date (it being understood and agreed that any representation and warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects), and (C) no event shall have occurred and no condition shall exist which has or could be reasonably expected to have a Material Adverse Effect.

(c) Failure to Satisfy a Condition. If each of the foregoing conditions is not timely satisfied either prior to or concurrently with the consummation of the SpinOff, then such SpinOff shall be deemed a "Change in Control" and an Event of Default under Section 8.01(p).

(d) Holdco and Equity Interests of the Company. The Loan Documents executed in connection with the SpinOff shall be entered into by the Company, each other Loan Party and/or the Administrative Agent, as applicable, to effectuate the mechanics of the SpinOff and to provide for the contribution to Holdco of at least 80% of the Equity Interests of the Company; provided that

(i) Holdco shall own at least 80% of the Equity Interests of the Company (and 100% of the Equity Interests of the other Borrowers, if any) and pledge and grant a first priority, perfected Lien in favor of the Administrative Agent in all Equity Interests of the Company owned by Holdco (and the other Borrowers, if any),

(ii) Holdco shall Guarantee all of the Obligations on substantially similar terms as the existing Loan Guarantors; provided such Holdco Guaranty shall also incorporate the representations, warranties, covenants and agreements set forth in Section 5.18, and

(iii) Holdco shall enter into an agreement with the Administrative Agent, the Lenders, the Issuing Bank and the Swingline Lender covenanting and agreeing as required by Section 5.18 and as otherwise reasonably requested by the Administrative Agent.

(e) SpinOff Amendments. Without the consent of any Lender, the Administrative Agent, Holdco and the Loan Parties may effect such amendments to this Agreement and the other Loan Documents (each such amendment shall be on terms and conditions, and in form and substance, reasonably acceptable to the Administrative Agent) (each a "SpinOff Amendment" and collectively, "SpinOff Amendments"), as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, Spinco, Holdco, the Company, and each other Borrower to implement the terms of the SpinOff, including any technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent, Spinco, Holdco, the Company and each other Borrower, in each case (1) on terms consistent with this Section 2.23 and (2) with the intent of maintaining the Secured Parties' position with respect to the Collateral and the material terms of the Loan Documents (but for the Company's Equity Interests being pledged by Holdco and for other provisions expressly addressing SpinOff-related matters) substantially similar to the Secured Parties' position with respect to the Collateral and the material terms of the Loan Documents as they exist immediately prior to the consummation of the SpinOff; provided that, notwithstanding the foregoing, no SpinOff Amendment may amend, waive or consent to any provision:

(i) to the extent such amendment, waiver or consent would require the consent of "all Lenders", "each Lender" or "each Lender directly affected thereby" under Section 10.02;

(ii) of Article VII; or

(iii) the effect of which is to materially increases any "bucket" under any provision of Article VI.

Each Lender hereby authorizes the Administrative Agent to enter into a SpinOff Amendment to effectuate the SpinOff as contemplated by this Agreement.

ARTICLE III

Representations and Warranties

In order to induce the Administrative Agent, the Issuing Bank and the Lenders to enter into this Agreement and to make Loans and issue Letters of Credit hereunder, each Loan Party represents and warrants to the Administrative Agent, the Issuing Bank and the Lenders that (and where applicable, agrees):

SECTION 3.01. Organization; Powers. Each Loan Party and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all

requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, Equity Interest holder action. Each Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents, (b) will not materially violate any material applicable law or regulation or the charter, partnership agreement, limited liability company agreement, operating agreement, by-laws or other organizational documents of any Loan Party or any Subsidiary or any material order of any Governmental Authority, (c) will not materially violate or result in a material default under any indenture, material agreement or other material instrument binding upon any Loan Party or any Subsidiary or the assets of any Loan Party or any Subsidiary, or give rise to a right thereunder to require any material payment to be made by any Loan Party or any Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary, except Liens created under the Loan Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change.

(a) Financial Statements Delivered. The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and comprehensive income and cash flows (i) as of and for the fiscal year ended March 31, 2014, reported on by independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended December 31, 2014. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) of this Section 3.04(a).

(b) Pro Forma Balance Sheet. The Company has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of December 31, 2014, prepared giving effect to the Transactions and the Headquarters Transactions as if the Transactions and the Headquarters Transactions had occurred on such date. Such pro forma consolidated balance sheet (i) has been prepared in good faith based on the assumptions believed by the Company to be reasonable, (ii) is based on the best information available to the Company after due inquiry, (iii) accurately reflects all adjustments necessary to give effect to the Transactions and the Headquarters Transactions and (iv) presents fairly, in all material respects, the pro forma financial position of the Company and its consolidated Subsidiaries as of December 31, 2014 as if the Transactions and the Headquarters Transactions had occurred on such date it being recognized by the Lenders that actual results may vary.

(c) Material Contingent Liabilities. Except as disclosed in the financial statements referred to in Sections 3.04(a) and (b) or the notes thereto, after giving effect to the Transactions and the Headquarters Transactions, none of the Company or its Subsidiaries has any contingent liabilities, unusual long-term commitments or unrealized losses that in the aggregate could reasonably be expected to have a Material Adverse Effect.

(d) Projections. The Company has heretofore furnished to the Lenders its forecasted consolidated and consolidating: (i) balance sheets; (ii) profit and loss statements; and (iii) cash flow statements as of or for with respect to the five-year period ending March 31, 2020**.** Such balance sheets; profit and loss statements; and cash flow statements have been prepared by the Company in light of the business of the Company and Transactions and the Headquarters Transactions and represent as of the date thereof the good faith estimate of the Company and its senior management of the future financial performance of the Company, after giving pro forma effect to the Transactions and the Headquarters Transactions (it being understood that such projections may vary from actual results and such variances may be material).

(e) No Material Adverse Change. Since March 31, 2014, there has been no material adverse change in the business, assets, operations or financial condition, of the Company and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties, Etc.

(a) Title. Each of the Loan Parties and each Subsidiary has good title to, or valid leasehold interests in, all its real and personal property material to its business (including the Mortgaged Property), except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes and are permitted by Section 6.02 hereto. No Loan Party owns or leases any real property other than the Real Property described on Schedule 3.05 hereto. The only real property owned by the Loan Parties for investment purposes is identified as such on Schedule 3.05 hereto.

(b) Intellectual Property. Each Loan Party and each Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by each Loan Party and each Subsidiary does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Mortgaged Property. As of the Effective Date, none of the Loan Parties nor any Subsidiary has received notice of, or has actual knowledge of, any pending or contemplated condemnation proceeding affecting any Mortgaged Property or any sale or disposition thereof in lieu of condemnation.

(d) License and Permits. Each Loan Party and each Subsidiary possesses all licenses, permits, accreditations, eligibilities, certifications, franchises or rights thereto necessary to conduct its business substantially as now conducted and is not in violation of any valid rights of others with respect to any of the foregoing, except for such non-possession or violation of rights that could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could

reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that challenge the validity, enforceability or effectiveness of any of the Loan Documents or the Transactions. Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, neither any Loan Party nor any Subsidiary: (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability, (iv) knows of any basis for any Environmental Liability, nor (v) is subject to any existing, pending or threatened governmental investigation pertaining to the Mortgaged Property, or to any remedial obligation or lien under or in connection with any Environmental Law. On the Effective Date, except as disclosed in the Environmental Reports referenced in Section 4.01(n) or as to matters which in the aggregate could not reasonably be expected to exceed $1,500,000 in claims or liability, no Loan Party has any actual knowledge or notice of the presence or release of Hazardous Materials in, on or around any part of the Mortgaged Property or the soil, groundwater or soil vapor on or under the Mortgaged Property, or the migration of any Hazardous Material, from or to any other property in the vicinity of the Mortgaged Property in violation of Environmental Law. After the Effective Date, except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, neither any Loan Party nor any Subsidiary has any actual knowledge or notice of the presence or release of Hazardous Materials in, on or around any part of the Mortgaged Property or the soil, groundwater or soil vapor on or under the Mortgaged Property, or the migration of any Hazardous Material, from or to any other property in the vicinity of the Mortgaged Property in violation of Environmental Law.

SECTION 3.07. Compliance with Laws and Agreements; No Default. Each Loan Party and each Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default exists.

SECTION 3.08. Investment Company Status. Neither any Loan Party nor any Subsidiary is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each Loan Party and each Subsidiary has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. Employee Benefit Plans; ERISA. Each employee benefit plan sponsored by a Loan Party or in which the employees of a Loan Party participate (including each Plan and the ESOP), which is intended to be qualified under Section 401(a) of the Code has received a current favorable determination letter or opinion letter from the IRS, or is the subject of a pending determination application submitted to the IRS with respect to its qualified status and complies in form and in operation, with the requirements of Section 401(a) of the Code, the relevant provisions of ERISA, and any other applicable laws, rules, and regulations, except where the failure to do so could not reasonably be expected to subject the applicable Plan, trust or any Loan Party to liability in excess of $1,500,000 under the Code, ERISA or any other applicable laws, rules, and regulations. Each such employee benefit plan (including each Plan) has been duly established in accordance with, and under, applicable law, and the trust under each Plan is a tax-exempt trust under Section 501(a) of the Code. Except as disclosed on Schedule 3.10, neither any Loan Party nor any ERISA Affiliate is now (nor have any such entities,

within the last six years been) a participating or contributing employer in any Multiemployer Plan, "defined benefit plan" (as defined in Section 3 (35) of ERISA), "multiple employer welfare arrangement" (as defined in Section 3 (40) of ERISA), or an employee benefit plan that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code. As of the date of this Agreement, the Company has made available to the Lenders and the Administrative Agent a copy of the most recent actuarial report for any Plan which includes such Plan's funded status determined in accordance with the requirements of ASC 715 of GAAP. Each Plan is in compliance with Section 436 of the Code and there is no security in place provided thereunder by a Loan Party or any ERISA Affiliate. Except as disclosed on Schedule 3.10, neither any Loan Party nor any ERISA Affiliate has any liability with respect to the withdrawal or partial withdrawal of any Borrower or any ERISA Affiliate from any Multiemployer Plan. Neither any Loan Party, nor any trustee, administrator, party in interest, disqualified person, or fiduciary of any employee benefit plan sponsored by a Loan Party or in which the employees of a Loan Party participate (including any Plan and the ESOP), has engaged in a non-exempt "prohibited transaction," as that term is defined in Section 4975 of the Code or Section 406 of ERISA, which could directly or indirectly subject the applicable Plan, trust or any Loan Party to liability in excess of $1,500,000 under the Code or ERISA. As of the Effective Date, no Loan Party has any material obligation to provide post-employment healthcare coverage to any current or former employee other than continuation coverage mandated under Section 601 et. seq. of ERISA, Section 4980B of the Code, or similar state laws. After the Effective Date, no Loan Party has any material obligation to provide post-employment healthcare coverage to any current or former employee other than continuation coverage mandated under Section 601 et. seq. of ERISA, Section 4980B of the Code, or similar state laws, which could reasonably be expected to result in an Material Adverse Effect. Except as disclosed on Schedule 3.10, no ERISA Event has occurred in the six years preceding the Effective Date and no Loan Party is aware of any circumstance or event which could reasonably be expected to result in an ERISA Event. After the Effective Date, no ERISA Event has occurred and no Loan Party is aware of any circumstances or event which could reasonably be expected to result in an ERISA Event, which in either case could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. ESOP Matters. The ESOP is an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code and fully satisfies in form and operation, all relevant provisions of the Code, including the requirements of Section 409 of the Code, except where the failure to do so could not reasonably be expected to subject the ESOP or any Loan Party to liability in excess of $1,500,000 under the Code, ERISA or any other applicable laws, rules, and regulations. The ESOP has been duly established in accordance with, and under, applicable law, and the ESOP trust is a tax-exempt trust under Section 501(a) of the Code. Prior to the SpinOff, the securities of the Sponsor held by the ESOP are employer securities that are readily tradable on an established securities market within the meaning of Section 409(l)(1) of the Code. On and after the SpinOff, the securities of Spinco held by the ESOP will be employer securities that are readily tradable on an established securities market within the meaning of Section 409(l)(1) of the Code.

SECTION 3.12. Disclosure. The Loan Parties have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which any Loan Party or any Subsidiary is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (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 misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.13. Subsidiaries; Parent of Company. As of the Effective Date, the Company has no Subsidiaries other than those listed on Schedule 3.13 hereto. Schedule 3.13 sets forth, as of the Effective Date, the jurisdiction of incorporation or organization of each such Subsidiary, the percentage of the Company's ownership of the outstanding Equity Interests of each Subsidiary directly owned by the Company, the percentage of each Subsidiary's ownership of the outstanding Equity Interests of each other Subsidiary and the authorized, issued and outstanding Equity Interests of the Company and each Subsidiary. All of the outstanding capital stock of the Company and each Subsidiary has been validly issued, is fully paid, and is nonassessable. As of the Effective Date, The Rectorseal Corporation owns 20% of the Equity Interests of the Company and has pledged those Equity Interests to Chase as security for the obligations under that certain Credit Agreement, dated as of July 27, 2011, among The Rectorseal Corporation and JPMorgan Chase Bank, N.A. Except as permitted to be issued or created pursuant to the terms hereof or as reflected on Schedule 3.13, there are no outstanding subscriptions, options, warrants, calls, or rights (including preemptive rights) to acquire, and no outstanding securities or instruments convertible into any Equity Interests of the Company or any Subsidiary. Until the SpinOff, Sponsor owns and controls, (x) directly, at least 80% of the issued and outstanding Equity Interests of the Company and (y) directly or indirectly, 100% of the issued and outstanding Equity Interests of the Company. After the SpinOff, (a) Holdco owns and controls (i) directly, at least 80% of the issued and outstanding Equity Interests of the Company and (ii) directly or indirectly, 100% of the issued and outstanding Equity Interests of all other Borrowers, if any, and (b) Spinco, directly or indirectly, owns 100% of the issued and outstanding Equity Interests of Holdco.

SECTION 3.14. Insurance. Each Loan Party and each Subsidiary maintains with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies and in such amounts as are required by Section 5.06 hereto and as are otherwise usually carried by businesses engaged in similar activities as the Loan Parties and their Subsidiaries and located in similar geographic areas in which the Loan Parties and their Subsidiaries operate.

SECTION 3.15. Labor Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of any Loan Party, threatened. After the Effective Date, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of any Loan Party, threatened, that could reasonably be expected to result in a Material Adverse Effect. The hours worked by and payments made to employees of the Loan Parties and their Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local or foreign law dealing with such matters except where failure to comply could not reasonably be expected to result in a Material Adverse Effect. As of the Effective Date, all material payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Loan Party or such Subsidiary. After the Effective Date, all payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Loan Party or such Subsidiary except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.16. Margin Securities. Neither any Loan Party nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

SECTION 3.17. Security Interest in Collateral. The provisions of the Collateral Documents create legal and valid Liens on all the Collateral in favor of the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, and such Liens constitute perfected and continuing Liens on the Collateral, securing the Obligations, enforceable against the applicable Loan Party and all third parties, and having priority over all other Liens on the Collateral except in the case of (a) Permitted Encumbrances, to the extent any such Permitted Encumbrances would have priority over the Liens in favor of the Administrative Agent pursuant to any applicable law, (b) Liens perfected only by possession to the extent the Administrative Agent has not obtained or does not maintain possession of such Collateral and (c) Liens permitted under Section 6.02.

SECTION 3.18. Solvency. Immediately after the consummation of the Transactions and the Headquarters Transactions to occur on the Effective Date, (i) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) no Loan Party will have unreasonably small capital with which to conduct the business in which it is engaged as such business is conducted as of the Effective Date and is proposed to be conducted after the Effective Date. As used in this Section 3.18, the term “fair value” means the amount at which the applicable assets would change hands between a willing buyer and a willing seller within a reasonable time, each having reasonable knowledge of the relevant facts, neither being under any compulsion to act, with equity to both and “present fair saleable value” means the amount that may be realized if the applicable company’s aggregate assets are sold with reasonable promptness in an arm’s length transaction under present conditions for the sale of a comparable business enterprises.

SECTION 3.19. Common Enterprise. The successful operation and condition of each of the Loan Parties is dependent on the continued successful performance of the functions of the group of the Loan Parties as a whole and the successful operation of each of the Loan Parties is dependent on the successful performance and operation of each other Loan Party. Each Loan Party expects to derive benefit (and its board of directors or other governing body has determined that it may reasonably be expected to derive benefit), directly and indirectly, from (i) successful operations of each of the other Loan Parties and (ii) the credit extended by the Lenders to the Borrowers hereunder, both in their separate capacities and as members of the group of companies. Each Loan Party has determined that execution, delivery, and performance of this Agreement and any other Loan Documents to be executed by such Loan Party is within its purpose, in furtherance of its direct and/or indirect business interests, will be of direct and/or indirect benefit to such Loan Party, and is in its best interest.

SECTION 3.20. Use of Proceeds. The proceeds of the Loans have been and will be used in compliance with Section 5.10.

SECTION 3.21. Anti-Corruption Laws and Sanctions. Each Loan Party has implemented and maintains in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and such Loan Party, its Subsidiaries and their respective officers and employees and to the knowledge of such Loan Party, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in any Loan Party being designated as a Sanctioned Person. None of (a) any Loan Party, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of any such Loan Party, or any Subsidiary, any agent of

such Loan Party or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 3.22. No Burdensome Restrictions. No Loan Party is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 6.10.

SECTION 3.23. Material Agreements. Neither any Loan Party nor any Subsidiary is in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in (i) any agreement or instrument evidencing or governing Funded Debt or (ii) any other agreement to which it is a party, except, in the case of this clause (ii), to the extent that such default could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.24. Existing Predecessor UCCs. The Existing Predecessor UCCs were filed on an entity named "Strathmore Holdings, LLC" in 2011 and 2012. According to the records of the Delaware Secretary of State, "Strathmore Holdings, LLC" was merged with and into BJ's Wholesale Club, Inc. on July 13, 2012. A certificate of formation for a new entity named "Strathmore Holdings, LLC" was filed on March 30, 2015. Strathmore Holdings, LLC owes no Indebtedness to General Electric Capital Corporation or Deutsche Bank AG, New York Branch, at such time as the Existing Predecessor UCCs filed by General Electric Capital Corporation or Deutsche Bank AG, New York Branch, as applicable, remain effective as to it.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) Credit Agreement and Loan Documents. The Administrative Agent (or its counsel) shall have received, in each case on terms and conditions, and subject to documentation in form and substance satisfactory to the Administrative Agent (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include fax or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including any promissory notes requested by a Lender pursuant to Section 2.09 payable to the order of each such requesting Lender and a written opinion of the Loan Parties' counsel and counsel to the Sponsor, addressed to the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders in form and substance reasonably satisfactory to the Administrative Agent (together with any other real estate-related opinions separately described herein).

(b) Financial Statements and Projections. The Lenders shall have received satisfactory (i) audited consolidated financial statements of the Company and its consolidated Subsidiaries for the fiscal years ending March 31, 2013 and March 31, 2014, (ii) unaudited interim consolidated financial statements of the Company for each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph and more than 45 days prior to the date

hereof, and such financial statements shall not, in the reasonable judgment of the Administrative Agent, reflect any material adverse change in the consolidated financial condition of the Company, as reflected in the audited, consolidated financial statements described in clause (i) of this paragraph and (iii) projected balance sheet, income statement and cash flow statement of the Company for the period beginning April 1, 2015 and ending March 31, 2020.

(c) Closing Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent (or its counsel) shall have received, in each case on terms and conditions, and subject to documentation in form and substance satisfactory to the Administrative Agent (i) a certificate of the Sponsor and each Loan Party, dated the Effective Date and executed by its respective Secretary or Assistant Secretary, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the officers of the Sponsor or such Loan Party authorized to sign the Loan Documents to which it is a party and, in the case of the Company, its Financial Officers, and (C) contain appropriate attachments, including the charter, articles or certificate of organization or incorporation of the Sponsor and each Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party and a true and correct copy of its bylaws or operating, management or partnership agreement, or other organizational or governing documents, and (ii) a long form good standing certificate for the Sponsor and each Loan Party from its jurisdiction of organization.

(d) No Default Certificate. The Administrative Agent (or its counsel) shall have received, on terms and conditions, and subject to documentation in form and substance satisfactory to the Administrative Agent, signed by a Financial Officer, dated as of the Effective Date, a certificate of such Financial Officer (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in the Loan Documents are true and correct as of such date, and (iii) certifying as to any other factual matters as may be reasonably requested by the Administrative Agent.

(e) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid under the Fee Letter, and all other fees and expenses required to be reimbursed for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date.

(f) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in the jurisdiction of organization of each Loan Party and each jurisdiction where assets of the Loan Parties are located, and such search shall reveal no Liens on any of the assets of the Loan Parties except for liens permitted by Section 6.02 or discharged on or prior to the Effective Date pursuant to payoff letters or other documentation reasonably satisfactory to the Administrative Agent.

(g) Payoff Letter; Headquarters Loan. The Administrative Agent (or its counsel) shall have received, in each case on terms and conditions, and subject to documentation in form and substance reasonably satisfactory to the Administrative Agent (i) payoff letters for all existing Indebtedness required to be repaid on or prior to the Effective Date and which confirm that all Liens upon any of the property of the Loan Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been Cash Collateralized or supported by a Letter of Credit and (ii) evidence that the Company has entered into an amended and restated Headquarters Loan Agreement concurrently with the Effective Date.

(h) Funds Flow. The Administrative Agent shall have received a funds flow from the Company setting forth the amounts to be paid in connection with Acquisition.

(i) Intentionally Omitted.

(j) Solvency. The Administrative Agent (or its counsel) shall have received a solvency certificate signed by a Financial Officer dated the Effective Date giving effect to the Transactions and the Headquarters Transactions and in form and substance reasonably satisfactory to the Administrative Agent.

(k) Closing Availability. After giving effect to all Borrowings to be made on the Effective Date and the issuance of any Letters of Credit on the Effective Date and payment of all fees and expenses incurred by the Company and its Subsidiaries in connection with the Transactions on or prior to the Effective Date, the Borrowers' Availability shall not be less than $10,000,000.

(l) Pledged Equity Interests; Stock Powers; Sponsor Negative Pledge Agreement; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof, (ii) a duly executed Sponsor Negative Pledge Agreement and (iii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(m) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), shall be in proper form for filing, registration or recordation.

(n) Environmental Reports. The Administrative Agent shall have received copies of environmental review reports of (i) Terracon Consultants, Inc. with respect to the Longview Real Property and the New York Real Property and (ii) Real Property Solutions with respect to the Waller Real Property, which review reports shall be acceptable to the Administrative Agent.

(o) Mortgages, etc. The Administrative Agent shall have received, with respect to the Longview Real Property, each of the following, in form and substance reasonably satisfactory to the Administrative Agent:

(i) Mortgage on such property;

(ii) evidence that a counterpart of the Mortgage has been sent for recording in the place necessary, in the Administrative Agent's judgment, to create a valid and enforceable first priority Lien in favor of the Administrative Agent for the benefit of itself and the Secured Parties;

(iii) a binding commitment to issue an ALTA or other mortgagee's title policy;

(iv) an ALTA survey prepared and certified to the Administrative Agent by a surveyor acceptable to the Administrative Agent;

(v) an opinion of Texas local counsel in form and substance and from counsel reasonably satisfactory to the Administrative Agent;

(vi) if any such Mortgaged Property is determined by the Administrative Agent to be in a flood zone, a flood notification form signed by the Borrower Representative and evidence that flood insurance is in place for the building and contents, all in form and substance satisfactory to the Administrative Agent; and

(vii) such other information, documentation, and certifications as may be reasonably required by the Administrative Agent.

(p) Governmental and Third Party Approvals. All governmental and third party approvals necessary in connection with the Acquisition, the financing contemplated hereby and the continuing operations of the Loan Parties and their subsidiaries (including shareholder approvals, if any) shall have been obtained on reasonably satisfactory terms and shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on the Acquisition or the financing thereof or, any of the transactions contemplated hereby.

(q) Acquisition Documents. The Acquisition Documents shall have satisfactory terms and conditions (including, without limitation, the amount and forms of the consideration to be paid in connection with the Acquisition and the aggregate purchase price not in excess of $73,500,000 (exclusive of the up to $16,500,000 permitted earnout)), and no provision of such documentation shall have been waived, amended, supplemented or otherwise modified in any material respect without prior written approval of the Required Lenders. The Borrower Representative shall have delivered to the Administrative Agent copies of the final and executed Acquisition Documents, including all the schedules, annexes and exhibits thereto. The capitalization, structure and equity ownership of each Loan Party after the Acquisition shall be satisfactory in all respects. The fees and expenses relating to the Acquisition shall not have exceeded or be projected to exceed $2,500,000.

(r) Strathmore Financials. The Administrative Agent and the Lenders shall have received satisfactory financial statements of Strathmore from 2010 through and including the month ended January 31, 2015.

(s) No Injunction or Restraining Order; Litigation. No injunction or temporary restraining order exists which, in the judgment of the Administrative Agent, would prohibit the making of the Loans or the consummation of the Acquisition. There are no are no actions, suits or proceedings pending against or, to the knowledge of any Loan Party, threatened against Strathmore or any of its subsidiaries which would reasonably be expected to result in a material adverse effect on Strathmore and its subsidiaries.

(t) Acquisition. The board of directors (or other comparable governing body) of Strathmore shall have duly approved of the Acquisition and Strathmore shall not have (i) announced that it will oppose the Acquisition or (ii) commenced any action which alleges that the Acquisition will violate applicable law. The Acquisition shall have been consummated prior to or contemporaneously with the initial funding under this Agreement on the Effective Date in accordance with applicable law and the Acquisition Documents.

(u) Pro-Forma Opening Statements. The Administrative Agent and the Lenders shall have received a satisfactory pro forma consolidated balance sheet, income statement and cash flow statement giving effect to the Acquisition.

(v) Insurance. The Administrative Agent shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of the Loan Documents.

(w) USA PATRIOT Act, Etc. The Administrative Agent and Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party.

(x) Other Documents. The Administrative Agent shall have received such other documents as the Administrative Agent, the Issuing Bank, any Lender or their respective counsel may have reasonably requested, other than those items to be delivered post-closing in accordance with Section 5.19.

The Administrative Agent shall notify the Borrowers, the Lenders and the Issuing Bank of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 2:00 p.m., Dallas, Texas time, on April 30, 2015 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects with the same effect as though made on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) After giving effect to any Borrowing or the issuance, amendment, renewal or extension of any Letter of Credit, Availability shall not be less than zero.

(d) No event shall have occurred and no condition shall exist which has or could be reasonably expected to have a Material Adverse Effect.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a), (b), (c) and (d) of this Section.

Notwithstanding the failure to satisfy the conditions precedent set forth in this Section, unless otherwise directed by the Required Lenders, the Administrative Agent may, but shall have no obligation to, continue to make Loans and an Issuing Bank may, but shall have no obligation to, issue, amend, renew or extend, or cause to be issued, amended, renewed or extended, any Letter of Credit for the ratable account and risk

of Lenders from time to time if the Administrative Agent believes that making such Loans or issuing, amending, renewing or extending, or causing the issuance, amendment, renewal or extension of, any such Letter of Credit is in the best interests of the Lenders.

ARTICLE V

Affirmative Covenants

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated (in each case without any pending draw) or been Cash Collateralized, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrowers will furnish to the Administrative Agent and each Lender:

(a) Annual Audit. Within 120 days after the end of each fiscal year of the Company, beginning with the fiscal year ending March 31, 2015, its audited consolidated balance sheets and related statements of income, shareholders' equity and comprehensive income and cash flows as of the end of and for such year, setting forth, if applicable, in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants reasonably acceptable to Administrative Agent (Grant Thornton being deemed acceptable) (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and the Subsidiaries on a consolidated and unaudited consolidating basis in accordance with GAAP consistently applied (provided that if the SpinOff shall have occurred, the Company may, for the fiscal year ending March 31, 2015, furnish in lieu of the above-described audited financial statements the combined financial statements of Spinco included in the Form 10 filed with the SEC in connection with the SpinOff); and

(b) Quarterly Financial Statements. Within 45 days after the end of each fiscal quarter of each fiscal year of the Company, its consolidated balance sheets and related statements of income, shareholder's equity and comprehensive income and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth, to the extent applicable, in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheets, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes; and

(c) Compliance Certificate. Concurrently with any delivery of financial statements under clause (a) or (b) of this Section 5.01, a certificate in substantially the form of Exhibit C hereto of a Financial Officer: (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations of the financial covenants set forth in Article VII, (iii) setting forth calculations of the application and use of the proceeds of any Specified Equity Contribution, (iv) setting forth calculations of the amount of any Capital Expenditures made with the cash contributions received by the Company for common Equity Interests of the Company from the Sponsor, (v) stating whether any change in GAAP or in the application thereof has occurred since the date of the Company's financial statements first delivered hereunder and, if any such change has

occurred, specifying the effect of such change on the financial statements accompanying such certificate, and (vi) attaching certificates of insurance or other evidence acceptable to the Administrative Agent that the insurance required by Section 5.06 is in effect, and;

(d) Employee Benefit Plan Audited Financial Statements. Within 10 days after the annual report on Form 5500 has been filed for each plan year of the ESOP, each Plan and each other employee benefit plan sponsored or maintained by any Loan Party or any Subsidiary for which certified financial statements are required to be maintained, the audited financial statements of each such plan prepared and presented in accordance with GAAP; and

(e) Budget. No later than 30 days after the commencement of each fiscal year of the Company, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget) and, promptly when available, any significant revisions of such budget; and

(f) Public Reports. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Loan Party or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange; and

(g) Additional Information. Promptly following any request therefor, such other information regarding any Loan Party or any Subsidiary or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

The Company represents and warrants that it, its controlling Person and any Subsidiary, in each case, if any, either (i) has no registered or publicly traded securities outstanding, or (ii) files its financial statements with the SEC and/or makes its financial statements available to potential holders of its 144A securities, if any, and, accordingly, the Company hereby (i) authorizes the Administrative Agent to make the financial statements to be provided under Section 5.01(a) and (b) above (collectively or individually, as the context requires, the "Financial Statements"), along with this Agreement, any executed amendments thereto, the Loan Guaranty, each Obligation Guaranty and the Collateral Documents, available to Public-Siders and (ii) agree that at the time such Financial Statements are provided hereunder, they shall already have been made available to holders of its securities. The Company will not request that any other material be posted to Public-Siders without expressly representing and warranting to the Administrative Agent in writing that such materials do not constitute material non-public information within the meaning of the federal securities laws or that the Company has no outstanding publicly traded securities, including 144A securities (nor will the Company be required to post or make available to Public-Siders materials that constitute material non-public information within the meaning of the federal securities laws at any time that the Company has any outstanding publicly traded securities, including 144A securities). In no event shall the Administrative Agent post compliance certificates or budgets to Public-Siders.

SECTION 5.02. Notices of Material Events. The Borrowers will furnish to the Administrative Agent and each Lender prompt (but in any event within any time period that may be specified below) written notice of the following:

(a) Default. The occurrence of any Default;

(b) Notice of Proceedings. The filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Loan Party or any Subsidiary or Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) Notice of Casualty, etc. As soon as possible and in any event within 5 days after the occurrence thereof, written notice of any of the events described in Section 5.11;

(d) Material Adverse Effect. Any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. Each Loan Party will, and will cause each Subsidiary (except, with respect to Subsidiaries, as otherwise provided with under Section 6.03) to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business.

SECTION 5.04. Payment of Obligations. Each Loan Party will, and will cause each Subsidiary to, pay its Funded Debt and other material obligations, including Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation, and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance and Use of Properties; Notices.

(a) Each Loan Party will, and will cause each Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(b) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, neither any Loan Party nor any Subsidiary will use or knowingly permit any third party to use, generate, manufacture, produce, store, or release, on, under or at the Mortgaged Property, or transfer to or from the Mortgaged Property, any Hazardous Material, except in compliance with all Environmental Laws, and each Loan Party and each Subsidiary shall otherwise comply, at its sole expense and responsibility, with all Environmental Laws, provided that if any such occurrence shall nevertheless happen, the Loan Parties shall promptly remedy such condition at their sole expense and responsibility, provided, further, that nothing herein shall prohibit any Loan Party from undertaking appropriate proceedings against any third party that may be responsible for such condition. The Loan Parties shall promptly notify the Administrative Agent in writing if any officer of any Loan Party learns of the occurrence of any material violation of any Environmental Law on or affecting or otherwise in respect of the Mortgaged Property.

(c) Borrowers will furnish to the Administrative Agent prompt (but in any event within fifteen (15) days) written notice of the execution by any Loan Party of any agreement granting any Person any right of first refusal, option or other contractual right to purchase any owned Real Property or any material interest therein.

SECTION 5.06. Insurance.

(a) Required Coverage. Each Loan Party will, and will cause each Subsidiary to, maintain insurance coverage with financially sound and reputable insurers in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Loan Party or such Subsidiary operates. Without limiting the foregoing, each Loan Party agrees that it will, and will cause each Subsidiary to, obtain when the nature of its business requires it or when the Administrative Agent shall otherwise reasonably request, and will thereafter continuously maintain the following described policies of insurance:

(i) Commercial General Liability. Comprehensive General Liability Insurance on ACORD form 25 with limits of not less than $2,000,000 per occurrence combined single limit and $2,000,000 in the aggregate for the policy period, or in whatever higher amounts as may be reasonably required by Administrative Agent from time to time by notice to the Borrower Representative, and extended to cover: (A) Blanket Contractual Liability assumed by any Loan Party or Subsidiary with defense provided in addition to policy limits for indemnities of the named insured, (B) Independent Contractors Liability providing coverage in connection with such portion of the work which is subcontracted, (C) Broad Form Property Damage Liability, (D) Products & Completed Operations form coverage, such coverage to apply for two years following completion of construction, (E) waiver of subrogation against all parties named additional insured, (F) severability of interest provision, and (G) Personal Injury & Advertisers Liability.

(ii) Automobile Liability. Automobile Liability including coverage on owned, hired and non-owned automobiles and other vehicles, with Bodily Injury and Property Damage limits of not less than $1,000,000 per occurrence combined single limit, with a waiver of subrogation against all parties named as additional insured.

(iii) Workers' Compensation and Employer's Liability. Workers' Compensation and Employer's Liability Insurance in accordance with applicable laws. The policy limit under the Employer's Liability Insurance section shall not be less than $1,000,000 for any one accident.

(iv) Umbrella/Excess Liability. Umbrella/Excess Liability in excess of Commercial General Liability, Automobile Liability and Employers' Liability coverages which is at least as broad as these underlying policies with a limit of liability of $10,000,000.

(v) Casualty. All-Risk Property (Special Cause of Loss) Insurance on the improvements and equipment included in the Collateral in an amount not less than the full insurable value on a replacement cost basis. This policy must also list Administrative Agent as mortgagee and loss payee.

(vi) Flood. If the Mortgaged Property, or any part thereof, lies within a "special flood hazard area" as designated on maps prepared by the Department of Housing and Urban Development, a National Flood Insurance Association standard flood insurance policy, plus insurance from a private insurance carrier if necessary, for the duration of the Loans in the amount of the full insurable value of the improvements and equipment included in the Collateral located at or on the Mortgaged Property, or part thereof, so designated.

(vii) Other Insurance. Such other insurance as Administrative Agent may require, which may include, without limitation, errors and omissions insurance, business interruption insurance, with respect to the contractors, architects and engineers, rent abatement and/or business loss.

(b) Forms of Policies. All insurance policies shall (i) be issued by an insurance company licensed to do business in Texas having a rating of "A-" VIII or better by A.M. Best Co., in Best's Rating Guide, (ii) name "JPMorgan Chase Bank, National Association, as Administrative Agent" as additional insured on all liability insurance and as mortgagee and loss payee on all All-Risk Property insurance, (iii) be endorsed to show that each Loan Party's and each Subsidiary's insurance shall be primary and all insurance carried by Administrative Agent is strictly excess and secondary and shall not contribute with any Loan Party's or any Subsidiary's insurance, (iv) provide that Administrative Agent is to receive notice prior to non-renewal or cancellation, (v) be evidenced by a certificate of insurance to be provided to Administrative Agent along with a copy of the policy for All-Risk Property coverage, (vi) include either policy or binder numbers on the Accord form, and (vii) otherwise be in form and amounts reasonably acceptable to Administrative Agent.

(c) Evidence of Insurance; Payment of Premiums. The Borrower Representative shall deliver to Administrative Agent, at least five (5) days before the expiration of an existing policy, evidence acceptable to Administrative Agent of the continuation of the coverage of the expiring policy. If Administrative Agent has not received satisfactory evidence of such continuation of coverage in the time frame herein specified, Administrative Agent shall have the right, but not the obligation, after prior notice to the Borrower Representative, to purchase such insurance for Administrative Agent's and the Lenders' interest only. Any amounts so disbursed by Administrative Agent pursuant to this Section 5.06(c) shall be repaid by the Loan Parties within ten (10) Business Days after written demand therefor. Nothing contained in this Section 5.06(c) shall require Administrative Agent to incur any expense or take any action hereunder, and inaction by Administrative Agent shall never be considered a waiver of any right accruing to Administrative Agent on account on this Section 5.06(c). The payment by Administrative Agent of any insurance premium for insurance which any Loan Party or any Subsidiary is obligated to provide hereunder but which Administrative Agent believes has not been paid, shall be conclusive between the parties as to the legality and amounts so paid. Each Loan Party agrees to pay, and to cause each Subsidiary to pay, all premiums on such insurance as they become due, and will not permit any condition to exist on or with respect to the Mortgaged Property which would (x) invalidate any material portion or (y) wholly invalidate any insurance thereon.

(d) Collateral Protection. Unless the Borrower Representative provides Administrative Agent with evidence satisfactory to Administrative Agent of the insurance coverage required by this Agreement, Administrative Agent may purchase insurance at the Loan Parties' expense to protect Administrative Agent's and the Lenders' interest in the Collateral. This insurance may, but need not, protect the Loan Parties' interest in the Collateral. The coverages that Administrative Agent purchases may not pay any claim that a Loan Party makes or any claim that is made against a Loan Party in connection with the Collateral. The Loan Parties may later cancel any insurance purchased by Administrative Agent, but only after providing Administrative Agent with evidence satisfactory to Administrative Agent that the Loan Parties have obtained insurance as required by this Agreement. If Administrative Agent purchases insurance for the Collateral, the Loan Parties will be responsible for the costs of that insurance, including any charges imposed by Administrative Agent in connection with the placement of insurance, until the effective date of the cancellation or expiration of such insurance. The costs of the insurance may, at Administrative Agent's discretion, be added to the Loan Parties' total principal obligation owing to Administrative Agent and the Lenders, and in any event shall be secured by the Liens on the Collateral created by the Loan Documents. It is understood and agreed that the costs of insurance obtained by Administrative Agent may be more than the costs of insurance the Loan Parties may be able to obtain on their own.

(e) No Liability; Assignment. Administrative Agent shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any such insurance, incur any liability for the form or legal sufficiency of insurance contracts, solvency of insurers, or payment of losses, and each Loan Party hereby expressly assumes full responsibility therefor and all liability, if any, thereunder. Each Loan Party hereby absolutely assigns and transfers to Administrative Agent for the benefit of the Lenders all of such Loan Party's right, title and interest in and to any unearned premiums paid on policies and any claims thereunder and Administrative Agent and/or the Lenders shall have the right, but not the obligation, to assign any then existing claims under the same to any purchaser of the Mortgaged Property at any foreclosure sale; provided, however, that so long as no Default exists, each Loan Party shall have the right under a license granted hereby, and Administrative Agent hereby grants to each Loan Party a license, to exercise rights under said policies and in and to said premiums subject to the provisions of this Agreement. Said license shall be revoked automatically when a Default exists.

(f) No Separate Insurance. No Loan Party or any Subsidiary shall carry any separate insurance on the Mortgaged Property (other than an owner's title insurance policy) concurrent in kind or form with any insurance required hereunder or contributing in the event of loss without Administrative Agent's prior written consent, and any such policy shall have attached a standard non-contributing mortgagee clause, with loss payable to Administrative Agent for the benefit of the Lenders, and shall otherwise meet all other requirements set forth herein.

SECTION 5.07. Insurance, Condemnation and Casualty Losses. The payment of any insurance proceeds, condemnation awards or other compensation payable in respect of any damage to or destruction or taking of any portion of any of the Collateral may be negotiated with the applicable payor by the Loan Parties if no Event of Default exists. If an Event of Default exists, the Administrative Agent shall have the sole right to negotiate the amounts payable with respect to any loss or taking of any of the Collateral.

SECTION 5.08. Books and Records; Inspection Rights. Each Loan Party will, and will cause each Subsidiary to, keep proper books of record and account in which full, true and correct entries are made of all transactions in relation to its business and activities. Each Loan Party will, and will cause each Subsidiary to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and, if reasonably requested by the Administrative Agent, its independent accountants, all at such reasonable times and as often as reasonably requested. During the continuance of an Event of Default, each Loan Party will, and will cause each Subsidiary to, permit any representatives designated by any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records.

SECTION 5.09. Compliance with Laws and Material Contractual Obligations. Each Loan Party will, and will cause each of Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, and perform in all material respects its obligations under material agreements to which it is a party, except, in each case, where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Loan Party will maintain in effect and enforce policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.10. Use of Proceeds.

(a) The proceeds of the Term A Loans will be used only to repay existing indebtedness and to pay amounts payable in accordance with the terms of the Acquisition Documents to consummate the Acquisition. The proceeds of the Revolving Loans will be used for payment of fees and expenses

payable in connection with the Transactions and the Headquarters Transactions and for other working capital and other general corporate purposes. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, (i) for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. Letters of Credit will be issued only to support transactions of the Loan Parties and their Subsidiaries entered into in the ordinary course of business.

(b) The Borrowers will not request any Borrowing or Letter of Credit, and no Borrower shall use, and each Borrower shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.11. Casualty and Condemnation. The Borrower Representative (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

SECTION 5.12. Additional Collateral; Further Assurances.

(a) New Subsidiaries. Subject to applicable Requirements of Law, each Loan Party will cause each of its Domestic Subsidiaries formed or acquired after the date of this Agreement to become a Loan Party by executing a Joinder Agreement. Upon execution and delivery thereof, each such Person (i) shall automatically become a Loan Guarantor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (ii) will grant Liens to the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, in any property of such Loan Party of the type which constitutes Collateral, including certain parcels of Real Property located in the U.S.; provided, however, (i) any Domestic Subsidiary that becomes a Loan Party and owns Equity Interests in a Disregarded Domestic Person will only be required to pledge its Equity Interests in any Disregarded Domestic Person in accordance with Section 5.12(b) and (ii) any Disregarded Domestic Person that becomes a Loan Party will only be required to pledge its Equity Interests in any Foreign Subsidiary in which it owns Equity Interests in accordance with Section 5.12(b).

(b) Equity Interests of Subsidiaries. Each Loan Party will cause (i) 100% of the issued and outstanding Equity Interests of each of its Domestic Subsidiaries (other than Disregarded Domestic Persons), (ii) 65% of the issued and outstanding Equity Interests in each Disregarded Domestic Person and (iii) 65% of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by such Loan Party to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent for the benefit of the Administrative Agent and the other Secured Parties, pursuant to the terms and conditions of the Loan Documents or other Collateral Documents as the Administrative Agent shall reasonably request.

(c) Equity Interests of Company and Borrowers. The Company will cause Holdco and its subsidiaries, as applicable, to pledge and grant a first priority, perfected Lien in favor of the Administrative Agent in (x) all of the issued and outstanding Equity Interests of the Company owned by Holdco (which shall be at least 80% of the issued and outstanding Equity Interests of the Company) and (y) 100% of the issued and outstanding Equity Interests of the other Borrowers and all of their Subsidiaries; provided that (i) a pledge of the Equity Interests of a Disregarded Domestic Person shall be limited to a pledge of 65% of the issued and outstanding Equity Interests of such Disregarded Domestic Person and (ii) a pledge of the Equity Interests of a Foreign Subsidiary shall be limited to a pledge of 65% of the issued and outstanding Equity Interests of a Foreign Subsidiary directly owned by such pledgor that are entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) (and 100% of the issued and outstanding Equity Interests of Foreign Subsidiaries directly owned by such pledgor which are not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2))).

(d) General Further Assurances. Subject to the terms of the Security Agreement, each Loan Party will, and will cause each Subsidiary to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties. The Loan Parties also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

(e) Acquisition of Material Assets. If any material assets (including any Real Property or improvements thereto or any interest therein and any assets acquired in an acquisition permitted hereby) are acquired by any Loan Party after the Effective Date (excluding (i) assets constituting Collateral under the Collateral Documents that become subject to the Lien of the Collateral Documents upon acquisition thereof and (ii) assets excluded from the Collateral under the Collateral Documents and (iii) any Real Property other than Real Property owned in fee simple having a fair market value equal to at least $500,000), the Borrower Representative will notify the Administrative Agent thereof, and, if requested by the Administrative Agent, cause such assets to be subjected to a Lien securing the Obligations and will take, and cause each applicable Loan Party or Subsidiary to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant, perfect and protect such Liens, including actions described in paragraph (a) of this Section and, with respect to Real Property, deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, mortgages, real estate title insurance policies, flood certificates, surveys, environmental reports, landlord’s waivers, certified resolutions and other organizational and authorizing documents of such Loan Party, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the Collateral Documents referred to above and the perfection of the Administrative Agent ‘s Liens thereunder), all in form, content and scope reasonably satisfactory to the Administrative Agent.

(f) Title Insurance Policy. Within sixty (60) days (or such longer period as the Administrative Agent may agree in its sole discretion) following the date of the acquisition of Real Property that is required to be included in Collateral as Mortgaged Property pursuant to paragraph (e) of this Section 5.12, Borrower Representative shall cause to be delivered to the Administrative Agent an ALTA or other mortgagee policy of title insurance.

(g) Appraisals. If required by applicable law, the Borrower Representative shall deliver or cause to be delivered from time to time to the Administrative Agent a current appraisal of the Mortgaged Property, in form and substance reasonably satisfactory to the Administrative Agent.

(h) Environmental. If the Administrative Agent at any time has reasonable basis to believe that there may be a material violation of any Environmental Laws by, or any material liability arising under Environmental Laws of, any Loan Party or any Subsidiary or related to any Mortgaged Property, then the Loan Parties agree, upon the request of the Administrative Agent to provide the Administrative Agent with such environmental reports and assessments, engineering studies or other written material or data as the Administrative Agent may reasonably require relating thereto; provided, however, that if the Loan Parties have (i) reported the alleged violation or adverse environmental condition to the environmental regulatory agency having jurisdiction over the Mortgaged Property and (ii) are diligently undertaking to address such violation or the conditions believed to give rise to such liability in accordance with applicable Environmental Laws and in coordination with the applicable environmental regulatory agency, then the Loan Parties shall provide to the Administrative Agent such environmental reports and assessments, engineering studies or other written material or data generated as part of such undertaking together with all material correspondence and communication with the environmental regulatory agency and the Loan Parties shall not be required to conduct any additional assessment, study or investigation. In the event that the Administrative Agent reasonably determines from the environmental reports or information delivered pursuant to this Section or pursuant to any other information, that remedial action is required by any Environmental Law to correct a material adverse environmental condition with respect to any Loan Party or the Mortgaged Property or any other property of any Loan Party, each Loan Party shall, with respect to it and its Subsidiaries, either (i) take such action as is required of the Loan Parties by applicable Environmental Law to address such environmental condition or (ii) if there is a reasonable basis to do so and no immediate threat to the health and safety of individuals, contest in good faith by appropriate proceedings diligently pursued such requirement under such Environmental Law in an appropriate administrative or judicial forum.

(i) Post-Closing Real Estate. To the extent that the New York Real Property, the Waller Real Property or the Rockwall Real Property has not been sold on or before the date that is 180 days after the Effective Date, the Borrower Representative will cause such Real Properties to be subjected to a Lien securing the Obligations and will take, and cause each applicable Loan Party or Subsidiary to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant, perfect and protect such Liens, including actions described in paragraphs (a) and (e) of this Section, all at the expense of the Loan Parties.

SECTION 5.13. Depository Banks. To provide additional security for the Obligations, each Loan Party and each Subsidiary will maintain all of their primary depository, lockbox and operating accounts at Chase; provided that (a) the payroll bank account and the flexible spending bank account of the Company and other accounts used exclusively for payroll, payroll taxes and other wage and benefit payments may be located at American National Bank of Texas or at a Lender or an Affiliate of a Lender, (b) the accounts of 549 Rockwall LLC may be located at American National Bank of Texas on the Effective Date, and (c) accounts may be opened with a financial institution other than Chase (including, without limitation, a Lender or an Affiliate of a Lender) at any location where Chase does not have a branch that is reasonably convenient to such Loan Party and such Loan Party has a reasonable business need to maintain an account or accounts at such location; provided further, subject to the immediately preceding proviso, that each Loan Party and each Subsidiary shall have up to six (6) months after the Effective Date to move any primary depository, lockbox or operating account (i) of a Foreign Subsidiary or (ii) acquired in connection with the Acquisition that is at a financial institution other than Chase to accounts at Chase or, in the case of a Foreign Subsidiary, to accounts at Chase or an Affiliate of Chase in the applicable jurisdiction.

SECTION 5.14. Accuracy of Information. The Loan Parties will ensure, and will cause the Subsidiaries to ensure, that any information, including financial statements or other documents, furnished to the Administrative Agent or the Lenders in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder contains no 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 misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Borrowers on the date thereof as to the matters specified in this Section 5.14.

SECTION 5.15. Interest Rate Protection. Within 90 days after the Effective Date, the Borrowers will enter into, and thereafter for a period of not less than three (3) years will maintain in effect, one or more interest rate protection agreements on such terms and with such parties as shall be reasonably satisfactory to the Administrative Agent, the effect of which shall be to fix or limit the interest cost to the Borrowers with respect to at least 50% of the outstanding Term Loans.

SECTION 5.16. Employee Benefit Plans. Each Loan Party will, and will cause each Subsidiary to, maintain each employee benefit plan as to which it may have any liability, in material compliance with all applicable rules, regulations and other laws, except where the failure to so comply could not reasonably be expected to subject the applicable employee benefit plan, trust or any Loan Party to any liability in excess of $1,500,000. The Borrower Representative will provide the Administrative Agent and the Lenders with written notice promptly upon (and in no event later than ten (10) Business Days after) the occurrence of any of the following: (a) the institution of steps by any Loan Party or any Subsidiary to withdraw from, or the institution of any steps to terminate, any employee benefit plan as to which it could reasonably be expected to have liability (including the ESOP, any Plan and any Multiemployer Plan) in excess of $1,500,000; (b) any ERISA Event or any material non-exempt prohibited transaction or Code violation that has occurred or been alleged in writing to have occurred with respect to any employee benefit plan (including the ESOP, any Plan and any Multiemployer Plan) with respect to which any Loan Party or any Subsidiary could reasonably be expected to have any liability or obligation in excess of $1,500,000; (c) the initiation of any investigation or review by the IRS or the Department of Labor or any other Governmental Authority as to whether a material non-exempt prohibited transaction or Code violation might have occurred with respect to any employee benefit plan (including the ESOP, any Plan and any Multiemployer Plan) with respect to which any Loan Party or any Subsidiary could reasonably be expected to have liability in excess of $1,500,000; (d) receipt by any Loan Party or any Subsidiary of notice of any audit, investigation, litigation or inquiry by the Department of Labor or the IRS relating to the ESOP, any Plan, any Multiemployer Plan or any other employee benefit plan sponsored or maintained by any Loan Party or any Subsidiary or with respect to which any Loan Party or any Subsidiary could reasonably be expected to have any liability in excess of $1,500,000, including copies of such notice and copies of all subsequent material correspondence relating thereto; and (e) any event which would give rise to (i) the loss of the tax qualification of the ESOP, any Plan, any Multiemployer Plan or any other employee benefit plan sponsored or maintained by any Loan Party or any Subsidiary, or with respect to which any Loan Party or Subsidiary could reasonably be expected to have any liability or obligation, which is intended to be tax qualified under Section 401(a) of the Code, or the tax-exempt status of the trust established under any such plan, or (ii) the loss of the ESOP's status as an employee stock ownership plan under Section 4975(e)(7) of the Code, in each case which could reasonably be expected to result in liability or obligation in excess of $1,500,000.

SECTION 5.17. Maintenance of ESOP. Each Loan Party will, and will cause each Subsidiary to, take any and all action necessary to: (a) maintain the ESOP as an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code, and to materially satisfy in form and operation all relevant provisions of the Code, including the provisions of Section 409 of the Code; (b) maintain the

qualified status of the ESOP under Section 401(a) of the Code, and the tax-exempt status of the ESOP trust under Section 501(a) of the Code; and (c) ensure that the employer securities held under the ESOP are "employer securities" within the meaning of Section 409(l) of the Code.

SECTION 5.18. Holdco. Prior to or concurrent with the SpinOff Effective Date, each Loan Party will cause Holdco to enter into an agreement with the Administrative Agent for the benefit of the Administrative Agent, the Issuing Bank, the Swingline Lender, the Lenders and the other Secured Parties whereby Holdco will covenant and agree with the Lenders that:

(a) Holdco will

(i) not (a) engage in any business or activity other than complying with its obligations under the Loan Documents, the Headquarters Loan Documents and under any agreements governing the terms and relative rights of its Equity Interests, compliance with applicable laws, ownership of the Equity Interests in the Borrowers, activities reasonably incidental to the foregoing, and payment of taxes and administrative fees, (b) own any assets other than the Equity Interests of the Borrowers, and de minimis amounts of other assets reasonably incidental to the conduct of its business**,** (c) have any employees or (d) contract, create, incur, assume or suffer to exist any Indebtedness or Liens other than pursuant to the Loan Documents and the Headquarters Loan Documents,

(ii) do all things necessary under applicable law and its organizational documents to observe organizational formalities and to preserve its existence, and not amend, modify or otherwise change its certificate of organization or operating agreement, or allow the same to be amended, modified or otherwise changed, without the prior written consent of Administrative Agent,

(iii) maintain all of its books, records, financial statements and bank accounts separate from those of any subsidiary or other Affiliate and maintain is corporate separateness,

(iv) be, and at all times hold itself out to the public as, a legal entity separate and distinct from any other entity, including its members or owners, correct any known misunderstanding regarding its status as a separate entity, conduct business in its own name, not identify itself as a division or part of its members or owners and maintain and utilize separate stationary, invoices and checks,

(v) maintain adequate capital for a holding company for costs that are reasonably foreseeable in light of its status of a holding company,

(vi) maintain its assets segregated and isolated from those of any Affiliate, subsidiary or any other Person and

(vii) not be, and not hold itself out to be, responsible for the debts or obligations of any other Person, other than pursuant to the terms of this Agreement and the other Loan Documents and the Headquarters Loan Documents.

(b) Holdco will, and will cause each of its subsidiaries that is a Borrower or other Loan Party to, pledge and grant a first priority, perfected Lien in favor of the Administrative Agent in (x) all of the issued and outstanding Equity Interests of the Company owned by Holdco (which shall be at least 80% of the issued and outstanding Equity Interests of the Company) and (y) 100% of the issued and outstanding Equity Interests of the other Loan Parties, if any, and all of their Subsidiaries; provided

that (i) a pledge of the Equity Interests of a Disregarded Domestic Person shall be limited to a pledge of 65% of the issued and outstanding Equity Interests of such Disregarded Domestic Person and (ii) a pledge of the Equity Interests of a Foreign Subsidiary shall be limited to a pledge of 65% of the issued and outstanding Equity Interests of a Foreign Subsidiary owned by Holdco or a Loan Party that are entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) (and 100% of the issued and outstanding Equity Interests of Foreign Subsidiaries owned by Holdco or a Loan Party which are not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2))).

(c) Holdco will, and will cause each of its subsidiaries that is a Borrower or other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties. Holdco also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

(d) Holdco will provide promptly following any request therefor, any information regarding Holdco or any subsidiary that is a Borrower or other Loan Party or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

(e) Holdco will, and will cause each of its subsidiaries that is a Borrower or other Loan Party to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, and perform in all material respects its obligations under material agreements to which it is a party, except, in each case, where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Holdco will maintain in effect and enforce policies and procedures designed to ensure compliance by Holdco, its subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.19. Post-Closing Matters. Each Loan Party will execute and deliver the documents and complete the tasks set forth on Schedule 5.19, in each case within the time limits specified therefor on such Schedule.

SECTION 5.20. New York Real Property. Prior to any material renovation to, or demolition of, any improvements located on the New York Real Property, the Company shall provide the Administrative Agent with an assessment or analysis concerning any asbestos-containing material located in such improvements.

SECTION 5.21. Existing Predecessor UCCs. The Company shall use commercially reasonable efforts to have the Existing Predecessor UCCs terminated (unless the Company shall have taken other actions reasonably acceptable to the Administrative Agent to ensure that the Existing Predecessor UCCs are not effective as to Strathmore Holdings, LLC).

ARTICLE VI

Negative Covenants

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document shall have been paid in full and all Letters of Credit shall have expired or terminated (in each case without any pending draw) or been Cash Collateralized, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 6.01. Indebtedness. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created under the Loan Documents;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and any extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(c) Indebtedness of

(i) any Subsidiary that is not a Loan Party to a Loan Party, provided that (A) any Equity Interests held by a Loan Party in any such Subsidiary shall be pledged pursuant to the Collateral Documents (subject to the limitations applicable to Equity Interests in a Foreign Subsidiary referred to in Section 5.12) and (B) the aggregate amount of investments made by Loan Parties in, and loans and advances made by Loan Parties to, and Guarantees made by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (excluding all intercompany loans and investments listed on Schedule 6.01 and Schedule 6.04, respectively) shall not exceed $1,000,000 during any fiscal year of the Company (in each case determined without regard to any write-downs or write-offs),

(ii) any Subsidiary that is not a Loan Party to another Subsidiary that is not a Loan Party,

(iii) any Loan Party to another Loan Party, and

(iv) any Loan Party to a Subsidiary that is not a Loan Party, provided that (A) such Indebtedness shall be Subordinated Indebtedness and (B) the sum of the amount of all such Indebtedness under this clause (c)(iv) plus, without duplication, the amount of Guarantees outstanding under clause (d)(iv) of this Section 6.01 shall not exceed $1,500,000 in the aggregate outstanding at any time;

(d) Guarantees of Indebtedness of

(i) any Subsidiary that is not a Loan Party by a Loan Party, subject to the limitations set forth in clause (c)(i) preceding,

(ii) any Subsidiary that is not a Loan Party by another Subsidiary that is not a Loan Party,

(iii) any Loan Party by another Loan Party, and

(iv) any Loan Party by a Subsidiary that is not a Loan Party, provided that (A) such Guarantee shall constitute Subordinated Indebtedness and (B) the sum of the amount of all such Guarantees under this clause (d)(iv) plus, without duplication, the amount of Indebtedness outstanding under clause (c)(iv) of this Section 6.01 shall not exceed $1,500,000 in the aggregate outstanding at any time;

(e) Indebtedness of any Borrower or any Subsidiary that is (i) incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, or (ii) purchase money Indebtedness, and, in each case, extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof; provided that (A) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (B) the principal amount of Indebtedness permitted by this clause (e) in the aggregate for the Borrowers and their Subsidiaries shall not exceed $2,500,000 at any time outstanding;

(f) Indebtedness of the Company arising in connection with Swap Agreements permitted by Section 6.07;

(g) cash management obligations and Indebtedness incurred by any Borrower or any Subsidiary in respect of netting services, overdraft protections and similar arrangements, in each case entered into in the ordinary course of business in connection with cash management and deposit accounts and not involving the borrowing of money;

(h) unsecured Indebtedness in respect of insurance premiums, performance bonds, bid bonds, appeal bonds, bankers acceptances, surety bonds or other similar obligations arising in the ordinary course of business, and any refinancings thereof, in each case to the extent not provided to secure repayment of other Indebtedness;

(i) unsecured Indebtedness representing deferred compensation to directors, officers, members of management or employees of the Loan Parties or the Subsidiaries incurred in the ordinary course of business (x) in connection with the Acquisition, or (y) in connection with any acquisitions permitted under the terms of Section 6.04, provided that, the amount of Indebtedness permitted by this clause (i)(y) in the aggregate for the Borrowers and their Subsidiaries shall not exceed $500,000 at any time outstanding;

(j) unsecured Indebtedness consisting of notes to future, present or former directors, officers, members of management or employees or consultants of the Loan Parties or the Subsidiaries or their respective estates, heirs, family members, spouses or former spouses to finance the purchase or redemption of Equity Interests of the Company or Holdco, as applicable, provided that, the amount of Indebtedness permitted by this clause (j) in the aggregate for the Borrowers and their Subsidiaries shall not exceed $250,000 at any time outstanding;

(k) intentionally omitted;

(l) Indebtedness arising from judgments or decrees that do not constitute Events of Default;

(m) Indebtedness of the Company consisting of earnouts relating to the Acquisition in an aggregate amount not to exceed $16,500,000 at any time outstanding;

(n) the Headquarters Loan and any other obligations arising under or in connection with the Headquarters Loan Agreement or the Headquarters Loan Documents;

(o) unsecured Subordinated Indebtedness of the Company not exceeding $5,000,000 in the aggregate at any time outstanding; and

(p) other unsecured Indebtedness of the Company not exceeding $5,000,000 in the aggregate at any time outstanding.

SECTION 6.02. Liens. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens created under the Loan Documents;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of any Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of such Borrower or Subsidiary or any other Borrower or Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) any Lien existing on any property or asset prior to the acquisition thereof by any Borrower or any Subsidiary (so long as such property was acquired after the Effective Date); provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets of the Loan Party and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(e) Liens on fixed or capital assets acquired, constructed or improved by any Borrower or any Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such Liens shall not apply to any other property or assets of any Borrower or any Subsidiary;

(f) Liens on (i) the Headquarters Real Property and (ii) the building, improvements and other assets located on or at the Headquarters Real Property securing obligations created under the Headquarters Loan Documents, but specifically excluding Liens on personal property that constitute Collateral under this Agreement, including, but not limited to, office equipment, counters, lifts, mechanical equipment or storage tanks, and a crane on craneways, so long as the holder of such Lien referred to in the foregoing (i) and (ii) is subject to a Collateral Access Agreement granting the Administrative Agent access to any Collateral on the Headquarters Real Property.

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Loan Parties or the Subsidiaries in the ordinary course of business and in accordance with past practices; and

(h) Liens granted by a Subsidiary that is not a Loan Party in favor of a Loan Party or in respect of Indebtedness owed by such Subsidiary.

SECTION 6.03. Fundamental Changes. No Loan Party will, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve except that, if at the time thereof and immediately after giving effect thereto no Default exists: (a) any Subsidiary may merge into a Borrower in a transaction in which a Borrower is the surviving entity, (b) any Loan Party (other than any Borrower) may merge into any other Loan Party in a transaction in which the surviving entity is a Loan Party, (c) any Borrower may merge into any other Borrower in a transaction in which the surviving entity is a Borrower, (d) any Subsidiary that is not a Loan Party may merge into any other Subsidiary that is a Loan Party in which the surviving entity is a Subsidiary, (e) any Subsidiary may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Borrowers and is not materially disadvantageous to the Lenders and, if such Subsidiary is a Loan Party, its assets are transferred to a Loan Party, and (f) any Loan Party and any Subsidiary may merge or consolidate with any Person acquired pursuant to an acquisition permitted under Section 6.04(l) as long (i) as such Loan Party or such Subsidiary is the surviving entity or (ii) the Person so acquired becomes a Loan Party prior to or concurrently with such merger or consolidation and complies with provisions of this Agreement and the other Loan Documents, including, without limitation, Section 5.12 hereof; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04. No Loan Party will, nor will it permit any Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Loan Parties and the Subsidiaries on the date of execution of this Agreement and businesses that are reasonably related thereto.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. No Loan Party will, nor will it permit any Subsidiary to, form any subsidiary after the Effective Date, or purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly owned Subsidiary prior to such merger) any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), except:

(a) Permitted Investments;

(b) investments in existence on the date hereof and described in Schedule 6.04 and any modifications, replacements, renewals or extensions thereof, provided that the amount of the original investment permitted pursuant to this clause (b) is not increased from the amount of such investments on the Effective Date;

(c) investments by the Loan Parties and the Subsidiaries in Equity Interests

(i) in Subsidiaries that are not party to this Agreement and Loan Guarantors, provided that (A) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Collateral Documents (subject to the limitations applicable to Equity Interests in a Foreign

Subsidiary referred to in Section 5.12) and (B) the aggregate amount of investments made by Loan Parties in, and loans and advances made by Loan Parties to, and Guarantees made by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (excluding all intercompany loans and investments listed on Schedule 6.01 and Schedule 6.04, respectively) shall not exceed $1,000,000 during any fiscal year of the Company (in each case determined without regard to any write-downs or write-offs), and

(ii) in Loan Parties;

(d) loans or advances made by any Loan Party to another Loan Party or any Subsidiary and made by any Subsidiary to a Loan Party or any other Subsidiary; provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the limitation set forth in clause (c)(i) of this Section 6.04;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the limitation set forth in clause (c)(i) of this Section 6.04;

(f) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) extension of trade credit in the ordinary course of business;

(h) Swap Agreements permitted by Section 6.07;

(i) loans and advances made by a Loan Party or a Subsidiary to its officers, directors, and employees in the ordinary course of business for travel and entertainment expenses, relocation costs and similar purposes up to a maximum for all such loans and advances of $250,000 in the aggregate at any one time outstanding;

(j) Guarantees by a Loan Party or a Subsidiary of leases of any other Loan Party or Subsidiary (other than Capital Lease Obligations) entered into in the ordinary course of business; provided that the aggregate amount of Guarantees by Loan Parties of leases of Subsidiaries that are not Loan Parties is subject at all time to the limitations set forth in paragraph (c)(i) of this Section 6.04;

(k) endorsements of items for collection or deposit in the ordinary course of business;

(l) any Loan Party may purchase, hold or acquire (including pursuant to a merger) all the Equity Interests in a Person and may purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of any other Person or all or substantially all of the assets of a division or branch of such Person, if, with respect to each such acquisition:

(i) Default. No Default exists or would result therefrom;

(ii) Revolver Availability. There exists not less than $5,000,000 of Availability on the date of the acquisition;

(iii) Total Leverage Ratio. The Total Leverage Ratio is 25 basis points less than the maximum Total Leverage Ratio permitted under Section 7.02 at the time of making such acquisition (after giving pro forma effect to such acquisition and the Borrowings being made in connection therewith, and calculating Funded Debt as of such date of acquisition);

(iv) Delivery and Notice Requirements. Borrower Representative shall provide to Administrative Agent, prior to the consummation of the acquisition, the following: (A) notice of the acquisition, (B) the most recent financial statements of the target of the proposed acquisition (the "Target") that the Company has available, (C) copies of the applicable purchase agreement and copies of such other documentation and information relating to the Target and the acquisition as Administrative Agent may reasonably request, (D) projected income and cash flow statements for the Company for the period through the Term A Maturity Date, prepared on a basis reasonably acceptable to the Administrative Agent, giving pro forma effect to proposed acquisition and any Indebtedness incurred in connection therewith and (E) a certificate signed by a Financial Officer certifying: (1) that the Company shall be in Pro Forma Compliance, (2) that after giving effect to the acquisition in question, all representations and warranties contained in the Loan Documents will be true and correct in all material respects on and as of the date of the closing of the acquisition with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties relate specifically to an earlier date and provided that any such representations and warranties subject to a materiality qualifier must be true and correct in all respects on and as of the date of the closing of the acquisition, except to the extent that such representations and warranties relate specifically to an earlier date; (3) that no Default exists or will result for the acquisition; and (4) to the Company's calculation of its compliance with clauses (ii) and (iii) of this clause (l);

(v) Line of Business. The Target is involved in a type of business that is conducted by the Loan Parties and the Subsidiaries or is reasonably related thereto;

(vi) No Contested Acquisitions. The proposed acquisition shall have been approved by the Board of Directors of the Target (or similar governing body if the Target is not a corporation) and no Person shall have announced that it will oppose the proposed acquisition;

(vii) Joinder of Subsidiary. The Loan Parties shall have complied with their obligations under Section 5.12 as of the date of the proposed acquisition; and

(viii) Structure. If the proposed acquisition is an acquisition of the stock or other Equity Interest issued by a Target, the acquisition will be structured so that the Target will become a wholly owned Domestic Subsidiary directly owned by a Loan Party or will be merged with or into any Loan Party. If the proposed acquisition is an acquisition of assets, the acquisition will be structured so that a Loan Party shall acquire the assets either directly or through a merger;

(m) promissory notes issued to the Loan Parties or any Subsidiaries by the purchasers of assets sold in accordance with Section 6.05, provided that (i) the aggregate face amount of all promissory notes issued in connection with assets sold pursuant to Section 6.05(m) shall not exceed $4,000,000 in the aggregate at any time outstanding and (ii) the aggregate face amount of all promissory notes issued in connection with all other assets sold in accordance with Section 6.05 shall not exceed $250,000 in the aggregate at any time outstanding;

(n) the Loan Parties and any Subsidiaries may (i) acquire and hold obligations of future, present or former directors, officers, members of management, employees or consultants of the Loan Parties or any Subsidiaries or their respective estates, heirs, family members, spouses or former spouses in connection with such Person's acquisition of Equity Interests of the Borrowers or any of

their direct or indirect parent company, provided that, the amount of such investments permitted by this clause (n) in the aggregate for the Loan Parties and any Subsidiaries shall not exceed $250,000 at any time and (ii) redeem or repurchase Equity Interests of Spinco to the extent permitted by Section 6.08(p);

(o) investments of any Person existing at the time such Person becomes a Subsidiary of the Company or consolidates or merges with the Company or any of its Subsidiaries (including in connection with an acquisition permitted under clause (l) hereof) so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such merger; and

(p) the capitalization or forgiveness of any Indebtedness owed to a Loan Party or any of its Subsidiaries by any Loan Party.

SECTION 6.05. Asset Sales. No Loan Party will, nor will it permit any Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will any Borrower permit any Subsidiary to issue any additional Equity Interest in such Subsidiary, except:

(a) sales of inventory in the ordinary course of business;

(b) sales, transfers and dispositions of used or surplus equipment (including owned or leased vehicles) in the ordinary course of business;

(c) sales, transfers and dispositions of Permitted Investments in the ordinary course of business and the use of cash in a manner not prohibited under this Agreement;

(d) the licensing or sublicensing of intellectual property in the ordinary course of business;

(e) the lapse, abandonment or other disposition of intellectual property that is, in the reasonable and good faith judgment of a Loan Party, no longer economically practicable or commercially desirable to maintain, or useful in the conduct of business of the Loan Parties or any of the Subsidiaries;

(f) the leasing or subleasing of property to third parties in the ordinary course of business;

(g) sales, forgiveness or discounting on a non-recourse basis and in the ordinary course of business, of past due accounts in connection with the collection or compromise thereof, or the settlement of delinquent accounts or in connection with the bankruptcy or reorganization of suppliers of customers;

(h) dispositions resulting from casualty events, provided that the Net Proceeds thereof are applied in accordance with the provisions of Section 2.10;

(i) cancellations of any intercompany Indebtedness owing by any Loan Party to any other Loan Party or any of their Subsidiaries;

(j) any surrender or waiver of contractual rights or claims in the ordinary course of business or as deemed reasonably necessary by a Loan Party or a Subsidiary in connection with the settlement of litigation with a non-Affiliate;

(k) issuances of directors' qualifying shares in respect of any Foreign Subsidiary to the extent required by applicable law;

(l) sales, transfers and dispositions of assets specifically provided for in Sections 6.04, 6.06 and 6.08;

(m) the sales of the Real Property identified on Schedule 6.05(m);

(n) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary) that are not permitted by any other clause of this Section 6.05; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this clause (n) shall not exceed $250,000 during any fiscal year of the Company; provided further that all sales, transfers, leases and other dispositions permitted by this clause (n) (other than those solely among the Loan Parties) shall be made for fair value and at least 80% cash consideration; and

(o) the sale, transfer, lease or other disposition of the Headquarters Real Property in accordance with the terms of the Headquarters Loan Agreement.

SECTION 6.06. Sale and Leaseback Transactions. No Loan Party will, nor will it permit any Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for any such sale of any fixed or capital assets by any Borrower or any Subsidiary that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 90 days after such Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset.

SECTION 6.07. Swap Agreements. No Loan Party will, nor will it permit any Subsidiary to, enter into any Swap Agreement, except that the Company may enter into (a) Swap Agreements entered into to hedge or mitigate risks to which any Borrower or any Subsidiary has actual exposure (other than those in respect of Equity Interests of any Borrower or any Subsidiary), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest–bearing liability or investment of any Borrower or any Subsidiary.

SECTION 6.08. Restricted Payments; Certain Payments of Indebtedness: Cash Payments Made in Respect of Plans. No Loan Party will, nor will it permit any Subsidiary to, (1) declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, (2) make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (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 Indebtedness or (3) make cash payments in respect of the Plans in connection with the SpinOff, except:

(a) the Borrowers may declare and pay dividends with respect to the Equity Interests it has issued payable solely in additional Equity Interests;

(b) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests;

(c) the Borrowers may declare and pay cash dividends if (A) no Default then exists or would result therefrom, (B) the Total Leverage Ratio is less than 3.00 to 1.00, and (C) the Borrower Representative provides the Administrative Agent evidence that after giving effect to such dividends, the Borrowers shall be in compliance with clause (B) of this subsection and in Pro Forma Compliance;

(d) payments in respect of or relating to earnouts (other than the earn-out provided for in the Acquisition Documents) and seller financing, if (A) no Default then exists or would result therefrom, (B) the Total Leverage Ratio is less than 3.00 to 1.00 both before and after giving effect to such payment, and (C) the Borrower Representative provides the Administrative Agent evidence that after giving effect thereto, the Company shall be in compliance with clause (B) of this subsection and in Pro Forma Compliance;

(e) the Company may pay management fees to Sponsor in the ordinary course of business in an amount not to exceed $350,000 during any 12-month period, provided no Default exists or would result from the making of any such payment;

(f) on the Effective Date, the Company may pay a one-time transaction/advisory fee in an amount not to exceed $500,000 to Sponsor in connection with the Transactions;

(g) payments to the Sponsor, Holdco or Spinco for the reimbursement of out-of-pocket costs and expenses and payment of indemnities (in each case to the extent related to such parties' ownership of the Company and the other Borrowers), provided (i) no Default exists or would result from the making of any such payment and (ii) after giving effect to such payments, the Company shall be in Pro Forma Compliance;

(h) payments in connection with the consummation of the Transactions to the extent provided for in the Acquisition Documents, provided that (i) the aggregate Cash Consideration (as defined in the Acquisition Agreement) paid on the Effective Date shall not exceed $70,000,000, (ii) the aggregate Contingent Consideration (as defined in the Acquisition Agreement) shall not exceed $16,500,000 and (iii) the aggregate Working Capital Surplus (as defined in the Acquisition Agreement) paid by the Purchaser after the Effective Date shall not exceed $2,000,000;

(i) payments in respect of Indebtedness created under the Loan Documents;

(j) payments in respect of the Headquarters Loan and other obligations arising under or in connection with the Headquarters Loan Agreement and the Headquarters Loan Documents;

(k) payment of regularly scheduled interest and principal payments as and when due in respect of (A) any Indebtedness permitted under Section 6.01 except Subordinated Indebtedness, and (B) so long as no Default then exists or would result therefrom, payments in respect of the Subordinated Indebtedness that are not prohibited by the subordination provisions of such Subordinated Indebtedness;

(l) refinancing of Indebtedness to the extent permitted by Section 6.01;

(m) payment of secured Indebtedness that becomes due as a result of a sale, transfer or other disposition (including casualty events) of the property or assets securing such Indebtedness to the extent such sale, transfer or other disposition is permitted by the terms of Section 6.05;

(n) to the extent the same would constitute payments restricted pursuant to this Section 6.08, the Loan Parties may enter into and consummate the transactions expressly permitted pursuant to any provision of Section 6.04, Section 6.05 or Section 6.09 (except any payment in respect of Plans) hereof (including the payment of fees and expenses arising in connection therewith or related thereto);

(o) the Borrowers may declare and pay dividends and make distributions and other payments after the SpinOff Effective date, to Holdco or Spinco:

(i) to make Permitted Tax Distributions;

(ii) to pay fees and expenses required to maintain the existence of Holdco and Spinco, as applicable;

(iii) to pay customary fees or other compensation arrangements provided to independent members and observers of the boards of directors (or equivalent governing bodies) of the Holdco and Spinco, as applicable, (A) in an amount not to exceed $300,000 in aggregate amount during any fiscal year or (B) so long as (i) no Default exists or would result from the making of any such payment and (ii) after giving effect to such payments, the Borrowers shall be in Pro Forma Compliance; and

(iv) to pay general administrative costs and expenses, including, without limitation, compensation, legal and accounting fees, and other overhead of the Holdco and Spinco as applicable (to the extent such costs and expenses are attributable to the ownership or operations of the Borrowers and their Subsidiaries) (A) in an amount not to exceed $2,000,000 in aggregate amount during any fiscal year or (B) so long as (i) no Default exists or would result from the making of any such payment and (ii) after giving effect to such payments, the Borrowers shall be in Pro Forma Compliance;

(p) after the SpinOff Effective Date, the Borrowers and any Subsidiaries may pay (or make Restricted Payments to allow any direct or indirect parent thereof to pay) for the redemption or repurchase of Equity Interests of Spinco held by any future, present or former directors, officers, members of management, employees or consultants of the Loan Parties or any Subsidiaries or their respective estates, heirs, family members, spouses or former spouses, provided such payments under this Section 6.08(p) (excluding non-cash repurchases of Equity Interests deemed to occur upon exercise of any options, warrants, or rights, if such repurchased Equity Interests represent a portion of the exercise price of the Equity Interests in respect of such options, warrants and rights are exercised) do not exceed $500,000 in the aggregate in any fiscal year; and

(q) the Company may make cash payments with respect to the Plans in connection with the SpinOff, including any cash payments permitted pursuant to Section 6.09(f) to an Affiliate with respect to the Plans, in an aggregate amount not to exceed $3,000,000.

SECTION 6.09. Transactions with Affiliates. No Loan Party will, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business that are at prices and on terms and conditions not less favorable such Loan Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Loan Parties not involving any other Subsidiary or Affiliate, (c) any Restricted Payment permitted by Section 6.08, (d) the transactions contemplated by the Acquisition Documents, (e) transactions expressly permitted by Sections 6.01(i) or (j); 6.03(a), (d) or (e); 6.04(b), (c), (d), (e), (i), (j) or (n); and 6.05(i) and (f) in connection with the SpinOff, the Company may make cash payments to any Affiliate with respect to the Plans, including any cash payments permitted pursuant to Section 6.08(q), in an aggregate amount not to exceed $3,000,000. For the avoidance of doubt, any cash payments made by any Loan Party to any other Loan Party, any Subsidiary or Affiliate with respect to any Plan, Multiemployer Plan, ESOP or any other employee benefit plan in which the employees of a Loan Party participate or with respect to which a Loan Party may otherwise have any liability, shall be prohibited by this Section 6.09 unless specifically permitted pursuant to clauses (a) through (f) above.

SECTION 6.10. Restrictive Agreements. No Loan Party will, nor will it permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Loan Party or any Subsidiary to create, incur or permit to exist any Lien for the benefit of the Administrative Agent and/or any one or more of the Secured Parties, upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any Equity Interests it has issued or to make or repay loans or advances to any Borrower or any other Subsidiary or to Guarantee Indebtedness of any Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to (A) restrictions and conditions imposed by law or by any Loan Document, (B) restrictions and conditions imposed under the Headquarters Loan Agreement or the Headquarters Loan Documents, (C) customary restrictions and conditions contained in agreements relating to the sale of all or a substantial part of the capital stock or assets of any Loan Party or Subsidiary pending such sale, provided (1) such restrictions and conditions apply only to the applicable Loan Parties, Subsidiaries or assets to be sold and (2) such sale is permitted under this Agreement, and (D) restrictions and conditions existing on the Effective Date identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition) and (ii) clause (a) of the foregoing shall not apply to (A) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property securing such Indebtedness, and (B) customary provisions in leases, licenses and contacts restricting the assignment thereof.

SECTION 6.11. Amendment of Material Documents; Subordinated Indebtedness. No Loan Party will, nor will it permit any Subsidiary to, amend, modify or waive any of its material rights under its certificate of formation, by-laws, operating or partnership agreement, or other organizational documents, except in connection with the SpinOff on terms and conditions reasonably acceptable to the Administrative Agent. No Loan party will, nor will it permit any Subsidiary to, amend or modify any agreement in respect of Subordinated Indebtedness, except immaterial amendments (a) not affecting any of the provisions required pursuant to the definition of Subordinated Indebtedness, (b) not materially adverse to the interests of any of the Administrative Agent, the Issuing Bank, the Swingline Lender and/or any one or more of the Lenders, or (c) otherwise permitted pursuant to the terms of the subordination provisions of, or applicable to, such Subordinated Indebtedness.

SECTION 6.12. Change in Fiscal Year. No Loan Party will, nor will it permit any Subsidiary to, change the manner in which either the last day of its fiscal year or the last days of the first three fiscal quarters of its fiscal year is calculated.

SECTION 6.13. Governmental Regulations. No Loan Party will, nor will it permit any Subsidiary to: (a) be or become subject at any time to any law, rule or regulation, or list of any Governmental Authority (including the U.S. Office of Foreign Asset Control list) that prohibits or limits the Lenders from making any advance or extension of credit to the Borrowers or from otherwise conducting business with the Borrowers, or (b) fail to provide documentary and other evidence of any Borrower's identity as may be requested by any Lender at any time to enable each Lender to verify its identity or to comply with any applicable laws, rules and regulations, including Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

SECTION 6.14. Use of Proceeds. No Borrower will request any Borrowing or Letter of Credit, and no Borrower shall use, and each Borrower shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 6.15. Negative Pledge on Certain Real Property. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on the New York Real Property, the Waller Real Property or the Rockwall Real Property, other than Liens under the Loan Documents.

ARTICLE VII

Financial Covenants

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document shall have been paid in full and all Letters of Credit shall have expired or terminated (in each case without any pending draw) or been Cash Collateralized, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 7.01. Fixed Charge Coverage Ratio. The Company will not permit the Fixed Charge Coverage Ratio to be less than 1.25 to 1.00 as of the last day of any fiscal quarter of the Company for the four-fiscal quarter period then ended.

SECTION 7.02. Total Leverage Ratio. The Company will not permit the Total Leverage Ratio, as of the last day of any fiscal quarter of the Company, to be greater than the ratio set forth below opposite the period during which the last day of such fiscal quarter occurred:

Period	Total Leverage Ratio
On and after the Effective Date through and including March 30, 2016	4.25 to 1.00
On and after March 31, 2016 through and including March 30, 2017	3.75 to 1.00
On and after March 31, 2017 through and including March 30, 2018	3.25 to 1.00
On March 31, 2018 and thereafter	3.00 to 1.00

SECTION 7.03. Capital Expenditures. (a) The Company will not, nor will it permit any Subsidiary to, incur or make any Capital Expenditures other than maintenance Capital Expenditures in the ordinary course of business; provided, that so long as no Default exists or would result therefrom, Capital Expenditures shall be permitted in any fiscal year of the Company in an aggregate amount for all Loan Parties for such fiscal year (including maintenance Capital Expenditures) not exceeding the amount set forth below for such fiscal year:

Period	Capital Expenditures
The Company's fiscal year ending March 31, 2016	$ 7,000,000
The Company's fiscal year ending March 31, 2017	$ 6,000,000
The Company's fiscal year ending March 31, 2018 and each fiscal year thereafter	$ 5,000,000

(b) The amount of Capital Expenditures permitted to be made pursuant to Section 7.03(a) for any fiscal year of the Company shall be increased by an amount equal to the sum of (i) fifty percent (50%) of the aggregate contributions received by the Company for common Equity Interests of the Company in cash from the Sponsor for such fiscal year provided such cash contributions are not (A) used as Cash Collateral, (B) applied in determining the permissibility of a transaction under the Loan Documents where such permissibility was (or may have been) contingent on the receipt of any amount or utilization of any such amount for a specified purpose, (C) used in any calculation of cash balances required to meet any covenant or permissive exception requirement, promise or threshold, (D) used for any other purpose other than working capital of the Borrowers or to reduce Indebtedness as permitted by this Agreement and (E) Specified Equity Contributions, and (ii) the unused amount of Capital Expenditures that were permitted be made pursuant to Section 7.03(a) for the immediately preceding fiscal year of the Company (but only the immediately preceding year).

(c) Capital Expenditures permitted by Section 7.03(a) or (b) in any fiscal year of the Company shall be applied in the following order: (i) first, to any amount for such fiscal year permitted by Section 7.03(a), (ii) second, to any amount for such fiscal year permitted by Section 7.03(b)(i), and (iii) third, to any amount for such fiscal year permitted by Section 7.03(b)(ii).

ARTICLE VIII

Events of Default

SECTION 8.01. Events of Default; Remedies. If any of the following events ("Events of Default") shall occur:

(a) the Borrowers shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrowers shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section 8.01) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(c) any representation, warranty or certification made or deemed made by or on behalf of any Loan Party, any Subsidiary, the Sponsor or Holdco in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect (except for any representation or warranty that is qualified by materiality, Material Adverse Effect or similar phrase which shall prove to be incorrect in any respect) when made or deemed made;

(d) any Loan Party, any Subsidiary, the Sponsor or Holdco, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in Section 5.01 (other than clause (d), (e), (f) or (g) of Section 5.01), Section 5.02, Section 5.03 (with respect to the existence of the Loan Parties), Section 5.10, Section 5.11 or Section 5.12 or Article VI or Article VII of this Agreement, or in Article IV of the Security Agreement or in Article IV of the Holdco Pledge Agreement or in Article IV of the Holdco Guaranty or in paragraph 2 of the Sponsor Negative Pledge Agreement;

(e) any Loan Party, any Subsidiary, the Sponsor or Holdco shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than a breach which constitutes an Event of Default under another Section of this Section 8.01), and such failure shall continue unremedied for a period of thirty (30) days after the earlier of (i) any Loan Party having knowledge of such failure and (ii) notice thereof from the Administrative Agent to the Borrower Representative (which notice will be given at the request of any Lender);

(f) any Loan Party, any Subsidiary or any Parent Entity shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any applicable cure or grace period);

(g) any event or condition occurs that results in any Material Indebtedness or the Headquarters Loan becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness, or any trustee or agent on behalf of any such holder of Indebtedness to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale, transfer or other disposition of the property or assets securing such Indebtedness to the extent such sale, transfer or other disposition is permitted by the terms of Section 6.05;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Loan Party, any Subsidiary, or any Parent Entity or its debts, or of a substantial part of its assets, under any Debtor Relief Law or federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party, any Subsidiary or any Parent Entity or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 90 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Loan Party, any Subsidiary or any Parent Entity shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law or federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official of such Loan Party, Subsidiary, or such Parent Entity, or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Loan Party, any Subsidiary, or any Parent Entity shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $1,500,000 shall be rendered against any Loan Party, any Subsidiary or any Parent Entity or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Loan Party, any Subsidiary or any Parent Entity to enforce any such judgment;

(l) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect;

(m) any Lien purported to be created under any Collateral Document shall cease to be, or shall be asserted by any Loan Party, Subsidiary, Holdco, or any of their Affiliates not to be, a valid and perfected Lien on any material Collateral, with the priority required hereby, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) as a result of the Administrative Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Collateral Documents;

(n) any material provision of any Loan Document shall cease for any reason to be in full force and effect, or any Collateral Document shall cease to give the Administrative Agent, for the benefit of the Secured Parties, the Liens purported to be created thereby (other than with respect to an immaterial portion of the Collateral and except to the extent resulting from the failure of the Administrative Agent to maintain possession of Collateral as to which the Liens thereon are perfected solely by possession or from a sale, transfer or other disposition of such Collateral permitted hereby or by any Collateral Document), or any Loan Party or Holdco shall so state in writing;

(o) any Loan Party or any Parent Entity shall suffer any uninsured, un-indemnified or under insured loss of Collateral in excess of $1,500,000;

(p) a Change in Control shall occur;

(q) any "Event of Default" (as defined in the Headquarters Loan Agreement); or

(r) the Loan Guaranty or any Obligation Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Loan Guaranty or any Obligation Guaranty, or any Loan Guarantor shall fail to comply with any of the terms or provisions of the Loan Guaranty or any Obligation Guaranty to which it is a party, or any Loan Guarantor shall deny that it has any further liability under the Loan Guaranty or any Obligation Guaranty to which it is a party, or shall give notice to such effect, including, but not limited to notice of termination delivered pursuant to Section 11.08 or any notice of termination delivered pursuant to the terms of any Obligation Guaranty;

then, and in every such event (other than an event with respect to the Borrowers described in clause (h) or (i) of this Section), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower Representative, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the

Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to the Borrowers described in clause (h) or (i) of this Section, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Borrowers. In addition, if any Event of Default exists, the Administrative Agent may (and if directed by the Required Lenders, shall) foreclose or otherwise enforce any Lien granted to the Administrative Agent, for the benefit of the Secured Parties, to secure payment and performance of the Obligations in accordance with the terms of the Loan Documents and exercise any and all rights and remedies afforded by the laws of the State of New York or any other jurisdiction, by any of the Loan Documents, by equity, or otherwise.

SECTION 8.02. Right to Cure. Notwithstanding anything to the contrary contained in Section 8.01 but only until the SpinOff Effective Date, in the event of any Event of Default under Section 7.01 or Section 7.02 (the "Specified Covenants") for any fiscal quarter end of the Company (the "Specified Quarter End"), then during the period commencing from the date that the Compliance Certificate for calculating compliance with Article VII is required to be delivered pursuant to Section 5.01(c) for such Specified Quarter End until and ending on the expiration of the tenth (10th) day thereafter (the "Cure Period"), and only so long as the SpinOff Effective Date has not occurred and there exists no other Default or Event of Default, the Borrowers shall be permitted to cure such failure to comply (each such action taken below, a "Cure") by increasing EBITDA for the fiscal quarter of Borrower ending on the Specified Quarter End (the "Specified Fiscal Quarter") by an amount equal to the Net Proceeds of any Specified Equity Contribution received by the Borrowers in cash from the Sponsor or any Affiliate or equity owner thereof during the Cure Period and Not Otherwise Applied, in which case the Specified Covenants, as applicable, may be retroactively calculated to increase EBITDA for the Specified Fiscal Quarter by such amount; provided that, notwithstanding the foregoing,

(a) there shall be no more than two Cures in any consecutive four fiscal quarter period of the Company;

(b) the Borrowers shall be permitted only four Cures during the term of this Agreement;

(c) no Specified Equity Contribution shall be greater than the amount required for the Borrowers to be in compliance with the Specified Covenants for such Specified Quarter End, as applicable;

(d) all Specified Equity Contributions used to effectuate a Cure shall be disregarded for purposes of

(i) determining any financial ratio-based conditions (other than the specific Specified Covenants, but only for the purposes of Section 7.01 and/or Section 7.02, as applicable), or any baskets,

(ii) determining the Total Leverage Ratio for the purpose of determining pricing in accordance with the terms of the definition of "Applicable Rate", and

(iii) determining cash that may be netted in any ratio-based test or any "cash on hand" or "cash on the balance sheet" test;

(e) no cash received pursuant to a Cure may be used for Cash Collateral or any other purpose under this Agreement and the other Loan Documents except to repay Indebtedness in accordance with the terms of this Agreement;

(f) regardless of whether the proceeds of the Specified Equity Contribution were actually used to reduce Indebtedness, in no event shall any single Cure be used in any calculation under Article VII or otherwise in this Agreement to both increase EBITDA and reduce Indebtedness of the Borrowers (in whole or in part) in any fiscal quarter or fiscal year of the Company; and

(g) no Cure will be available under this Agreement if the Compliance Certificate for the Specified Fiscal Quarter is not timely delivered to the Lender in accordance with the terms of Section 5.01(c).

The Company will give written notice to the Administrative Agent of its intent to effectuate a Cure prior to its delivery to the Administrative Agent of the Compliance Certificate as required by Section 5.01(c) for the Specified Fiscal Quarter End. Such notice shall be irrevocable and will identify the Specified Covenant or Specified Covenants requiring Cure, and the Specified Fiscal Quarter End, in detail reasonably acceptable to the Administrative Agent.

Any and each increase to EBITDA as a result of the provisions of this Section 8.02 for any Specified Fiscal Quarter will remain included in EBITDA for each determination of EBITDA under this Agreement that includes such Specified Fiscal Quarter. If, after giving effect to the foregoing recalculations, the Borrowers shall then be in compliance with the requirements of the Specified Covenants, as applicable, the Company shall, prior to the end of the Cure Period, deliver to the Lender a recalculated Compliance Certificate for the periods ending on the Specified Fiscal Quarter End demonstrating compliance with the Specified Covenants and certifying that there exists no other Default. Upon such delivery, the Borrowers shall be deemed to have satisfied the requirements of Section 7.01 and/or Section 7.02, as applicable, as of the Specified Fiscal Quarter End with the same effect as though there had been no failure to comply therewith on such date, and the applicable breach or default of any such covenant that had occurred shall be deemed cured for purposes of this Agreement and the other Loan Documents.

SECTION 8.03.Performance by the Administrative Agent. If any Loan Party shall fail to perform any covenant or agreement in accordance with the terms of the Loan Documents, the Administrative Agent may, and shall at the direction of the Required Lenders, after notice to Borrower Representative, perform or attempt to perform such covenant or agreement on behalf of the applicable Loan Party. In such event, the Loan Parties shall, at the request of the Administrative Agent, promptly pay any amount expended by the Administrative Agent or the Lenders in connection with such performance or attempted performance to the Administrative Agent, together with interest thereon at the interest rate provided for in Section 2.12(c) from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that neither the Administrative Agent nor any Lender shall have any liability or responsibility for the performance of any obligation of any Loan Party under any Loan Document.

ARTICLE IX

The Administrative Agent

SECTION 9.01. Appointment. Each of the Lenders, on behalf of itself and any of its Affiliates that are Secured Parties, and the Issuing Bank hereby irrevocably appoints JPMorgan Chase Bank, National Association as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated

to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the U.S., each of the Lenders and the Issuing Bank hereby grants to the Administrative Agent any required powers of attorney to execute any Collateral Document governed by the laws of such jurisdiction on such Lender's or Issuing Bank's behalf. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders (including the Swingline Lender and the Issuing Bank), and the Loan Parties shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" as used herein or in any other Loan Documents (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

SECTION 9.02. Rights as a Lender. The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Loan Party or any Subsidiary or any Affiliate thereof as if it were not the Administrative Agent hereunder.

SECTION 9.03. Duties and Obligations. The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and, (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct as determined by a final nonappealable judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower Representative or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral or (vi) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 9.04. Reliance. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone

and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 9.05. Actions through Sub-Agents. The Administrative Agent may perform any and all of its duties and exercise its rights and powers 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 through their respective Related Parties. The exculpatory provisions of the preceding paragraphs 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 the Administrative Agent.

SECTION 9.06. Resignation. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower Representative. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by its successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor, unless otherwise agreed by the Borrowers and such successor. Notwithstanding the foregoing, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Bank and the Borrowers, whereupon, on the date of effectiveness of such resignation stated in such notice, (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents, provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties and, in the case of any Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this paragraph (it being understood and agreed that the retiring Administrative Agent shall have no duly or obligation to take any further action under any Collateral Document, including any action required to maintain the perfection of any such security interest), and (b) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, provided that (i) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (ii) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall also directly be given or made to each Lender and the Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article, Section 2.16(d) and Section 10.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents

and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (a) of this Section 9.06.

SECTION 9.07. Non-Reliance.

(a) Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the U.S. securities laws concerning the Borrowers and their Affiliates) 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, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

(b) Each Lender hereby agrees that (i) it has requested a copy of each Report prepared by or on behalf of the Administrative Agent; (ii) the Administrative Agent (A) makes no representation or warranty, express or implied, as to the completeness or accuracy of any Report or any of the information contained therein or any inaccuracy or omission contained in or relating to a Report and (B) shall not be liable for any information contained in any Report; (iii) the Reports are not comprehensive audits or examinations, and that any Person performing any field examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel and that the Administrative Agent undertakes no obligation to update, correct or supplement the Reports; (iv) it will keep all Reports confidential and strictly for its internal use, not share the Report with any Loan Party or any other Person except as otherwise permitted pursuant to this Agreement; and (v) without limiting the generality of any other indemnification provision contained in this Agreement, (A) it will hold the Administrative Agent and any such other Person preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any extension of credit that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (B) it will pay and protect, and indemnify, defend, and hold the Administrative Agent and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including reasonable attorneys' fees) incurred by the Administrative Agent or any such other Person as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

SECTION 9.08. Other Agency Titles. No Joint Lead Arranger, Joint Bookrunner or Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Joint Lead Arranger, Joint Bookrunner or Syndication Agent, as applicable, as it makes with respect to the Administrative Agent in the preceding paragraph.

SECTION 9.09. Not Partners or Co-Venturers; Administrative Agent as Representative of the Secured Parties. (a) The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

(b) In its capacity, the Administrative Agent is a "representative" of the Secured Parties within the meaning of the term "secured party" as defined in the UCC. Each Lender authorizes the Administrative Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Secured Party (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Secured Parties upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Secured Parties.

ARTICLE X

Miscellaneous

SECTION 10.01. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone or Electronic Systems (and subject in each case to paragraph (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 fax, as follows:

(i) if to any Loan Party, to it in care of the Borrower Representative at:

The Whitmore Manufacturing Company
930 Whitmore Drive
Rockwall, Texas 75087
Attention: Chuck Hosler
Telephone: 469-402-1449
Fax: (972) 722-2108

(ii) if to the Administrative Agent, the Swingline Lender, or the Issuing Bank, to JPMorgan Chase Bank, N.A. at:

JPMorgan Chase Bank, National Association
2200 Ross Avenue, 8th Floor
Dallas, Texas 75201
Attention: Scott Maggard
Telephone: (214) 965-4068
Fax: (214) 965-2946

Loan and Agency Services Group
10 South Dearborn, Floor L2
Chicago, IL 60603-2300
Attention: Yuvette Owens
Fax: (888) 303-9732

(iii) if to any other Lender, to it at its address or fax number set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail shall be deemed to have been given when received, (ii) sent by fax shall be deemed to have been given when sent, provided that if not given during normal business hours for the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day of the recipient, or (iii) delivered through Electronic Systems to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II or to compliance and no Default certificates delivered pursuant to Section 5.01(c) unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrower Representative (on behalf of the Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by Electronic Systems pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise proscribes, all such notices and other communications (i) 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 not given during the normal business hours of the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) 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; provided that, for both clauses (i) and (ii) of this Section 10.01, if such notice, e-mail 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 of the recipient.

(c) Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Electronic Systems.

(i) Each Loan Party agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Borrower or the other Loan Parties, any Lender, the Issuing Bank or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Borrower's, any Loan Party's or the Administrative Agent's transmission of communications through an Electronic System. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 10.02. Waivers; Amendments.

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or (ii) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, with the consent of the Required Lenders; provided that no such agreement shall (A) increase the Commitment of any Lender without the written consent of such Lender (including any such Lender that is a Defaulting Lender), (B) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable hereunder, without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby, (C) postpone any scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of any interest, fees or other Obligations payable hereunder, or reduce the amount of, waive or excuse any such payment (except that only the consent of the Required Lenders shall be required to eliminate, change, reduce the amount of, or extend the payment date for, any prepayment required by Section 2.10(c)), or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby, (D) change Section 2.17(b) or (d) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender (other than any Defaulting Lender), (E) change any of the provisions of this Section or the definition

of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (other than any Defaulting Lender) directly affected thereby, (F) change Section 2.19, without the consent of each Lender (other than any Defaulting Lender), (G) release any Guarantor from its obligation under its Loan Guaranty or Obligation Guaranty (except as otherwise permitted herein or in the other Loan Documents), without the written consent of each Lender (other than any Defaulting Lender), (H) except as provided in clause (c) of this Section or in any Collateral Document, release all or substantially all of the Collateral without the written consent of each Lender (other than any Defaulting Lender) or (I) except as permitted pursuant to a merger, consolidation, liquidation or dissolution permitted by Section 6.03, permit the Borrower or any other Loan Party to assign or otherwise transfer any of their rights or obligations hereunder without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Swingline Lender or the Issuing Bank hereunder without the prior written consent of the Administrative Agent, the Swingline Lender or the Issuing Bank, as the case may be (it being understood that any amendment to Section 2.18 shall require the consent of the Administrative Agent, the Swingline Lender and the Issuing Bank). The Administrative Agent may also amend the Commitment Schedule to reflect assignments entered into pursuant to Section 10.04. Any amendment, waiver or other modification of this Agreement or any other Loan Document that by its terms affects the rights or duties under this Agreement of the Lenders of one or more Classes (but not the Lenders of any other Class), may be effected by an agreement or agreements in writing entered into by the Borrowers and the requisite number or percentage in interest of each affected Class of Lenders that would be required to consent thereto under this Section if such Class of Lenders were the only Class of Lenders hereunder at the time.

Notwithstanding the foregoing, (i) the Administrative Agent and the Company, any Borrower, any Loan Party or Subsidiary, as applicable, may amend, modify or supplement this Agreement or any other Loan Document to cure or correct administrative errors or omissions, any ambiguity, omission, defect or inconsistency or to effect administrative changes, and such amendment shall become effective without any further consent of any Lender or any other party to such Loan Document, (ii) the Administrative Agent, the Issuing Bank, the Swingline Lender and the Borrowers, and each Lender increasing its Revolving Commitment or joining the loan facility as a new Revolving Lender in connection with an increase in the aggregate Revolving Commitments in accordance with the terms of Sections 2.08(e), (f) and (g), may amend this Agreement and the other Loan Documents, as applicable, without the consent of any other Lender or Person, in each case only to effectuate the intent and purpose of Sections 2.08(e), (f) and (g), (iii) the Company and the Administrative Agent may enter into Extension Amendments in accordance with the terms of Section 2.22 without the consent of any Person except as required by Section 2.22, and (iv) the Company, Holdco, each other Loan Party and the Administrative Agent may enter into a SpinOff Amendment in accordance with the terms of Section 2.23 without the consent of any other Person, and such amendment shall become effective without any further consent of any Lender or any other party to such Loan Document.

(c) The Lenders and the Issuing Bank hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, to release any Liens granted to the Administrative Agent by the Loan Parties on any Collateral (i) upon the termination of all of the Commitments, payment and satisfaction in full in cash of all Secured Obligations (other than Unliquidated Obligations), and the cash collateralization of all known Unliquidated Obligations in a manner reasonably satisfactory to each affected Lender, (ii) constituting property being sold or disposed of if the Loan Party disposing of such property certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), and to the extent that the property being sold or disposed of

constitutes 100% of the Equity Interests of a Subsidiary, the Administrative Agent is authorized to release any Loan Guaranty or Obligation Guaranty provided by such Subsidiary, (iii) constituting property leased to a Loan Party under a lease which has expired or been terminated in a transaction permitted under this Agreement, or (iv) as required to effect any sale or other disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VIII. Except as provided in the preceding sentence, the Administrative Agent will not release any Liens on Collateral without the prior written authorization of the Required Lenders. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery by the Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by the Administrative Agent.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Borrowers may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrowers, the Administrative Agent and the Issuing Bank and is not the Sponsor, an Affiliate of the Sponsor, or an Affiliate of any Borrower shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 10.04, and (ii) the Borrowers shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.14 and 2.16, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.15 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(e) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower Representative only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 10.03. Expenses; Indemnity; Damage Waiver.

(a) The Loan Parties, jointly and severally, shall pay all (i) reasonable and invoiced out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through an Electronic System) of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) reasonable and invoiced out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) invoiced out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the invoiced fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement, collection

or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such invoiced out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit. Expenses being reimbursed by the Loan Parties under this Section include, without limiting the generality of the foregoing, fees, invoiced costs and expenses incurred in connection with:

(A) appraisals and insurance reviews;

(B) field examinations and the preparation of Reports based on the fees charged by a third party retained by the Administrative Agent or the internally allocated fees for each Person employed by the Administrative Agent with respect to each field examination;

(C) background checks regarding senior management and/or key investors, as deemed necessary or appropriate in the sole discretion of the Administrative Agent;

(D) Taxes, fees and other charges for (i) lien and title searches and title insurance and (ii) recording the Mortgages, filing financing statements and continuations, and other actions to perfect, protect, and continue the Administrative Agent's Liens;

(E) sums paid or incurred to take any action required of any Loan Party under the Loan Documents that such Loan Party fails to pay or take; and

(F) forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining the accounts and lock boxes, and costs and expenses of preserving and protecting the Collateral.

All of the foregoing fees, costs and expenses may be charged to the Borrowers as Revolving Loans or to another deposit account, all as described in Section 2.17(c).

(b) The Loan Parties, jointly and severally, shall indemnify the Administrative Agent, the Issuing Bank and each Lender, 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, penalties, incremental Taxes, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank 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 a Loan Party or a Subsidiary, or any Environmental Liability related in any way to a Loan Party or a Subsidiary, (iv) the failure of a Loan Party to deliver to the Administrative Agent the required receipts or other required documentary evidence with respect to a payment made by such Loan Party for Taxes pursuant to Section 2.16, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by any Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any 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, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee. WITHOUT LIMITATION OF THE FOREGOING, IT IS THE INTENTION OF THE BORROWERS AND THE BORROWERS AGREE THAT THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNITEE WITH RESPECT TO LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR), WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNITEE. This Section 10.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent that any Loan Party fails to pay any amount required to be paid by it to the Administrative Agent (or any sub-agent thereof), the Swingline Lender or the Issuing Bank (or any Related Party of any of the foregoing) under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Swingline Lender or the Issuing Bank (or any Related Party of any of the foregoing), as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Borrowers' failure to pay any such amount shall not relieve the Borrowers of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, penalty, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Swingline Lender or the Issuing Bank in its capacity as such.

(d) To the extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet) (other than damages that are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee), or (ii) 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 or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this paragraph (d) shall relieve any Loan Party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent

provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, participations in Letters of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower Representative, provided that such consent will not be unreasonably withheld and 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 ten (10) Business Days after having received notice thereof, and provided further that no consent of the Borrower Representative shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund;

(C) the Issuing Bank, provided that no consent of the Issuing Bank shall be required for an assignment of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund; and

(D) the Swingline Lender, provided that no consent of the Swingline Lender shall be required for an assignment of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender, or an Approved Fund, or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 or, in the case of a Term Loan, $1,000,000 unless each of the Borrower Representative and the Administrative Agent otherwise consent, provided that no such consent of the Borrower Representative shall be required if an Event of Default has occurred and is continuing;

(B) 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, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company, the other Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including federal and state securities laws.

For the purposes of this Section 10.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means a (a) natural person, (b) Defaulting Lender, (c) holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof; provided that, such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (i) has not been established for the primary purpose of acquiring any Loans or Commitments, (ii) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (iii) has assets greater than $25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business; or (d) Loan Party, a Subsidiary, the Sponsor or any Affiliate of any thereof.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto 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 of Sections 2.14, 2.15, 2.16 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.04 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 paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices 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 Commitment of, and principal amount of the Loans and LC Disbursements 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, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04, 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrowers, the Administrative Agent, the Swingline Lender or the Issuing Bank, sell participations to one or more banks or other entities (a "Participant") other than an Ineligible Institution in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) the Borrowers, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and 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, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Sections 2.16(f) and (g) (it being understood that the documentation required under Section 2.16(f) shall be delivered to the participating Lender and the information and documentation required under Section 2.16(g) will be delivered to the Borrower Representative and the Administrative Agent)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.17 and 2.18 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 2.14 or 2.16 with respect to any participation, than its participating Lender 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 2.18(b) 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 such Participant agrees to be subject to Section 2.17(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, 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 this Agreement or any other Loan Document (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 this Agreement or any other Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. 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 Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16 and 10.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 10.06. Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent 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 which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words

"execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries 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, physical delivery thereof 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. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN 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 BETWEEN THE PARTIES.

SECTION 10.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Loan Party against any of and all the Secured Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The applicable Lender shall notify the Borrower Representative and the Administrative Agent of such set-off or application, provided that any failure to give or any delay in giving such notice shall not affect the validity of any such set-off or application under this Section. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York, but giving effect to federal laws applicable to national banks.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any U.S. federal or New York state court sitting in New York, New York in any action or proceeding arising out of or relating to any Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such state court or, to the extent permitted by 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 any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY 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, 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 OR OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by any Requirement of Law or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, 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 (x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Loan Parties and their obligations, (g) with the consent of the Borrower Representative, (h) to holders of Equity Interests in any Borrower, (i) to any Person providing a Guarantee of all or any portion of the Secured Obligations, or (j) 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 Issuing Bank or any Lender on a non-confidential basis from a source other than the Borrowers. For the purposes of this Section, "Information" means all information received from the Borrowers relating to the Borrowers or their business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by the Borrowers and other than information pertaining to this Agreement routinely provided by arrangers to data service

providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrowers 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.

SECTION 10.13. Several Obligations; Nonreliance; Violation of Law. The respective obligations of the Lenders hereunder are several and not joint and the failure of any Lender to make any Loan or perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board) for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, neither the Issuing Bank nor any Lender shall be obligated to extend credit to the Borrowers in violation of any Requirement of Law.

SECTION 10.14. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the USA PATRIOT Act.

SECTION 10.15. Disclosure. Each Loan Party, each Lender and the Issuing Bank hereby acknowledges and agrees that the Administrative Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with, any of the Loan Parties and their respective Affiliates.

SECTION 10.16. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

SECTION 10.17. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 10.18. 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), the Borrowers acknowledge and agree that: (i) (A)

the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between each Borrower and its Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (B) each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Borrower 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) each of the Lenders and their Affiliates 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 the Borrowers or any of their Affiliates, or any other Person and (B) no Lender or any of its Affiliates has any obligation to the Borrowers or any of their Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to the Borrowers or their Affiliates. To the fullest extent permitted by law, the Borrowers hereby waive and release any claims that they may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 10.19. Marketing Consent. The Borrowers hereby authorize Chase and its affiliates (including without limitation JPMorgan Securities LLC) (collectively, the "Chase Parties"), at their respective sole expense, but without any prior approval by the Borrowers, to publish such customary tombstones and give such other customary publicity to this Agreement as each may from time to time determine in its sole discretion. The foregoing authorization shall remain in effect unless and until the Borrower Representative notifies Chase in writing that such authorization is revoked.

ARTICLE XI

Loan Guaranty

SECTION 11.01. Guaranty. Each Loan Guarantor (other than those that have delivered a separate Obligation Guaranty) hereby agrees that it is jointly and severally liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Secured Parties, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Secured Obligations and all reasonable and invoiced costs and expenses, including, without limitation, all court costs and reasonable and invoiced attorneys' and paralegals' fees and expenses paid or incurred by the Administrative Agent, the Issuing Bank and the Lenders in endeavoring to collect all or any part of the Secured Obligations from, or in prosecuting any action against, any Borrower, any Loan Guarantor or any other guarantor of all or any part of the Secured Obligations (such costs and expenses, together with the Secured Obligations, collectively the "Guaranteed Obligations"; provided, however, that the definition of "Guaranteed Obligations" shall not create any guarantee by any Loan Guarantor of (or grant of security interest by any Loan Guarantor to support, as applicable) any Excluded Swap Obligations of such Loan Guarantor for purposes of determining any obligations of any Loan Guarantor). Each Loan Guarantor further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any domestic or foreign branch or Affiliate of any Lender that extended any portion of the Guaranteed Obligations.

SECTION 11.02. Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Guarantor waives any right to require the Administrative Agent, the Issuing Bank or any Lender to sue any Borrower or any Loan Guarantor, or any other guarantor of, or any other

Person obligated for, all or any part of the Guaranteed Obligations (each, an "Obligated Party"), or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations.

SECTION 11.03. No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise provided for herein, the obligations of each Loan Guarantor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of any Borrower or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party or their assets, or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which any Loan Guarantor may have at any time against any Obligated Party, the Administrative Agent, the Issuing Bank, any Lender or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of each Loan Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Loan Guarantor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection or invalidity of any indirect or direct security for the obligations of any Borrower for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Administrative Agent, the Issuing Bank or any Lender with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Guarantor or that would otherwise operate as a discharge of any Loan Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of the Guaranteed Obligations).

SECTION 11.04. Defenses Waived. To the fullest extent permitted by applicable law, each Loan Guarantor hereby waives any defense based on or arising out of any defense of any Borrower or any Loan Guarantor or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of any Borrower, any Loan Guarantor or any other Obligated Party, other than the indefeasible payment in full in cash of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Loan Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party or any other Person. Each Loan Guarantor confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. The Administrative Agent may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act

with respect to any collateral securing all or a part of the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of such Loan Guarantor under this Loan Guaranty, except to the extent the Guaranteed Obligations have been fully and indefeasibly paid in cash. To the fullest extent permitted by applicable law, each Loan Guarantor waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Guarantor against any Obligated Party or any security.

SECTION 11.05. Rights of Subrogation. No Loan Guarantor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification, that it has against any Obligated Party or any collateral, until the Loan Parties and the Loan Guarantors have fully performed all their obligations to the Administrative Agent, the Issuing Bank and the Lenders.

SECTION 11.06. Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of setoff) is rescinded, or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), each Loan Guarantor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Administrative Agent, the Issuing Bank and the Lenders are in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Loan Guarantors forthwith on demand by the Administrative Agent.

SECTION 11.07. Information. Each Loan Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Loan Guarantor assumes and incurs under this Loan Guaranty, and agrees that none of the Administrative Agent, the Issuing Bank or any Lender shall have any duty to advise any Loan Guarantor of information known to it regarding those circumstances or risks.

SECTION 11.08. Termination. Each of the Lenders and the Issuing Bank may continue to make loans or extend credit to the Borrowers based on this Loan Guaranty until five (5) days after it receives written notice of termination from any Loan Guarantor. Notwithstanding receipt of any such notice, each Loan Guarantor will continue to be liable to the Lenders for any Guaranteed Obligations created, assumed or committed to prior to the fifth day after receipt of the notice, and all subsequent renewals, extensions, modifications and amendments with respect to, or substitutions for, all or any part of such Guaranteed Obligations. Nothing in this Section 11.08 shall be deemed to constitute a waiver of, or eliminate, limit, reduce or otherwise impair any rights or remedies the Administrative Agent or any Lender may have in respect of, any Default or Event of Default that shall exist under clause r of Section 8.01 hereof as a result of any such notice of termination.

SECTION 11.09. Taxes. Each payment of the Guaranteed Obligations will be made by each Loan Guarantor without withholding for any Taxes, unless such withholding is required by law. If any Loan Guarantor determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Loan Guarantor may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Loan Guarantor shall be increased as

necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the Administrative Agent, Lender or Issuing Bank (as the case may be) receives the amount it would have received had no such withholding been made.

SECTION 11.10. Maximum Liability. Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by each Loan Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. In determining the limitations, if any, on the amount of any Loan Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Loan Guarantor may have under this Loan Guaranty, any other agreement or applicable law shall be taken into account.

SECTION 11.11. Contribution.

(a) To the extent that any Loan Guarantor shall make a payment under this Loan Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Loan Guarantor if each Loan Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Loan Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guarantor Payment and the Guaranteed Obligations (other than Unliquidated Obligations that have not yet arisen), and all Commitments and Letters of Credit have terminated or expired or, in the case of all Letters of Credit, are fully collateralized on terms reasonably acceptable to the Administrative Agent and the Issuing Bank, and this Agreement, the Swap Agreement Obligations and the Banking Services Obligations have terminated, such Loan Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Guarantor shall be equal to the excess of the fair saleable value of the property of such Loan Guarantor over the total liabilities of such Loan Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Loan Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Loan Guarantors as of such date in a manner to maximize the amount of such contributions.

(c) This Section 11.11 is intended only to define the relative rights of the Loan Guarantors, and nothing set forth in this Section 11.11 is intended to or shall impair the obligations of the Loan Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Loan Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Guarantor or Loan Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Guarantors against other Loan Guarantors under this Section 11.11 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash (other than Unliquidated Obligations that have not yet arisen) and the termination or expiry (or, in the case of all Letters of Credit, full cash collateralization), on terms reasonably acceptable to the Administrative Agent and the Issuing Bank, of the Commitments and all Letters of Credit issued hereunder and the termination of this Agreement, the Swap Agreement Obligations and the Banking Services Obligations.

SECTION 11.12. Liability Cumulative. The liability of each Loan Party as a Loan Guarantor under this Article X is in addition to and shall be cumulative with all liabilities of each Loan Party to the Administrative Agent, the Issuing Bank and the Lenders under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 11.13. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party and/or Guarantor to honor all of its obligations under this Guarantee in respect of a Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 11.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 11.13 or otherwise under this Loan Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each Qualified ECP Guarantor under this Section 11.13 shall remain in full force and effect until the termination of all Swap Obligations. Each Qualified ECP Guarantor intends that this Section 11.13 constitute, and this Section 11.13 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

ARTICLE XII

The Borrower Representative

SECTION 12.01. Appointment; Nature of Relationship. The Company is hereby appointed by each of the Borrowers as its contractual representative (herein referred to as the "Borrower Representative") hereunder and under each other Loan Document, and each of the Borrowers irrevocably authorizes the Borrower Representative to act as the contractual representative of such Borrower with the rights and duties expressly set forth herein and in the other Loan Documents. The Borrower Representative agrees to act as such contractual representative upon the express conditions contained in this Article XII. Additionally, the Borrowers hereby appoint the Borrower Representative as their agent to receive all of the proceeds of the Loans in the Funding Account(s), at which time the Borrower Representative shall promptly disburse such Loans to the appropriate Borrower(s), provided that, in the case of a Revolving Loan, such amount shall not exceed Availability. The Administrative Agent and the Lenders, and their respective officers, directors, agents or employees, shall not be liable to the Borrower Representative or any Borrower for any action taken or omitted to be taken by the Borrower Representative or the Borrowers pursuant to this Section 12.01.

SECTION 12.02. Powers. The Borrower Representative shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Borrower Representative by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Borrower Representative shall have no implied duties to the Borrowers, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Borrower Representative.

SECTION 12.03. Employment of Agents. The Borrower Representative may execute any of its duties as the Borrower Representative hereunder and under any other Loan Document by or through authorized officers.

SECTION 12.04. Notices. Each Borrower shall immediately notify the Borrower Representative of the occurrence of any Default or Event of Default hereunder, refer to this Agreement, describe such Default or Event of Default, and state that such notice is a "notice of default". In the event that the Borrower Representative receives such a notice, the Borrower Representative shall give prompt notice thereof to the Administrative Agent and the Lenders. Any notice provided to the Borrower Representative hereunder shall constitute notice to each Borrower on the date received by the Borrower Representative.

SECTION 12.05. Successor Borrower Representative. Upon the prior written consent of the Administrative Agent, the Borrower Representative may resign at any time, such resignation to be effective upon the appointment of a successor Borrower Representative. The Administrative Agent shall give prompt written notice of such resignation to the Lenders.

SECTION 12.06. Execution of Loan Documents. The Borrowers hereby empower and authorize the Borrower Representative, on behalf of the Borrowers, to execute and deliver to the Administrative Agent and the Lenders the Loan Documents and all related agreements, certificates, documents, or instruments as shall be necessary or appropriate to effect the purposes of the Loan Documents, including, without limitation, the Compliance Certificates. Each Borrower agrees that any action taken by the Borrower Representative or the Borrowers in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by the Borrower Representative of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Borrowers.

SECTION 12.07. Reporting. Each Borrower hereby agrees that such Borrower shall furnish promptly after each fiscal month to the Borrower Representative a copy of any certificate or report required hereunder or requested by the Borrower Representative on which the Borrower Representative shall rely to prepare the Compliance Certificate required pursuant to the provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

THE WHITMORE MANUFACTURING COMPANY

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

549 ROCKWALL, LLC

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Manager

WHITMORE'S FIELD SERVICES, LLC

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Manager

STRATHMORE HOLDINGS, LLC

By: The Whitmore Manufacturing Company, as its Member

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

STRATHMORE EMPLOYEE HOLDINGS, LLC

By: The Whitmore Manufacturing Company, as its Member

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

STRATHMORE LONGVIEW PROPERTY, LLC

By: The Whitmore Manufacturing Company, as its Member

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

STRATHMORE PROPERTIES HOLDINGS, LLC

By: The Whitmore Manufacturing Company, as its Member

By: /s/ Chuck Hosler
Name: Chuck Hosler
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A., individually, and as Administrative Agent, Swingline Lender and Issuing Bank

By: /s/ Scott R. Maggard
Name: Scott R. Maggard
Title: Senior Underwriter

SUNTRUST BANK

By: /s/ K. David Dutton
Name: K. David Dutton
Title: Vice President

COMERICA BANK

By: /s/ Jeff Darnell
Name: Jeff Darnell
Title: Vice President

AMEGY BANK, N.A.

By: /s/ Claire Harrison
Name: Claire Harrison
Title: Vice President

COMMITMENT SCHEDULE

Lender	Revolving Commitment	Term A Commitment	Commitment
JPMorgan Chase Bank, N.A.	$ 6,666,666.67	$23,333,333.33	$30,000,000.00
SunTrust Bank	$ 4,888,888.89	$ 17,111,111.11	$22,000,000.00
Comerica Bank	$ 4,888,888.89	$ 17,111,111.11	$22,000,000.00
Amegy Bank, N.A.	$ 3,555,555.55	$12,444,444.45	$16,000,000.00
Total	$20,000,000.00	$70,000,000.00	$90,000,000.00

Commitment Schedule

SCHEDULE 3.05

Properties etc.

Owned Real Property

THE WHITMORE MANUFACTURING COMPANY

Address and Legal Description

930 Whitmore Drive/1250 Justin Road, ROCKWALL, TX 75087 containing 27.770 acres more particularly described as follows:

All of Lots 2, 3, and 4, Block A, Whitmore Manufacturing Addition, an addition to the City of Rockwall, Texas, according to the plat thereof recorded at Slide F, Pages 291-292, of the Map Records of Rockwall County, Texas; and

All of Lot 7, Block A of the Replat Municipal Industrial Park, an addition to the City of Rockwall, Texas, according to the plat thereof recorded at Slide G, Pages 113-11 of the Map Records of Rockwall County, Texas; and

All of Lot 4, Block A of the Municipal Industrial Park, an addition to the City of Rockwall, Texas, according to the plat thereof recorded at Slide B, Page 30 of the Map Records of Rockwall County, Texas

STRATHMORE LONGVIEW PROPERTY, LLC

Address and Legal Description

10 Robert Wilson Road, Longview, Texas

All that certain 25.441 acre tract of land in the James Hill Survey, A-300, in Harrison County, Texas, being all of the called 25.44 acre tract conveyed from GEQ International Corporation to Rescar, lnc. by Special Warranty Deed dated December 19,1989, and recorded in Volume 1233, Page 291, of the Deed Records of Harrison County, Texas, said 25.441 acre tract being more particularly described as follows:

Bearings are based upon the Texas State Plane Coordinate System, North Central Zone, 1927 North American Datum, Grid Bearings.

BEGINNING at a 5/8” iron rod set at a cross-tie fence corner post in the south right-of-way line of Robert Wilson Road for the northwest corner of the called 0.32 acre tract conveyed to Joe H. Redmon and wife by Warranty Deed recorded in Volume 633, Page 523, of the Deed Records of Harrison County, Texas, and for the most northerly northeast corner of this tract;

THENCE: S 03°33’28” E 186.01 feet along a fence and with the west line of said called 0.32 acre tract and the west line of the tract conveyed to Joe H. Redmon by Warranty Deed recorded in Volume 879, Page 228, of said Deed Records, to a 5/8” iron rod set at a cross-tie fence corner post for the southwest corner of said Redmon tract and the most westerly corner of the called 2.078 acre tract conveyed to Jim M. Grimes and Jean C. Grimes by Warranty Deed recorded in Volume 1374, Page 450, of said Deed Records;

THENCE: S 46°59’19” E 401.52 feet, Y^ith the southwest line of said called 2.078 acre tract to a 3/8” iron rod found for the southeast corner of same, and the southwest corner of the called 0.893 acre tract conveyed to John T. Thompson and wife by Warranty Deed recorded in Volume 1504, Page 264, of the Official Public Records of Harrison County, Texas, from which a found 1/2” iron rod bears S 66°22’41” W 4.70 feet, a fence angle post bears S 64°50(10” W 5.15 feet, and a chain link fence corner post bears S 15°13’53” W 2.61 feet;

THENCE: S 89°22’15” E 190.05 feet along a fence and with the south line of said called 0.893 acre tract to a 3/8” iron rod found in the west line of the called one acre tract conveyed to Leonard Stanley Morgan and wife by Warranty Deed recorded in Volume 557, Page 355, of said Deed Records, for the southeast corner of said called 0.893 acre tract, and the middle northeast corner of this tract, from which a fence corner post bears N 69°10’ E 2.69 feet;

THENCE: S 00°20’28” W, generally along a fence and with the west line of said called one acre tract passing a 5/8” iron rod found 0.19 foot left at 199.41 feet, continuing with the west line of the called 1.38 acre tract conveyed to Pasty Jo Brack Morgan by Warranty Deed recorded in Volume 1345, Page 289, of said Deed Records, passing a 3/8” iron rod found 0.28 foot left at 398.12 feet, and continuing with the west line of the called 2.66 acre tract conveyed to Big M Construction Company by Warranty Deed recorded in Volume 701 , Page 151, of said Deed Records, and the west line of the called 2.397 acre tract conveyed to Big M Construction Company by Warranty Deed recorded in Volume 1366, Page 453, of said Deed Records, a total distance of 805.60 feet to a 3/8” iron rod found at a fence corner for the southwest corner of said called 2.397 acre tract;

THENCE: N 88°35f32” E 385.34 feet along a fence and with the south line of said called 2.397 acre tract to a 3/8” iron rod found for the northwest corner of the called 38.26 acre tract conveyed to Earl E. Nolan, Jr. by Warranty Deed recorded in Volume 457, Page 28, of said Deed Records, and the most easterly northeast corner of this tract;

THENCE: S 00°18’38’ E 349.23 feet along a fence and with the west line of said called 38.26 acre tract to a 5/8” iron rod set in the north right-of-way line of lnterstate Highway No. 20 for the southeast corner of this tract, from which a 3/8” iron rod found for reference bears S 00°18’38” E 0.48 feet, and a fence corner post bears S 00°56’54” W 0.68 feet;

THENCE: S 78°42’47” W 446.22 feet, along a fence and with said right-of-way line to a concrete right-of-way monument found for an angle point in said right-of-way line;

THENCE: N 80°38’14” W 113.13 feet along a fence and with said right-of-way line to another concrete monument found in the east right-of-way line of the Burlington Northern Santa Fe Railroad as shown on the right of-way Map for lnterstate Highway No. 20;

THENCE: ln a northwesterly direction with the east right-of-way line of the Burlington Northern Santa Fe Railroad, as described in the said Warranty Deed to Rescar, lnc., as follows:

N 78°47’05” W, 83.65 feet to a found 1/2” iron rod;

N 20°00’18’ W, 21.95 feet to a point;

N 16°13’39” W 41 .92 feet to a found 1/2” iron rod;

N 16°36’54” W 100.75 feet to a set 5/8” iron rod;

N 17°34’34” W 52.36 feet to a set 5/8” iron rod;

N 25”49’34” W 48.03 feet to a set 5/8” iron rod;

N 23°31’34” W 117.03 feet to a set 5/8” iron rod;

N 30°19’34’W 86.39 feet to a set 5/8” iron rod;

N 32°00’34’W 229.83 feet to a set 5/8” iron rod;

N 33°33’34’W 137.37 feet to a set 5/8” iron rod;

N 33°40’34” W 200.03 feet to a set 5/8” iron rod;

N 33°24’54” W 400.12 feet to a found railroad spike;

N 33°30’54” W 200.12 feet to a found 1/2” iron rod;

N 33°42’29” W 100.57 feet to a set 5/8” iron rod;

N 33°40’07” W 1 01 .00 feet to a found 1/2” iron rod, and

N 34°38’50” W 69.24 feet to a found 1/2” iron rod in the south right-of-way line of Robert Wilson Road for the northwest corner of this tract;

THENCE: N 87°56’32” E 720.03 feet with the south right-of-way line of Robert Wilson Road to the POINT OF BEGINNING, containing 25.441 acres of land, more or less.

STRATHMORE PROPERTIES HOLDINGS, LLC

4724 Burr Drive, Clay, New York

Schedule 3.05

Parcel 1:

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Clay, County of Onondaga and State of New York, being part of Farm Lot 88 of said Town of Clay, and being more particularly bounded and described as follows:

BEGINNING at a point in the south line of said Lot 88 where the same is intersected by the easterly line of the lands now or formerly owned by Penn-Central Railroad, said point also being the southwest corner of the premises conveyed to Harold S. Burr by deed dated March 30, 1962 and recorded in the Onondaga County Clerk's Office in Book 2085 of Deeds at page 245; running thence N 02° 49' 00" E along the easterly line of the aforesaid Railroad Parcel and the westerly line of the aforesaid Burr property a distance of 1,219.61 feet to the southwest corner of the premises conveyed to Maximus Properties Co., Inc., by deed recorded in the Onondaga County Clerk's Office in Book 2496 of Deeds at page 702; thence running along the southerly line of the said Maximus parcel on a curve to the right having a radius of 444.28 feet, a length of arc of 538.84 feet to a point; thence N 02° 33' 13" W a distance of 0.92 feet to a point in the north line of the premises conveyed to Harold S. Burr by deed dated May 1, 1962 and recorded in the Onondaga County Clerk's Office in Book 2089 of Deeds at page 115; running thence N. 87° 26' 47" E. along the north line of the aforesaid Burr premises and the north line of the premises conveyed to Harold S. Burr by deed dated July 7, 1964 and recorded in the Onondaga County Clerk's Office in Book 2205 of Deeds at page 585 a distance of 875.89 feet to the northeast corner of the last above mentioned Burr parcel; running thence S. 01° 27' 55" E. along the easterly line of the last mentioned Burr parcel a distance of 1,383.04 feet to a point in the center line of Vine Street; running thence southerly along the center line of Vine Street a distance of 203.6 feet more or less to the point of intersection of said center line with the southerly line of Burr Drive; running thence in a northwesterly direction along the southerly line of said Burr Drive a distance of 146.60 feet to a point of curve; thence continuing along said southerly line of distance of 73.91 feet to a point of curve; thence continuing again along said southerly street line a distance of 88.21 feet to the northeast corner of the premises conveyed to Ruth M. Burr by deed dated February 8, 1978 and recorded in the Onondaga County Clerk's Office on February 9, 1978; running thence S. 42° 50' 58" W. along the northwesterly line of the said Ruth S. Burr parcel a distance of 375.06

Schedule 3.05

feet to the south line of Farm Lot 88 of the Town of Clay; running thence S. 87° 26’ 53” W. along the said southerly Farm Lot line a distance of 771.29 feet to the point and place of beginning.

EXCEPTING THEREFROM that parcel conveyed to Fay’s Drug Company, Inc. by deed dated February 14, 1986 and recorded February 28, 1986 in Liber 3239 Page 304, described as follows:

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Clay, County of Onondaga and State of New York, being part of Farm Lot 88 of said Town of Clay, and being more particularly bounded and described as follows:

BEGINNING at a point in the south line of said Lot 88 where the same is intersected by the easterly line of the lands now or formerly owned by Penn-Central Railroad, said point also being the southwest corner of the premises conveyed to Harold S. Burr by deed dated March 30, 1962 and recorded in the Onondaga County Clerk’s Office in Book 2085 of Deeds at page 245; running thence N 02° 49’ 00” E along the easterly line of the aforesaid Railroad parcel and the westerly line of the aforesaid Burr property a distance of72l.97 feet to a point; thence N 87° 26’ 47” E a distance of 562.69 feet to a point; thence N 02° 33’ 13” W a distance of 785.00 feet to a point in the north line of the premises conveyed to Harold S. Burr by deed dated May 1, 1962 and recorded in the Onondaga County Clerk’s Office in Book 2089 of Deeds at page 115; running thence N 87° 26’ 47” E a distance of 775.89 feet to the northeast corner of the last above-mentioned Burr parcel; running thence S 03° 42’ 10” E along the easterly line of the last mentioned Burr parcel, a distance of 1,383.04 feet to a point in the centerline of Vine Street; running thence southerly along the centerline of Vine Street a distance of 203.6 feet more or less to the point of intersection of said center line with the southerly line of Burr Drive; running thence in a northwesterly direction along the southerly line of Burr Drive a distance of 146.60 feet to a point of curve; thence continuing along said southerly line a distance of 73.9l feet to a point of curve; thence continuing again along said southerly line of a distance of 88.21 feet to the northeast corner of the premises conveyed to Ruth M. Burr by deed dated February 8, 1978 and recorded in the Onondaga County Clerk’s Office on February 9, 1978; running thence S 42° 50’ 58” W along the northwesterly line of the said Ruth M. Burr parcel a distance of 375.06 feet to a point in the south line of

Farm Lot 88 of the Town of Clay; running thence S 87° 26’ 53” W along the said southerly Farm Lot line a distance of 775.29 feet to the point and place of beginning.

Parcel 2:

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Clay, County of Onondaga and State of New York, being part of Farm Lot 88 in said Town, being more particularly described as follows:

Beginning at a point in the easterly Right-of-Way boundary of the Penn-Central Railroad Company, said point being the northwesterly corner of said lands conveyed by Younglove to Burr; running thence N 87° 26’ 47” E along the northerly boundary of said lands conveyed to Burr, a distance of 388.90 feet to a point; thence S 2° 33’ 13” E, a distance of0. 92 feet to a point; thence westerly and southwesterly following a curve to the left having a radius of 444.28 feet, an arc distance of 538.84 feet to a point in said easterly Right-of-Way boundary of the Penn-Central Railroad Company; thence N 2° 49’ 00” E along said easterly Right-of-Way boundary, a distance of 290.81 feet to the point of beginning, being 0.671 acre of land, more or less.

Real Property Held for Investment

THE WHITMORE MANUFACTURING COMPANY

Property Tax ID	Address and Legal Description	Geo ID
11638	HWY205 & Sids Road All that certain lot tract or parcel of land situated in the J.D. McFARLAND SURVEY ABSTRACT NO. 145, City of Rockwall, Rockwall County, Texas and being all of Tract II a called 30.9655 acres tract of land as described in a Warranty deed from Rockwall Commercial Park Joint Venture to JDI Investors, LP, dated July 24, 2003 and being recorded in Volume 3152 Page 242 of the Official Public Records of Rockwall County, Texas, and being more particularly described as follows: BEGINNING at a 1/2” iron rod found for corner in the Southwest right-of-way line of State Highway 205 said point being at the East corner of said 30.9655 acres tract and at the North corner of a 10 foot right-of-way dedication as shown on the plat of ROCKWALL HOSPITAL ADDITION, an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet E, Slide 133 of the Plat Records of Rockwall County, Texas;	0145-0000-0018-00-0R

THENCE S. 44 deg. 28 min. 04 sec. W. at 10.00 feet pass the North corner of Lot 1, Block A of said ROCKWALL HOSPITAL ADDITION, and continuing for a total distance of 920.77 feet to a 1/2' iron rod found for corner at an inner "L" corner of said Lot 1;

THENCE N. 45 deg. 31 min. 56 sec. W. a distance of 227.94 feet to a 1/2" iron rod found for corner at the West most North corner of said Lot 1;

THENCE S. 25 deg. 52 min. 56 sec. W. a distance of 290.61 feet to a 1/2' iron rod found for corner at the West corner of said Lot 1 and the South most corner of said 30.9655 acres tract;

THENCE N. 45 deg. 09 min. 25 sec. W. a distance of 1020.14 feet to a 1/2' iron rod with yellow plastic cap stamped "R.S.C.I. RPLS 5034" set for corner at the West corner of said 30.9655 acres tract and being at the South corner of Lot 1, Block B of ROCKWALL BUSINESS PARK EAST NO. 3, an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet B, Slide 291 of the Plat Records of Rockwall County, Texas;

THENCE N. 44 deg. 50 min. 42 sec. E. along the Southeast line of said Addition a distance of 981.14 feet to a 1/2' iron rod found for corner in the Southeast line of Lot 1, Block C of Rockwall BUSINESS PARK EAST an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet B Slide 143 of the Plat Records of Rockwall County, Texas and also being at the West corner of a 2.00 acres tract of land as described in a Deed to Cathy Strother, as recorded in Volume 421, Page 68 of the Real Property Records of Rockwall County, Texas;

THENCE S. 45 deg. 38 min. 00 sec. E. along the Southwest line of said 2.00 acres tract, a distance of 355.86 feet to a 112" iron rod found for corner at the South corner of same;

THENCE N. 14 deg. 11 min. 13 sec. E. along the Southeast line of said 2.00 acres tract, a distance of 387.20 feet to a 1/2" iron rod found for corner at the West corner of a 0.494 acres tract as described in a Deed from J.S. Lofland to State of Texas, as recorded in Volume 31, Page 510 of the Deed Records of Rockwall County, Texas;

THENCE S. 45 deg. 19 min. 38 sec. E. along the West line of said 0.494 acres tract, a distance of 528.19 feet to a concrete right-of-way monument found for corner in the Southwest right-of-way line of State Highway 205;

THENCE S. 30 deg. 22 min. 20 sec. E. along said right-of-way line, a distance of 476.76 feet to the POINT OF BEGINNING and containing 1,353,112 square feet or 31.06 acres of land., ACRES 31.03

55999 HWY205 & Sids Road 4809-000A-0001-00-0R
BEING all of Lot 1, Block A, of ROCKWALL HOSPITAL ADDITION, an Addition to the City of Rockwall, Rockwall County, Texas according to the Plat thereof recorded in Cabinet E, Slide 133 of the Plat Records of Rockwall County, Texas., ACRES 9.01

STRATHMORE PROPERTIES HOLDINGS, LLC

Address and Legal Description

All that certain tract or parcel containing 25.0000 acres of land out of that certain call 49.963 acre tract of land situated in the James Hitchcock Survey, A-128 in Waller County, Texas, said 49.963 acre tract being that same tract of land as described in a Deed filed for record in Volume 794, Page 157, of the Official Public Records of Real Property, Waller County, Texas, (O.P.R.R.P.W.C.T.).

Leased Real Property

WHITMORE'S FIELD SERVICES, LLC

Date of Lease	Parties	Property Address
October 14, 2010	C&S Halvorson, LLP (Lessor) Whitmore's Field Services, LLC (Lessee)	Lot 7B, Block 1, Interstate Industrial Park commonly known as 3207 East 2nd Street, Gillette, WY 82718 (approx 1.06 acres of land)

STRATHMORE HOLDINGS, LLC

Date of Lease	Parties	Property Address
This lease expires April 30, 2015 and will not be renewed.	Chaney Yoder #4, LLC (Lessor) Strathmore Products, Inc. (Lessee)	2835 E. Cotton St., Suite C, Longview, Texas 75602
January 22, 2015	S&L Dorsett, LLC (Lessor) Strathmore Products (Lessee) (To be acquired by Strathmore Holdings, LLC at the closing)	25 Quiet Place Drive, Woodlands, Texas
February 1, 2014	American Coatings L.P. (Lessor) Strathmore Products (Lessee) (To be acquired by Strathmore Holdings, LLC at the closing)	Two office trailers at 10625 Mahaffey Rd. Tomball, Texas 77375 and Building and lot at 22802 Commercial Lane, Tomball, TX 77375

SCHEDULE 3.10

Plans Subject to Title IV of ERISA

Retirement Plan for Employees of Capital Southwest Corporation and its Affiliates (as amended and restated effective April 1, 2011)

Carpenter's Pension Trust Fund for Northern California

ERISA Events

The Carpenter's Pension Trust Fund for Northern California is in critical status.

The Sponsor is considering the transfer of sponsorship of the Retirement Plan for Employees of Capital Southwest Corporation and its Affiliates (as amended and restated effective April 1, 2011) to Spinco in connection with the SpinOff. Such transfer may result in a reportable event under Section 4043 of ERISA and the regulations issued thereunder and would be an ERISA Event.

Reportable events under Sections 4043(c)(3) and 4043(c)(4) of ERISA, and the regulations issued thereunder, may occur, and would be ERISA Events.

Reportable events under Sections 4043(c)(9) and 4043(c)(12) of ERISA, and the regulations issued thereunder, may occur, in connection with the SpinOff and would be ERISA Events.

Withdrawal Liability

Withdrawal liability could be assessed in an ERISA Affiliate withdraws from the Carpenter's Pension Trust Fund for Northern California.

SCHEDULE 3.13

Subsidiaries; Parent Company

Subsidiary Name	Jurisdiction of Formation	Outstanding Shares	Ownership of Subsidiary
549 Rockwall, LLC	Texas	1,000 Units	100% owned by the Company
Whitmore's Field Services, LLC	Texas	N/A	100% owned by the Company
Strathmore Holdings, LLC	Delaware	N/A	100% owned by the Company
Strathmore Employee Holdings, LLC	Delaware	N/A	100% owned by the Company
Strathmore Longview Property, LLC	Delaware	N/A	100% owned by the Company
Strathmore Properties Holdings, LLC	Delaware	N/A	100% owned by the Company
Whitmore UK Holdings, Ltd	UK	100 Ordinary Shares	100% owned by the Company
Whitmore Europe Limited	UK	2 Ordinary Shares	100% owned by Whitmore UK Holdings, Ltd

THE WHITMORE MANUFACTURING COMPANY, a Delaware corporation

Authorized Capital Stock:	1,000 shares of common stock, $0.01 par
Issued Capital Stock:	100 shares of common stock, $0.01 par
Outstanding Capital Stock:	100 shares of common stock, $0.01 par

Certificate No. 001, issued in the name of Capital Southwest Corporation, representing 80 shares of common stock of The Whitmore Manufacturing Company.

Certificate No. 002, issued in the name of The RectorSeal Corporation, representing 20 shares of common stock of The Whitmore Manufacturing Company.

WHITMORE'S FIELD SERVICES, LLC, a Texas limited liability company

The Whitmore Manufacturing Company is the sole member of Whitmore's Field Services, LLC and holds 100% of all outstanding limited liability company interest in such LLC.

The membership interests in Whitmore's Field Services, LLC are not certificated.

549 ROCKWALL, LLC, a Texas limited liability company

The Whitmore Manufacturing Company is the sole member of 549 Rockwall, LLC and holds 1,000 units of limited liability company interest in such LLC.

The membership interests in 549 Rockwall, LLC are certificated.

STRATHMORE HOLDINGS, LLC, a Delaware limited liability company

The Whitmore Manufacturing Company is the sole member of Strathmore Holdings, LLC and holds 100% of all outstanding limited liability company interest in such LLC.

The membership interests in Strathmore Holdings, LLC are not certificated.

STRATHMORE EMPLOYEE HOLDINGS, LLC, a Delaware limited liability company

The Whitmore Manufacturing Company is the sole member of Strathmore Employee Holdings, LLC and holds 100% of all outstanding limited liability company interest in such LLC.

The membership interests in Strathmore Employee Holdings, LLC are not certificated.

STRATHMORE LONGVIEW PROPERTY, LLC, a Delaware limited liability company

The Whitmore Manufacturing Company is the sole member of Strathmore Longview Property, LLC and holds 100% of all outstanding limited liability company interest in such LLC.

The membership interests in Strathmore Longview Property, LLC are not certificated.

STRATHMORE PROPERTIES HOLDINGS, LLC, a Delaware limited liability company

The Whitmore Manufacturing Company is the sole member of Strathmore Properties Holdings, LLC and holds 100% of all outstanding limited liability company interest in such LLC.

The membership interests in Strathmore Properties Holdings, LLC are not certificated.

WHITMORE UK HOLDINGS, LTD, a private limited company formed under the United Kingdom's Companies Act of 2006

The Whitmore Manufacturing Company is the sole shareholder of Whitmore UK Holdings, Ltd and holds 100% of all outstanding shares of stock in such company.

Authorized Capital Stock:	N/A
Issued Capital Stock:	100 shares of ordinary stock, US$1.00 nominal value
Outstanding Capital Stock:	100 shares of ordinary stock, US$1.00 nominal value

Certificate No. 1, issued in the name of The Whitmore Manufacturing Company, representing 65 shares of ordinary stock of Whitmore UK Holdings, Ltd.

Certificate No. 2, issued in the name of The Whitmore Manufacturing Company, representing 35 shares of ordinary stock of Whitmore UK Holdings, Ltd.

WHITMORE EUROPE LIMITED, a private limited company formed under the United Kingdom's Companies Act of 2006

Whitmore UK Holdings, Ltd is the sole shareholder of Whitmore Europe Limited and holds 100% of all outstanding shares of stock in such company.

Authorized Capital Stock:	N/A
Issued Capital Stock:	2 shares of ordinary stock, GBP£1.00 nominal value
Outstanding Capital Stock:	2 shares of ordinary stock, GBP£1.00 nominal value

Certificate No. 1, issued in the name of Whitmore UK Holdings Limited, representing 2 shares of ordinary stock of Whitmore Europe Limited.

Schedule 3.13

SCHEDULE 5.19

Post-Closing Matters

1. The Borrower Representative shall use commercially reasonable efforts to deliver to the Administrative Agent (or its counsel) within 60 days of the Effective Date (or such longer period as the Administrative Agent may agree in its sole discretion), Collateral Access Agreements on terms and conditions, and subject to documentation in form and substance satisfactory to the Administrative Agent, for the locations at the addresses set forth below:

a. 804 Winkler Drive, Houston, Texas

b. 310 Beaumont, Houston, Texas

2. Within 60 days of the Effective Date (or such longer period as the Administrative Agent may agree in its sole discretion) the Borrower Representative shall cause to be delivered to the Administrative Agent a mortgagee policy of title insurance in the form required by the commitment delivered under Section 4.01(o).

3. Within 60 days of the Effective Date (or such longer period as the Administrative Agent may agree in its sole discretion) the Borrower Representative shall cause to be delivered to the Administrative Agent a certificate of foreign qualification for the State of Wyoming for Whitmore's Field Services, LLC.

4. Within 60 days of the Effective Date (or such longer period as the Administrative Agent may agree in its sole discretion) the Borrower Representative shall cause to be delivered to the Administrative Agent an original $10,000,000 promissory note made by Whitmore UK Holdings, Ltd and payable to the Company, together with an original executed allonge thereto.

SCHEDULE 6.01

Existing Indebtedness

CapStar Holdings Corporation / Whitmore Intercompany Transactions
Real Estate and Debt Schedule

Transaction Date	Tract Acres	Tax ID	Original Note Amount	Interest Rate	CapStar Acquired Cost Basis 12/31/2014	Note Balance 12/31/2014	Accrued Interest Payable 12/31/2014	Security
6/6/2014	**20.51**	**11204**	**$ 1,250,000**	**2%**	**2,481,360**	**$ 1,250,000**	**$ 12,603**	**Deed of Trust**
8/27/2014	**31.65**	**82726**	**$ 4,750,000**	**2%**	**6,243,491**	**$ 4,750,000**	**$ 33,055**	**Deed of Trust**
10/8/2014	**23.03**	**11192, 28961**	**$ 3,350,000**	**2%**	**4,652,155**	**$ 3,350,000**	**$ 15,603**	**Deed of Trust**
10/8/2014	**4.46**	**11230**	**$ 550,000**	**2%**	**656,870**	**$ 550,000**	**$ 2,562**	**Deed of Trust**
			$ 9,900,000		**14,033,875**	**$ 9,900,000**	**$ 63,822**	

Note Receivable from Whitmore UK Holdings, Ltd.

Date	Principal	Duration	Interest	As of	Principal Balance	Interest Balance	Total Balance
4/30/2012	10,000,000.00	10yrs	Libor + 3%	1/31/2015	7,398,001.35	139,735.36	7,537,736.71
InterCompany A/R with Whitmore Europe Limited				1/31/2015			60,778.85
InterCompany A/R with Whitmore's Field Services, LLC				1/31/2015			2,162,136.49
							9,823,384.28

SCHEDULE 6.02

Existing Liens

UCC Financing Statement filed April 15, 2014, with the Delaware Secretary of State, Filing Number 2014 1475284, debtor is The Whitmore Manufacturing Company and the Secured Party is Xerox Corporation. This financing statement covers the following collateral: one (1) Xerox X700XV together with all attachments, additions, replacements and repairs incorporated in or affixed thereto.

SCHEDULE 6.04

Existing Investments

Investments in the real property listed on Schedule 3.05.

Investments in subsidiaries listed on Schedule 3.13.

The Company owns 1,135 shares of common stock of Applied Industrial Technologies.

Indebtedness listed on Schedule 6.01.

SCHEDULE 6.05(m)

Real Property To Be Sold

Property Tax ID	Address and Legal Description	Geo ID
11638	HWY205 & Sids Road All that certain lot tract or parcel of land situated in the J.D. McFARLAND SURVEY ABSTRACT NO. 145, City of Rockwall, Rockwall County, Texas and being all of Tract II a called 30.9655 acres tract of land as described in a Warranty deed from Rockwall Commercial Park Joint Venture to JDI Investors, LP, dated July 24, 2003 and being recorded in Volume 3152 Page 242 of the Official Public Records of Rockwall County, Texas, and being more particularly described as follows: BEGINNING at a 1/2" iron rod found for corner in the Southwest right-of-way line of State Highway 205 said point being at the East corner of said 30.9655 acres tract and at the North corner of a 10 foot right-of-way dedication as shown on the plat of ROCKWALL HOSPITAL ADDITION, an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet E, Slide 133 of the Plat Records of Rockwall County, Texas; THENCE S. 44 deg. 28 min. 04 sec. W. at 10.00 feet pass the North corner of Lot 1, Block A of said ROCKWALL HOSPITAL ADDITION, and continuing for a total distance of 920.77 feet to a 1/2' iron rod found for corner at an inner "L" corner of said Lot 1; THENCE N. 45 deg. 31 min. 56 sec. W. a distance of 227.94 feet to a 1/2" iron rod found for corner at the West most North corner of said Lot 1; THENCE S. 25 deg. 52 min. 56 sec. W. a distance of 290.61 feet to a 1/2' iron rod found for corner at the West corner of said Lot 1 and the South most corner of said 30.9655 acres tract; THENCE N. 45 deg. 09 min. 25 sec. W. a distance of 1020.14 feet to a 1/2' iron rod with yellow plastic cap stamped "R.S.C.I. RPLS 5034" set for corner at the West corner of said 30.9655 acres tract and being at the South corner of Lot 1, Block B of ROCKWALL BUSINESS PARK EAST NO. 3, an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet B, Slide 291 of the Plat Records of Rockwall County, Texas;	0145-0000-0018-00-0R

THENCE N. 44 deg. 50 min. 42 sec. E. along the Southeast line of said Addition a distance of 981.14 feet to a 1/2’ iron rod found for corner in the Southeast line of Lot 1, Block C of Rockwall BUSINESS PARK EAST an Addition to the City of Rockwall, Rockwall County, Texas, according to the Plat thereof recorded in Cabinet B Slide 143 of the Plat Records of Rockwall County, Texas and also being at the West corner of a 2.00 acres tract of land as described in a Deed to Cathy Strother, as recorded in Volume 421, Page 68 of the Real Property Records of Rockwall County, Texas;

THENCE S. 45 deg. 38 min. 00 sec. E. along the Southwest line of said 2.00 acres tract, a distance of 355.86 feet to a 112” iron rod found for corner at the South corner of same;

THENCE N. 14 deg. 11 min. 13 sec. E. along the Southeast line of said 2.00 acres tract, a distance of 387.20 feet to a 1/2” iron rod found for corner at the West corner of a 0.494 acres tract as described in a Deed from J.S. Lofland to State of Texas, as recorded in Volume 31, Page 510 of the Deed Records of Rockwall County, Texas;

THENCE S. 45 deg. 19 min. 38 sec. E. along the West line of said 0.494 acres tract, a distance of 528.19 feet to a concrete right-of-way monument found for corner in the Southwest right-of-way line of State Highway 205;

THENCE S. 30 deg. 22 min. 20 sec. E. along said right-of-way line, a distance of 476.76 feet to the POINT OF BEGINNING and containing 1,353,112 square feet or 31.06 acres of land., ACRES 31.03

55999	HWY205 & Sids Road BEING all of Lot 1, Block A, of ROCKWALL HOSPITAL ADDITION, an Addition to the City of Rockwall, Rockwall County, Texas according to the Plat thereof recorded in Cabinet E, Slide 133 of the Plat Records of Rockwall County, Texas., ACRES 9.01	4809-000A-0001-00-0R

Address and Legal Description

All that certain tract or parcel containing 25.0000 acres of land out of that certain call 49.963 acre tract of land situated in the James Hitchcock Survey, A-128 in Waller County, Texas, said 49.963 acre tract being that same tract of land as described in a Deed filed for record in Volume 794, Page 157, of the Official Public Records of Real Property, Waller County, Texas, (O.P.R.R.P.W.C.T.).

Schedule 6.05(m)

SCHEDULE 6.10

Existing Restrictions

None.

Credit Agreement

This agreement dated as of July 27, 2011 is between JPMorgan Chase Bank. N.A. (together with its successors and assigns, the "**Bank**"), whose address is 2200 Ross Avenue, 8th floor, Dallas, TX 75201, and The Rectorseal Corporation (individually, the "**Borrower**" and if more than one, collectively, the "**Borrowers**"), whose address is 2601 Spenwick Dr., Houston, TX 77055.

1. Credit Facilities.

1.1 **Scope**. This agreement governs Facility A, and, unless otherwise agreed to in writing by the Bank and the Borrower or prohibited by any Legal Requirement (as hereafter defined), governs the Credit Facilities as defined below. This agreement amends and restates that certain Credit Agreement dated as of August 5, 2008. Advances under any Credit Facilities shall be subject to the procedures established from time to time by the Bank. Any procedures agreed to by the Bank with respect to obtaining advances, including automatic loan sweeps, shall not vary the terms or conditions of this agreement or the other Related Documents regarding the Credit Facilities.

1.2 **Facility A (Line of Credit)**. The Bank has approved a credit facility to the Borrower not to exceed the Commitment Amount in the aggregate at any one time outstanding and subject to being reduced as set forth in a Line of Credit Note executed concurrently with this agreement ("**Facility A**"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note executed concurrently with this agreement, and any renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor. The "**Commitment Amount**" shall be (a) $14,000,000.00 from the date of this agreement until October 31, 2011; (b) $12,500,000.00 from November 1, 2011 until January 31, 2012; (c) $11,000,000.00 from February 1, 2011 until April 30, 2012; and (c) $9,500,000.00 thereafter.

Commitment Fee. At all times that the outstanding principal balance on Facility A is less than amount equal to 70% of the Commitment Amount, the Borrower shall pay to the Bank a commitment fee calculated on the average daily unused portion of Facility A at a rate of 0.20% per annum, payable in arrears within thirty (30) days of the end of each calendar quarter for which the fee is owing. The Bank may begin to accrue the foregoing fee on the date the Borrower signs or otherwise authenticates this agreement.

2. Definitions and Interpretations.

2.1 **Definitions**. As used in this agreement, the following terms have the following respective meanings:

A. "**Affiliate**" means any Person which, directly or indirectly Controls or is Controlled by or under common Control with, another Person, and any director or officer thereof. The Bank is under no circumstances to be deemed an Affiliate of the Borrower or any of its Subsidiaries.

B. "**Authorizing Documents**" means certificates of authority to transact business, certificates of good standing, borrowing resolutions, appointments, officer's certificates, certificates of incumbency, and other documents which empower and authorize or evidence the power and authority of all Persons (other than the Bank) executing any Related Document or their representatives to execute and deliver the Related Documents and perform the Person's obligations thereunder.

C. "**Code**" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

D. "**Collateral**" means all Property, now or in the future subject to any Lien in favor of the Bank, securing or intending to secure, any of the Liabilities.

E. "**Control**" as used with respect to any Person, means the power to direct or cause the direction of, the management and policies of that Person, directly or indirectly, whether through the ownership of Equity Interests, by contract, or otherwise, "Controlling" and "Controlled" have meanings correlative thereto.

F. "**Credit Facilities**" means all extensions of credit from the Bank to the Borrower, whether now existing or hereafter arising, including but not limited to those described in Section 1, if any, and those extended contemporaneously with this agreement.

G. "**Distributions**" means all dividends and other distributions made to any Equity Owners, other than salary, bonuses, and other compensation for services expended in the current accounting period.

H. "**Equity Interests**" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

I. "**Equity Owner**" means a shareholder, partner, member, holder of a beneficial interest in a trust or other owner of any Equity Interests.

J. "**ESOP**" means the Rectorseal Corporation and Jet-Lube, Inc. Employee Stock Ownership Plan, and the trust established thereunder.

K. "**Existing Borrower Subsidiary**" shall mean a Person which is a Subsidiary of the Borrower on the original date of this agreement.

L. "**GAAP**" means generally accepted accounting principles in effect from time to time in the United States of America, consistently applied.

M. "**Intangible Assets**" means the aggregate amount of: (1) all assets classified as intangible assets under GAAP, including, without limitation, goodwill, trademarks, patents, copyrights, organization expenses, franchises, licenses, trade names, brand names, mailing lists, catalogs, excess of cost over book value of assets acquired, and bond discount and underwriting expenses; and (2) loans or advances to, investments in, or receivables from (i) any Affiliate, officer, director, employee, Equity Owner or agent of the Borrower or (ii) any Person if such loan, advance, investment or receivable is outside the Borrower's ordinary course of business.

N. "**Legal Requirement**" means any law, ordinance, decree, requirement, order, judgment, rule, regulation (or interpretation of any of the foregoing) of any foreign governmental authority, the United States of America, any state thereof, any political subdivision of any of the foregoing or any agency, department, commission, board, bureau, court or other tribunal having jurisdiction over the Bank, any Pledgor or any Obligor or any of its Subsidiaries or their respective Properties or any agreement by which any of them is bound.

O. "**Liabilities**" means all indebtedness, liabilities and obligations of every kind and character of the Borrower to the Bank, whether the obligations, indebtedness and liabilities are individual, joint and several, contingent or otherwise, now or hereafter existing, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the

Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing.

P. "**Lien**" means any mortgage, deed of trust, pledge, charge, encumbrance, security interest, collateral assignment or other lien or restriction of any kind.

Q. "**Notes**" means all promissory notes, instruments and/or contracts now or hereafter evidencing the Credit Facilities.

R. "**Obligor**" means any Borrower, guarantor, surety, co-signer, endorser, general partner or other Person who may now or in the future be obligated to pay any of the Liabilities.

S. "**Organizational Documents**" means, with respect to any Person, certificates of existence or formation, documents establishing or governing the Person or evidencing or certifying that the Person is duly organized and validly existing in accordance with all applicable Legal Requirements, including all amendments, restatements, supplements or modifications to such certificates and documents as of the date of the Related Document referring to the Organizational Document and any and all future modifications thereto approved by the Bank.

T. "**Permitted Investments**" means (1) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition; (2) fully insured (if issued by a bank other than the Bank) certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating in the United States of America having capital and surplus in excess of $500,000,000.00; and (3) commercial paper of a domestic issuer if at the time of purchase such paper is rated in one of the two highest rating categories of Standard and Poor's Corporation or Moody's Investors Service.

U. "**Person**" means any individual, corporation, partnership, limited liability company, joint venture, joint stock association, association, bank, business trust, trust, unincorporated organization, any foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing or any other form of entity.

V. "**Pledgor**" means any Person providing Collateral.

W. "**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

X. "**Rate Management Transaction**" means any transaction (including an agreement with respect thereto) that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option, derivative transaction or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

Y. "**Related Documents**" means this agreement, the Notes, applications for letters of credit, all loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties, and any other instrument or document executed in connection with this agreement or with any of the Liabilities.

Z. "**Subsidiary**" means, as to any particular Person (the "parent"), a Person the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of the date of determination, as well as any other Person of which fifty percent (50%) or more of the Equity Interests is at the time of determination directly or indirectly owned, Controlled or held, by the parent or by any Person or Persons Controlled by the parent, either alone or together with the parent.

AA. "**Tangible Net Worth**" means total assets less the sum of Intangible Assets and total liabilities.

2.2 **Interpretations**. Whenever possible, each provision of the Related Documents shall be interpreted in such manner as to be effective and valid under applicable Legal Requirements. If any provision of this agreement cannot be enforced, the remaining portions of this agreement shall continue in effect. In the event of any conflict or inconsistency between this agreement and the provisions of any other Related Documents, the provisions of this agreement shall control. Use of the term "including" does not imply any limitation on (but may expand) the antecedent reference. Any reference to a particular document includes all modifications, supplements, replacements, renewals or extensions of that document, but this rule of construction does not authorize amendment of any document without the Bank's consent. Section headings are for convenience of reference only and do not affect the interpretation of this agreement. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP. Whenever the Bank's determination, consent, approval or satisfaction is required under this agreement or the other Related Documents or whenever the Bank may at its option take or refrain from taking any action under this agreement or the other Related Documents, the decision as to whether or not the Bank makes the determination, consents, approves, is satisfied or takes or refrains from taking any action, shall be in the sole and exclusive discretion of the Bank, and the Bank's decision shall be final and conclusive.

3. Conditions Precedent to Extensions of Credit.

3.1 **Conditions Precedent to Initial Extension of Credit under each of the Credit Facilities**. Before the first extension of credit governed by this agreement and any initial advance under any of the Credit Facilities, whether by disbursement of a loan, issuance of a letter of credit, or otherwise, the Borrower shall deliver to the Bank, in form and substance satisfactory to the Bank:

A. Loan Documents. The Notes, and as applicable, the letter of credit applications, reimbursement agreements, the security agreements, the pledge agreements, financing statements, mortgages or deeds of trust, the guaranties, the subordination agreements, and any other documents which the Bank may reasonably require to give effect to the transactions described in this agreement or the other Related Documents;

B. Organizational and Authorizing Documents. The Organizational Documents and Authorizing Documents of the Borrower and any other Persons (other than the Bank) executing the Related Documents in form and substance satisfactory to the Bank that at a minimum: (i) document the due organization, valid existence and good standing of the Borrower and every other Person (other than the Bank) that is a party to this agreement or any other Related Document; (ii) evidence that each Person (other than the Bank) which is a party to this agreement or any other Related Document has the power and authority to enter into the transactions described therein; and (iii) evidence that the Person signing on behalf of each Person that is a party to the Related Documents (other than the Bank) is duly authorized to do so; and

C. Liens. The termination, assignment or subordination, as determined by the Bank, of all Liens on the Collateral in favor of any secured party (other than the Bank), and any other Liens other than as permitted in this agreement and the Related Documents.

D. Airtec Acquisition. (i) The Borrower shall have in definitive form entered into the acquisition of assets and assumption of liabilities of Airtec Products Corporation ("**Airtec**"), substantially as provided for in the letter agreement ("**LOI**") dated May 20, 2011, between the Borrower, Airtec Products Corporation and the other parties named therein, and consistent with any pro-forma financial information provided to the Bank in connection therewith (the "**Airtec Acquisition**"); (ii) the Bank shall have received and approved the definitive asset purchase agreement with respect to the Airtec Acquisition (the "**Definitive Purchase Agreement**"), including all schedules thereto, and all ancillary documents thereto reasonably requested by the Bank; (iii) all conditions to closing of the Airtec Acquisition under the LOI and Definitive Purchase Agreement shall have been met (or waived with the Bank's consent); (iv) immediately upon consummation of the Airtec Acquisition under the Definitive Purchase Agreement, all representations and warranties under this Agreement shall be true and correct with respect to assets and liabilities being acquired or assumed from Airtec, including but not limited to representations relating to title, liens, consents and compliance with laws; and (v) the Bank shall have received such other documents, certificates and other evidence of the consummation, definitive terms of the Airtec Acquisition, and compliance with each of the foregoing conditions as the Bank shall reasonably require.

3.2 **Conditions Precedent to Each Extension of Credit**. Before any extension of credit governed by this agreement, whether by disbursement of a loan, issuance of a letter of credit or otherwise, the following conditions must be satisfied:

A. Representations. The representations of the Borrower and any other parties, other than the Bank, in the Related Documents are true on and as of the date of the request for and funding of the extension of credit;

B. No Event of Default. No default, event of default or event that would constitute a default or event of default but for the giving of notice, the lapse of time or both, has occurred in any provision of this agreement, the Notes or any other Related Documents and is continuing or would result from the extension of credit;

C. Additional Approvals, Opinions, and Documents. The Bank has received any other approvals, opinions and documents as it may reasonably request; and

D. No Prohibition or Onerous Conditions. The making of the extension of credit is not prohibited by and does not subject the Bank, any Obligor, or any Subsidiary of the Borrower to any penalty or onerous condition under, any Legal Requirement.

4. Affirmative Covenants. The Borrower agrees to do, and cause each of its Subsidiaries to do, each of the following:

4.1 **Insurance**. Maintain insurance with financially sound and reputable insurers, with such insurance and insurers to be satisfactory to the Bank, covering its Property and business against those casualties and contingencies and in the types and amounts as are in accordance with sound business and industry practices, and furnish to the Bank, upon request of the Bank, reports on each existing insurance policy showing such information as the Bank may reasonably request.

4.2 **Existence**. Maintain its existence and business operations as presently in effect in accordance with all applicable Legal Requirements, pay its debts and obligations when due under normal terms, and pay on or before their due date, all taxes, assessments, fees and other governmental monetary obligations, except as they may be contested in good faith if they have been properly reflected on its books and, at the Bank's request, adequate funds or security has been pledged or reserved to insure payment.

4.3 **Financial Records**. Maintain proper books and records of account, in accordance with GAAP, and consistent with financial statements previously submitted to the Bank.

4.4 **Inspection**. Permit the Bank, its agents and designees to: (a) inspect and photograph its Property, to examine and copy files, books and records, and to discuss its business, operations, prospects, assets, affairs and financial condition with the Borrower's or its Subsidiaries' officers and accountants, at times and intervals as the Bank reasonably determines; (b) perform audits or other inspections of the Collateral, including the records and documents related to the Collateral; and (c) confirm with any Person any obligations and liabilities of the Person to the Borrower or its Subsidiaries. The Borrower will, and will cause its Subsidiaries to cooperate with any inspection or audit. The Borrower will pay the Bank the reasonable costs, and expenses of any audit or inspection of the Collateral (including fees and expenses charged internally by the Bank for asset reviews) promptly after receiving the invoice.

4.5 **Financial Reports**. Furnish to the Bank whatever information, statements, books and records the Bank may from time to time reasonably request, including at a minimum:

A. Within forty-five (45) days after each quarterly period, the consolidated and consolidating financial statements of the Borrower and its Subsidiaries prepared and presented in accordance with GAAP, including a balance sheet as of the end of that period, and income statement for that period, and, if requested at any time by the Bank, statements of cash flow and retained earnings for that period, all certified as correct by one of its authorized agents.

B. Within ninety (90) days after and as of the end of each of its fiscal years, the consolidated financial statements of the Borrower and its Subsidiaries prepared and presented in accordance with GAAP, including a balance sheet and statements of income, cash flow and retained earnings, such financial statements to be audited by an independent certified public accountant of recognized standing satisfactory to the Bank.

4.6 **Notices of Claims, Litigation, Defaults, etc**. Promptly inform the Bank in writing of: (1) all existing and all threatened litigation, claims, investigations, administrative proceedings and similar actions or changes in Legal Requirements affecting it which could materially affect its business, assets, affairs, prospects or financial condition; (2) the occurrence of any event which gives rise to the Bank's option to terminate the Credit Facilities; (3) the institution of steps by it to withdraw from, or the institution of any steps to terminate, any employee benefit plan as to which it may have liability; (4) any additions to or changes in the locations of its businesses; (5) any alleged breach by the Bank of any provision of this agreement or of any other Related Document; (6) any reportable event or material non-exempt prohibited transaction or Code violation that has occurred or been alleged to have occurred with respect to the ESOP or to any other employee benefit plan, or that the Internal Revenue Service or the Department of Labor or any other governmental authority is investigating, or otherwise reviewing whether any such material non-exempt prohibited transaction or Code violation might have occurred; (7) receipt by the Borrower of notice of any audit, investigation, litigation or inquiry by the Department of Labor or the Internal Revenue Service relating to the ESOP which could reasonably be expect to subject the Borrower to material liability, including copies of such notice and copies of all subsequent correspondence relating thereto within ten (10) business days of receipt of such correspondence; and (8) any event which would give rise to (i) the loss of the tax qualification of the ESOP, (ii) the loss of the ESOP's status as an employee stock ownership plan under Section 4975 of the Code, or (iii) the loss of the tax-exempt status of the trust established under the ESOP.

4.7 **Other Agreements**. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between it and any other Person.

4.8 **Title to Assets and Property**. Maintain good and marketable title to all of its Properties, and defend them against all claims and demands of all Persons at any time claiming any interest in them.

4.9 **Additional Assurances**. Promptly make, execute and deliver any and all agreements, documents, instruments and other records that the Bank may request to evidence any of the Credit Facilities, cure any defect in the execution and delivery of any of the Related Documents, perfect any Lien, comply with any Legal Requirement applicable to the Bank or the Credit Facilities or describe more fully particular aspects of the agreements set forth or intended to be set forth in any of the Related Documents.

4.10 **Employee Benefit Plans**. Maintain each employee benefit plan as to which it may have any liability, in compliance with all Legal Requirements.

4.11 **Banking Relationship**. Establish and maintain its primary banking depository and disbursement relationship with the Bank.

4.12 **Compliance Certificates**. Provide the Bank, within forty-five (45) days after the end of each fiscal quarter, with a certificate executed by its chief financial officer, or other officer or an individual satisfactory to the Bank, certifying that, as of the date of the certificate, no default exists under any provision of this agreement or the other Related Documents.

4.13 **Conduct of Business**. (a) Maintain in full force and effect all licenses, bonds, franchises, leases, patents, permits, contracts, and other rights necessary or desirable to the profitable conduct of the its business; and (b) comply in all material respects with all applicable Legal Requirements.

4.14 **ESOP**. Within 90 days after and as of the end of each plan year of the ESOP, deliver to Bank the audited financial statements of the ESOP prepared and presented in accordance with GAAP.

5. Negative Covenants.

5.1 Unless otherwise noted, the financial requirements set forth in this section will be computed in accordance with GAAP applied on a basis consistent with financial statements previously submitted by the Borrower to the Bank.

5.2 Without the written consent of the Bank, the Borrower will not and no Subsidiary of the Borrower other than an Existing Borrower Subsidiary will:

A. Distributions. Redeem, retire, purchase or otherwise acquire, directly or indirectly, any of its Equity Interests, return any contribution to an Equity Owner or, other than stock dividends and dividends paid to the Borrower, declare or pay any Distributions; provided, however, that if there is no existing default under this agreement or any other Related Document and to do so will not cause a default under any of such agreements the Borrower may (1) pay Distributions to its Equity Owners not to exceed $5,000,000.00 in cash in any fiscal year of the Borrower, and (2) from time to time make one or more in-kind Distributions of its Equity Interests in its Existing Borrower Subsidiaries to its parent company.

B. Sale of Equity Interests. Issue, sell or otherwise dispose of its Equity Interests, except with respect to Equity Interests in Existing Borrower Subsidiaries, to the extent permitted in sections 5.2 A (2) and 5.2 G (2).

C. Debt. Incur, contract for, assume, or permit to remain outstanding, indebtedness for borrowed money, installment obligations, or obligations under capital leases or operating leases, other than (1) unsecured trade debt incurred in the ordinary course of business, (2) indebtedness owing to the Bank, (3) indebtedness reflected in its latest financial statement furnished to the Bank prior to execution of this agreement and that is not to be paid with proceeds of borrowings under the Credit Facilities, and (4) indebtedness outstanding as of the date hereof that has been disclosed to the Bank in writing and that is not to be paid with proceeds of borrowings under the Credit Facilities.

D. Guaranties. Guarantee or otherwise become or remain secondarily liable on the undertaking of another, except for endorsement of drafts for deposit and collection in the ordinary course of business.

E. Liens. Create or permit to exist any Lien on any of its Property except: existing Liens known to and approved by the Bank, Liens to the Bank; Liens incurred in the ordinary course of business securing current non· delinquent liabilities for taxes, worker's compensation, unemployment insurance, social security and pension liabilities.

F. Use of Proceeds. Use, or permit any proceeds of the Credit Facilities to be used, directly or indirectly, for: (1) any personal, family or household purpose; or (2) the purpose of "purchasing or carrying any margin stock" within the meaning of Federal Reserve Board Regulation U. At the Bank's request, it will furnish a completed Federal Reserve Board Form U-1.

G. Continuity of Operations. (1) Engage in any business activities substantially different from those in which it is presently engaged; (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other Person, change its name, dissolve, or sell any assets out of the ordinary course of business, *except that* if there is no existing default under this agreement or any other Related Document and to do so will not cause a default under any of such agreements the Borrower may to from time to time sell its Equity Interests in its Existing Borrower Subsidiaries; (3) enter into any arrangement with any Person providing for the leasing by it of Property which has been sold or transferred by it to such Person; or (4) change its business organization, the jurisdiction under which its business organization is formed or organized, or its chief executive office, or any places of its businesses; *provided however* that notwithstanding the foregoing, the Borrower shall be permitted, with not less than 30 day's prior written notice to the Bank (in form and detail reasonably acceptable to the Bank), to acquire (by purchase of assets and assumption of liabilities, or acquisition of 100% ownership of a business entity to become a Subsidiary of the Borrower) businesses up to an aggregate total amount of consideration for all acquisitions permitted under this proviso not to exceed $10,000,000.00, so long as giving effect to each an all such acquisitions no default shall result therefrom.

H. Limitation on Negative Pledge Clauses. Enter into any agreement with any Person other than the Bank which prohibits or limits its ability to create or permit to exist any Lien on any of its Property, whether now owned or hereafter acquired.

I. Conflicting Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations under this agreement or any of the other Related Documents.

J. Transfer or Ownership. Permit any pledge of any Equity Interest in it or any sale or other transfer of any Equity Interest in it, except with respect to Equity Interests in Existing Borrower Subsidiaries, to the extent permitted in sections 5.2 A (2) and 5.2 G (2).

K. Limitation on Loans, Advances to and Investments in Others and Receivables from Others. Purchase, hold or acquire any Equity Interest or evidence of indebtedness of, make or permit to exist any loans or advances to, permit to exist any receivable from, or make or permit to exist any investment or acquire any interest whatsoever in, any Person, except: (1) extensions of trade credit to customers in the ordinary course of business on ordinary terms; (2) Permitted Investments; and (3) loans, advances, investments and receivables existing as of the date of this agreement that have been disclosed to and approved by the Bank in writing and that are not to be paid with proceeds of borrowings under the Credit Facilities; *provided that* notwithstanding the foregoing, the Borrower shall be permitted to make cash and in-kind equity and debt investments in its Subsidiaries (other than acquisition consideration provided for in Section 5.2 G) not to exceed a total aggregate amount of $5,000,000.00 for all such investments.

L. Organizational Documents. Alter, amend or modify any of its Organizational Documents.

M. Tangible Net Worth. Permit at any time, Borrower's Tangible Net Worth on a non-consolidated basis to be less than $20,000,000.00.

N. Government Regulation. (1) Be or become subject at any time to any Legal Requirement or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits the Bank from making any advance or extension of credit to it or from otherwise conducting business with it, or (2) fail to provide documentary and other evidence of its identity as may be requested by the Bank at any time to enable the Bank to verify its identity or to comply with any applicable Legal Requirement, including, without limitation, Section 326 of the USA Patriot Act of 200 I, 31 U.S.C. Section 5318.

O. Subsidiaries. Form, create or acquire any Subsidiary except as permitted in the proviso to Section 5.2 G.

5.3 **Financial Statement Calculations**. The financial covenant(s) set forth in the Section entitled "Negative Covenants" or in any subsection thereof shall, except as may be otherwise expressly provided with respect to any particular financial covenant, be calculated on the basis of the Borrower's financial statements prepared on a consolidated basis with its Subsidiaries in accordance with GAAP. Except as may be otherwise expressly provided with respect to any particular financial covenant, if any financial covenant states that it is to be tested with respect to any particular period of time (which may be referred to therein as a "Test Period") ending on any test date (e.g, a fiscal month end, fiscal quarter end, or fiscal year end), then compliance with that covenant shall be required commencing with the period of time ending on the first test date that occurs after the date of this agreement (or, if applicable, of the amendment to this agreement which added or amended such financial covenant).

6. Representations.

6.1 **Representations and Warranties by the Borrower**. To induce the Bank to enter into this agreement and to extend credit or other financial accommodations under the Credit Facilities, the Borrower represents and warrants as of the date of this agreement and as of the date of each request for credit under the Credit Facilities that each of the following statements is and shall remain true and correct throughout the term of this agreement and until all Credit Facilities and all Liabilities under the Notes and other Related Documents are paid in full: (a) its principal residence or chief executive office is at the address shown above, (b) its name as it appears in this agreement is its exact name as it appears in its Organizational Documents, (c) the execution and delivery of this agreement and the other Related Documents to which it is a party, and the performance of the obligations they impose, do not violate any Legal Requirement, conflict with any agreement by which it is bound, or require the consent or approval of any other Person, (d) this agreement and the other Related Documents have been duly authorized, executed and delivered by all parties thereto (other than the Bank) and are valid and binding agreements of those Persons, enforceable according to their terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by general principles of equity, (e) all balance sheets, profit and loss statements, and other financial statements and other information furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the Persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates, (f) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) is pending or threatened against it, and no other event has occurred which may in any one case or in the aggregate materially adversely affect it or any of its Subsidiaries' financial condition, properties, business, affairs or operations, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by the Bank in writing, (g) all of its tax returns and reports that are or were required to be filed, have been

filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being contested by it in good faith and for which adequate reserves have been provided, (h) it is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, (i) it is not a "holding company", or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, (j) there are no defenses or counterclaims, offsets or adverse claims, demands or actions of any kind, personal or otherwise, that it could assert with respect to this agreement or the Credit Facilities, (k) it owns, or is licensed to use, all trademarks, trade names, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted, (l) the execution and delivery of this agreement and the other Related Documents to which it is a party and the performance of the obligations they impose, if the Borrower is other than a natural Person (i) are within its powers, (ii) have been duly authorized by all necessary action of its governing body, and (iii) do not contravene the terms of its Organizational Documents or other agreement or document governing its affairs; (m) the ESOP is an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code and is qualified under Section 401 (a) of the Code, the ESOP has been duly established in accordance with and under applicable law, and the ESOP trust is a tax-exempt trust under Section 501(a) of the Code; (n) each employee benefit plan sponsored by the Borrower intended to be qualified under Section 401(a) of the Code complies in form and in operation, with the requirements of Section 401(a) of the Code, the relevant provisions of ERISA, and any other applicable laws, rules, and regulations; (o) neither the Borrower nor any ERISA affiliate of the Borrower, nor any trustee, administrator, party in interest, disqualified person, or fiduciary of any employee benefit plans, has engaged in a "prohibited transaction," as that term is defined in Section 4975 of the Code or Section 406 of ERISA, which could directly or indirectly subject the applicable employee benefit plan, trust, the Borrower or any ERISA affiliate to any liability under the Code or ERISA; and (p) the securities of Borrower's parent held by the ESOP are employer securities that are readily tradable on an established securities market within the meaning of Section 409(l)(1) of the Code.

7. Default/Remedies.

7.1 Events of Default/Acceleration. If any of the following events occurs, the Notes shall become due immediately, without notice, at the Bank's option, and the Borrower hereby waives notice of intent to accelerate the maturity of the Notes and notice of acceleration of the Notes upon the occurrence of any of the following events:

A. Any Obligor fails to pay when due any of the Liabilities or any other debt to any Person, or any amount payable with respect to any of the Liabilities, or under any Note, any other Related Document, or any agreement or instrument evidencing other debt to any Person.

B. Any Obligor or any Pledgor: (i) fails 10 observe or perform or otherwise violates any other term, covenant, condition or agreement of any of the Related Documents; (ii) makes any materially incorrect or misleading representation, warranty, or certificate to the Bank; (iii) makes any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank, or any of the Airtec Acquisition Documents shall be materially incorrect or misleading; or (iv) defaults under the terms of any agreement or instrument relating to any debt for borrowed money (other than the debt evidenced by the Related Documents) and the effect of such default will allow the creditor to declare the debt due before its stated maturity.

C. In the event (i) there is a default under the terms of any Related Document, (ii) any Obligor terminates or revokes or purports to terminate or revoke its guaranty or any Obligor's guaranty becomes unenforceable in whole or in part, (iii) any Obligor fails to perform promptly under its guaranty, or (iv) any Obligor fails to comply with, or perform under any agreement, now or hereafter in effect, between the Obligor and the Bank, or any Affiliate of the Bank or their respective successors and assigns.

D. There is any loss, theft, damage, or destruction of any Collateral not covered by insurance.

E. Any event occurs that would permit the Pension Benefit Guaranty Corporation to terminate any employee benefit plan of any Obligor or any Subsidiary of any Obligor.

F. Any Obligor or any of its Subsidiaries or any Pledgor: (i) becomes insolvent or unable to pay its debts as they become due; (ii) makes an assignment for the benefit of creditors; (iii) consents to the appointment of a custodian, receiver, or trustee for itself or for a substantial part of its Property; (iv) commences any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar laws; (v) conceals or removes any of its Property, with intent to hinder, delay or defraud any of its creditors; (vi) makes or permits a transfer of any of its Property, which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or (vii) makes a transfer of any of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid.

G. A custodian, receiver, or trustee is appointed for any Obligor or any of its Subsidiaries or any Pledgor or for a substantial part of their respective Property.

H. Any Obligor or any of its Subsidiaries, without the Bank's written consent and not as expressly permitted in this agreement: (i) liquidates or is dissolved; (ii) merges or consolidates with any other Person; (iii) leases, sells or otherwise conveys a material part of its assets or business outside ~he ordinary course of its business; (iv) leases, purchases, or otherwise acquires a material part of the assets of any other Person, except in the ordinary course of its business; or (v) agrees to do any of the foregoing; provided, however, that any Subsidiary of an Obligor may merge or consolidate with any other Subsidiary of that Obligor, or with the Obligor, so long as the Obligor is the survivor.

I. Proceedings are commenced under any bankruptcy, reorganization, liquidation, or similar laws against any Obligor or any of its Subsidiaries or any Pledgor and remain undismissed for thirty (30) days after commencement; or any Obligor or any of its Subsidiaries or any Pledgor consents to the Commencement of those proceedings.

J. Any judgment is entered against any Obligor or any of its Subsidiaries, or any attachment, seizure, sequestration, levy, or garnishment is issued against any Property of any Obligor or any of its Subsidiaries or of any Pledgor or any Collateral.

K. Any individual Obligor or Pledgor dies, or a guardian or conservator is appointed for any individual Obligor or Pledgor or all or any portion of their respective Property, or the Collateral.

L. Any material adverse change occurs in: (i) the reputation, Property, financial condition, business, assets, affairs, prospects, liabilities, or operations of any Obligor or any of its Subsidiaries; (ii) any Obligor's or Pledgor's ability to perform its obligations under the Related Documents; or (iii) the Collateral.

7.2 **Remedies**. At any time after the occurrence of a default, the Bank may do one or more of the following: (a) cease permitting the Borrower to incur any Liabilities; (b) terminate any commitment of the Bank evidenced by any of the Notes; (c) declare any of the Notes to be immediately due and payable, without notice of acceleration, intention to accelerate, presentment and demand or protest or notice of any kind, all of which are hereby expressly waived; (d) exercise all rights of setoff that the Bank may have contractually, by law, in equity or otherwise; and (e) exercise any and all other rights pursuant to any of the Related Documents, at law, in equity or otherwise.

A. Generally. The rights of the Bank under this agreement and the other Related Documents are in addition to other rights (including without limitation, other rights of setoff) the Bank may have contractually, by law, in equity or otherwise, all of which are cumulative and hereby retained by the Bank. Each Obligor agrees to stand still with regard to the Bank's enforcement of its rights, including taking no action to delay, impede or otherwise interfere with the Bank's rights to realize on any Collateral.

B. Expenses. To the extent not prohibited by applicable Legal Requirements and whether or not the transactions contemplated by this agreement are consummated, the Borrower is liable to the Bank and agrees to pay on demand all reasonable costs and expenses of every kind incurred (or charged by internal allocation) in connection with the negotiation, preparation, execution, filing, recording, modification, supplementing and waiver of the Related Documents, the making, servicing and collection of the Credit Facilities and the realization on any Collateral and any other amounts owed under the Related Documents, including without limitation reasonable attorneys' fees (including counsel for the Bank that are employees of the Bank or its Affiliates) and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding involving any Obligor, Pledgor, or Property of any Obligor, Pledgor, or Collateral. The obligations of the Borrower under this section shall survive the termination of this agreement.

C. Bank's Right of Setoff. The Borrower grants to the Bank a security interest in the Deposits, and the Bank is authorized to setoff and apply, all Deposits, Securities and Other Property, and Bank Debt against any and all Liabilities. This right of setoff may be exercised at any time from time to time after the occurrence of any default, without prior notice to or demand on the Borrower and regardless of whether any Liabilities are contingent, unmatured or unliquidated. In this paragraph: (a) the term "**Deposits**" means any and all accounts and deposits of the Borrower (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Deposits held jointly with another, but excluding any IRA or Keogh Deposits, or any trust Deposits in which a security interest would be prohibited by any Legal Requirement); (b) the term "**Securities and Other Property**" means any and all securities and other personal Property of the Borrower in the custody, possession or control of the Bank, JPMorgan Chase & Co. or their respective Subsidiaries and Affiliates (other than Property held by the Bank in a fiduciary capacity); and (c) the term "**Bank Debt**" means all indebtedness at any time owing by the Bank, to or for the credit or account of the Borrower and any claim of the Borrower (whether individual, joint and several or otherwise) against the Bank now or hereafter existing.

8. Miscellaneous.

8.1 **Notice**. Any notices and demands under or related to this agreement shall be in writing and delivered to the intended party at its address stated in this agreement, and if to the Bank, at its main office if no other address of the Bank is specified in this agreement, by one of the following means: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (a) upon receipt if delivered by hand; (b) on the Delivery Day after the day of deposit with a nationally recognized courier service; or (c) on the third Delivery Day after the notice is deposited in the mail. "**Delivery Day**" means a day other than a Saturday, a Sunday or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of the change in the manner provided in this provision.

8.2 **No Waiver**. No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy. No single or partial exercise by the Bank of any right or remedy precludes any other future exercise of it or the exercise of any other right or remedy. The making of an advance during the existence of any default or subsequent to the occurrence of a default or when all conditions precedent have not been met shall not constitute a waiver of the default or condition

precedent. No waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor shall a waiver on one occasion bar or waive that right on any future occasion.

8.3 **Integration**. This agreement, the Notes, and the other Related Documents embody the entire agreement and understanding between the Borrower and the Bank and supersede all prior agreements and understandings relating to their subject matter. If any one or more of the obligations of the Borrower under this agreement or the Notes is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Notes and the other Related Documents in any other jurisdiction.

8.4 **Joint and Several Liability**. Each party executing this agreement as the Borrower is individually, jointly and severally liable under this agreement.

8.5 **Governing Law and Venue**. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

8.6 **Survival of Representations and Warranties**. The Borrower understands and agrees that in extending the Credit Facilities, the Bank is relying on all representations, warranties, and covenants made by the Borrower in this agreement or in any certificate or other instrument delivered by the Borrower to the Bank under this agreement or in any of the other Related Documents. The Borrower further agrees that regardless of any investigation made by the Bank, all such representations, warranties and covenants will survive the making of the Credit Facilities and delivery to the Bank of this agreement, shall be continuing in nature, and shall remain in full force and effect until such time as the Liabilities shall be paid in full.

8.7 **Non-Liability of the Bank**. The relationship between the Borrower on one hand and the Bank on the other hand shall be solely that of borrower and lender. The Bank shall have no fiduciary responsibilities to the Borrower. The Bank undertakes no responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations.

8.8 **Indemnification of the Bank**. The Borrower agrees to indemnify, defend and hold the Bank, its parent companies, Subsidiaries, Affiliates, their respective successors and assigns and each of their respective shareholders, directors, officers, employees and agents (collectively, the "**Indemnified Persons**") harmless from any and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency, expense, interest, penalties, attorneys' fees (including the fees and expenses of any attorneys engaged by the Indemnified Person) and amounts paid in settlement ("**Claims**") to which any Indemnified Person may become subject arising out of or relating to the Credit Facilities, the Liabilities under this agreement or any other Related Documents or the Collateral, **including any Claims resulting from any Indemnified Person's own negligence**, except to the limited extent that the Claims are proximately caused by the Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this paragraph shall survive the termination of this agreement and shall not be affected by the presence, absence or amount of or the payment or nonpayment of any claim under, any insurance.

8.9 **Counterparts**. This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

8.10 **Advice of Counsel**. The Borrower acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the negotiation, execution and delivery of this agreement and any other Related Documents.

8.11 **Recovery of Additional Costs**. If the imposition of or any change in any Legal Requirement, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify, or make applicable any taxes (except federal, state, or local income or franchise taxes imposed on the Bank), reserve requirements, capital adequacy requirements, Federal Deposit Insurance Corporation (FDIC) deposit insurance premiums or assessments, or other obligations which would (A) increase the cost to the Bank for extending, maintaining or funding the Credit Facilities, (B) reduce the amounts payable to the Bank under the Credit Facilities, or (C) reduce the rate of return on the Bank's capital as a consequence of the Bank's obligations with respect to the Credit Facilities, then the Borrower agrees to pay the Bank such additional amounts as will compensate the Bank therefor, within five (5) days after the Bank's written demand for such payment. The Bank's demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by the Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

8.12 **Expenses**. The Borrower agrees to pay or reimburse the Bank for all its out-of-pocket costs and expenses and reasonable attorneys' fees incurred in connection with the preparation and execution of this agreement, any amendment, supplement, or modification thereto, and any other Related Documents.

8.13 **Reinstatement**. The Borrower agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of the payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or transferred by the Bank or paid or transferred over to a trustee, receiver or any other entity, whether under any proceeding or otherwise (any of those payments or transfers is hereinafter referred to as a "**Preferential Payment**"), then this agreement and the Notes shall continue to be effective or shall be reinstated, as the case may be, even if all those Liabilities have been paid in full and whether or not the Bank is in possession of the Notes and whether any of the Notes has been marked, paid, released or cancelled, or returned to the Borrower and, to the extent of the payment, repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made. The obligations of the Borrower under this section shall survive the termination of this agreement.

8.14 **Assignments**. The Borrower agrees that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the Notes or the other Related Documents to JPMorgan Chase & Co., or any of its Subsidiaries or Affiliates or their successors, or to any one or more purchasers or potential purchasers of the Notes or the Related Documents. The Borrower agrees that the Bank may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in the Notes to one or more purchasers whether or not related to the Bank.

8.15 **Waivers**. Each Obligor waives (a) any right to receive notice of the following matters before the Bank enforces any of its rights: (i) any demand, diligence, presentment, dishonor and protest, or (ii) any action that the Bank takes regarding any Person, any Collateral, or any of the Liabilities, that it might be entitled to by law or under any other agreement; (b) any right to require the Bank to proceed against the Borrower, any other Obligor or any Collateral, or pursue any remedy in the Bank's power to pursue; (c) any defense based on any claim that any Obligor's obligations exceed

or are more burdensome than those of the Borrower; (d) the benefit of any statute of limitations affecting liability of any Obligor or the enforcement hereof; (e) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities; and (f) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. Each Obligor consents to any extension or postponement of time of its payment without limit as to the number or period, to any substitution, exchange or release of all or any part of any Collateral, to the addition of any other party, and to the release or discharge of, or suspension of any rights and remedies against, any Obligor. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of any provision of the Notes is effective unless it is in writing and signed by the Person against whom it is being enforced. To the extent not prohibited by any Legal Requirement, each Obligor waives (a) all of its rights under Rule 31, Texas Rules of Civil Procedure, chapter 34 of the Texas Business and Commerce Code, and Section 17.001 of the Texas Civil Practice and Remedies Code; (b) to the extent it is subject to the Texas Revised Partnership Act ("**TRPA**") or Section 152.306 of the Texas Business Organizations Code ("**BOC**"), compliance by the Bank with Section 3.05(d) of TRPA and Section 152.306(b) of BOC; and (c) if the Liabilities are secured by an interest in real Property, all of its rights under Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as amended from time to time).

8.16 **Time is of the Essence**. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

9. **USA PATRIOT ACT NOTIFICATION**. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, if it is an individual the Bank will ask for its name, taxpayer identification number, residential address, date of birth, and other information that will allow the Bank to identify it, and, if it is not an individual the Bank will ask for its name, taxpayer identification number, business address, and other information that will allow the Bank to identify it. The Bank may also ask, if the Borrower is an individual, to see its driver's license or other identifying documents, and if it is not an individual, to see its Organizational Documents or other identifying documents.

10. **WAIVER OF SPECIAL DAMAGES**. THE BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

11. **JURY WAIVER**. THE BORROWER AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN THE BORROWER AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

THIS AGREEMENT AND THE OTHER WRITTEN RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN 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 BETWEEN THE PARTIES.

Address(es) for Notices:

2601 Spenwick Dr.
Houston, TX 77055

Attn: Darrel LeJeune

Borrower:

The Rectorseal Corporation

By: /s/ David M. Smith
David M. Smith
Printed Name

Date Signed: August 3, 2011

Address(es) for Notices:

2200 Ross Avenue, 8th floor
Dallas, TX 75201

Attn: _____

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Greg Wood
Greg Wood
Printed Name

Date Signed: August 3, 2011

This agreement is dated as of July 23, 2012, by and between The Rectorseal Corporation (the "**Borrower**") and JPMorgan Chase Bank, N.A. (together with its successors and assigns the "**Bank**"). The provisions of this agreement are effective on the date that this agreement has been executed by all of the signers and delivered to the Bank (the "**Effective Date**").

WHEREAS, the Borrower and the Bank entered into a credit agreement dated July 27, 2011, as amended (if applicable) (the "**Credit Agreement**"); and

WHEREAS, the Borrower has requested and the Bank has agreed to amend the Credit Agreement as set forth in this agreement;

NOW, THEREFORE, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **DEFINED TERMS**. Capitalized terms used in this agreement shall have the same meanings as in the Credit Agreement, unless otherwise defined in this agreement.

2. **MODIFICATION OF CREDIT AGREEMENT**. The Credit Agreement is hereby amended as follows:

2.1 From and after the Effective Date, the provision in the Credit Agreement under Section 1.2 captioned "**Facility A (Line of Credit**)" is hereby amended and restated to read as follows:

Facility A (Line of Credit). The Bank has approved a credit facility to the Borrower not to exceed the Commitment Amount in the aggregate at any one time outstanding and subject to being reduced as set forth in a Line of Credit Note executed concurrently with this agreement ("**Facility A**"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note executed concurrently with this agreement, and any renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor. The "**Commitment Amount**" shall be (a) $7,500,000.00 from the date of this agreement until October 31, 2012; (b) $6,000,000.00 from November 1, 2012 until January 31, 2013; (c) $4,500,000.00 from February 1, 2013 until April 30, 2013; and (d) $3,000,000.00 thereafter.

3. **RATIFICATION**. The Borrower ratifies and reaffirms the Credit Agreement and the Credit Agreement shall remain in full force and effect as modified by this agreement.

4. **BORROWER REPRESENTATIONS AND WARRANTIES**. The Borrower represents and warrants that (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date of this agreement, (b) no condition, event, act or omission which could constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document exists, and (c) no condition, event, act or omission has occurred and is continuing that with the giving of notice, or the passage of time or both, would constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document.

5. **FEES AND EXPENSES**. The Borrower agrees to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this agreement, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this agreement.

6. **EXECUTION AND DELIVERY**. This agreement shall become effective only after it is fully executed by the Borrower and the Bank, and the Bank shall have received from the Borrower the following documents: Note Modification Agreement.

7. **ACKNOWLEDGEMENTS OF BORROWER / RELEASE**. The Borrower acknowledges that as of the date of this agreement it has no offsets with respect to all amounts owed by the Borrower to the Bank arising under or related to the Credit Agreement, as modified by this agreement, or any other Related Document on or prior to the

date of this agreement. The Borrower fully, finally and forever releases and discharges the Bank, its successors and assigns and their respective directors, officers, employees, agents and representatives (each a "**Bank Party**") from any and all claims, causes of action, debts, demands and liabilities, of whatever kind or nature, in law or in equity, of the Borrower, whether now known or unknown to the Borrower, which may have arisen in connection with the Credit Agreement or the actions or omissions of any Bank Party related to the Credit Agreement on or prior to the date hereof. ("**Claims**"); provided, however, that the foregoing **RELEASE SHALL INCLUDE ALL CLAIMS ARISING OUT OF THE NEGLIGENCE OF ANY BANK PARTY**, but not the gross negligence or willful misconduct of any Bank Party. The Borrower acknowledges and agrees that this agreement is limited to the terms outlined above, and shall not be construed as an agreement to change any other terms or provisions of the Credit Agreement. This agreement shall not establish a course of dealing or be construed as evidence of any willingness on the Bank's part to grant other or future agreements, should any be requested.

8. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER**. The Credit Agreement, as modified by this agreement, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of the Credit Facilities and supersede all prior understandings and negotiations. If any one or more of the obligations of the Borrower under this agreement or the Credit Agreement, as amended by this agreement, is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Credit Agreement, as modified by this agreement, or any other Related Document in any other jurisdiction. No provision of the Credit Agreement, as modified by this agreement, or the other Related Documents, may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.

9. **Governing Law and Venue**. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

10. **NOT A NOVATION**. This agreement is a modification only and not a novation. Except as expressly modified by this agreement, the Credit Agreement, any other Related Documents, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This agreement is to be considered attached to the Credit Agreement and made a part thereof. This agreement shall not release or affect the liability of any guarantor of any promissory note or credit facility executed in reference to the Credit Agreement or release any owner of collateral granted as security for the Credit Agreement. The validity, priority and enforceability of the Credit Agreement shall not be impaired hereby. To the extent that any provision of this agreement conflicts with any term or condition set forth in the Credit Agreement, or any other Related Documents, the provisions of this agreement shall supersede and control. The Bank expressly reserves all rights against all parties to the Credit Agreement and the other Related Documents.

11. **COUNTERPART EXECUTION**. This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

12. **TIME IS OF THE ESSENCE**. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

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SIGNATURES FOLLOW

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

The Rectorseal Corporation

By: /s/ David M. Smith

David M. Smith	President
Printed Name	Title

Date Signed: July 22, 2012

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Greg Wood

Greg Wood	Vice President
Printed Name	Title

Date Signed: July 22, 2012

This agreement is dated as of March 6, 2013, by and between The Rectorseal Corporation (the "**Borrower**") and JPMorgan Chase Bank, N.A. (together with its successors and assigns the "**Bank**"). The provisions of this agreement are effective on the date that this agreement has been executed by all of the signers and delivered to the Bank (the "**Effective Date**").

WHEREAS, the Borrower and the Bank entered into a credit agreement dated July 27, 2011, as amended (if applicable) (the "**Credit Agreement**"); and

WHEREAS, the Borrower has requested and the Bank has agreed to amend the Credit Agreement as set forth in this agreement;

NOW, THEREFORE, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **DEFINED TERMS.** Capitalized terms used in this agreement shall have the same meanings as in the Credit Agreement, unless otherwise defined in this agreement.

2. **MODIFICATION OF CREDIT AGREEMENT.** The Credit Agreement is hereby amended as follows:

2.1 From and after the Effective Date, the provision in the Credit Agreement under Section 1.2 captioned "**Facility A (Line of Credit)**" is hereby amended as follows:

Facility A (Line of Credit). The Bank has approved a credit facility) to the Borrower in the principal sum not to exceed the Commitment Amount in the aggregate at any one time outstanding and subject to being reduced as set forth in a Line of Credit Note executed concurrently with this agreement ("**Facility A**"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note executed concurrently with this agreement, and any renewals, modifications. extensions, rearrangements, restatements thereof and replacements or substitutions therefor. The "**Commitment Amount**" shall be (a) $11,.000,000.00 from the date of this agreement until May 31, 2013; (b) $9,500,000.00 from June 1, 2013 until August 31, 2013; $8,000,000.00 from September 1, 2013 until November 31, 2013; (c) $6,500,000.00 from December 1, 2013 until February 28, 2014; and (d) $5,000,000.00 thereafter.

2.2 From and after the Effective Date, the provision in the Credit Agreement under Section 5.2 captioned "**M. Tangible Net Worth**" is hereby amended as follows:

Tangible Net Worth. Permit at any time, Borrower's Tangible Net Worth on a non-consolidated basis to be less than $17,000,000.00.

3. **RATIFICATION.** The Borrower ratifies and reaffirms the Credit Agreement and the Credit Agreement shall remain in full force and effect as modified by this agreement.

4. **BORROWER REPRESENTATIONS AND WARRANTIES.** The Borrower represents and warrants that (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date of this agreement, (b) no condition, event, act or omission which could constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document exists, and (c) no condition, event, act or omission has occurred and is continuing that with the giving of notice, or the passage of time or both, would constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document.

5. **FEES AND EXPENSES.** The Borrower agrees to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this agreement, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this agreement.

6. **EXECUTION AND DELIVERY.** This agreement shall become effective only after it is fully executed by the Borrower and the Bank, and the Bank shall have received from the Borrower the following documents: Note Modification Agreement.

7. **ACKNOWLEDGEMENTS OF BORROWER / RELEASE.** The Borrower acknowledges that as of the date of this agreement it has no offsets with respect to all amounts owed by the Borrower to the Bank arising under or related to the Credit Agreement, as modified by this agreement, or any other Related Document on or prior to the date of this agreement. The Borrower fully, finally and forever releases and discharges the Bank, its successors and assigns and their respective directors, officers, employees, agents and representatives (each a "**Bank Party**") from any and all claims, causes of action, debts, demands and liabilities, of whatever kind or nature, in law or in equity, of the Borrower, whether now known or unknown to the Borrower, which may have arisen in connection with the Credit Agreement or the actions or omissions of any Bank Party related to the Credit Agreement on or prior to the date hereof, ("**Claims**"); provided, however, that the foregoing RELEASE SHALL INCLUDE ALL CLAIMS ARISING OUT OF THE NEGLIGENCE OF ANY BANK PARTY, but not the gross negligence or willful misconduct of any Bank Party. The Borrower acknowledges and agrees that this agreement is limited to the terms outlined above, and shall not be construed as an agreement to change any other terms or provisions of the Credit Agreement. This agreement shall not establish a course of dealing or be construed as evidence of any willingness on the Bank's part to grant other or future agreements, should any be requested.

8. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER.** The Credit Agreement, as modified by this agreement, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of the Credit Facilities and supersede all prior understandings and negotiations. If any one or more of the obligations of the Borrower under this agreement or the Credit Agreement, as amended by this agreement is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Credit Agreement, as modified by this agreement, or any other Related Document in any other jurisdiction. No provision of the Credit Agreement, as modified by this agreement, or the other Related Documents, may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.

9. **GOVERNING LAW AND VENUE.** This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

10. **NOT A NOVATION.** This agreement is a modification only and not a novation. Except as expressly modified by this agreement, the Credit Agreement, any other Related Documents, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This agreement is to be considered attached to the Credit Agreement and made a part thereof. This agreement shall not release or affect the liability of any guarantor of any promissory note or credit facility executed in reference to the Credit Agreement or release any owner of collateral granted as security for the Credit Agreement. The validity, priority and enforceability of the Credit Agreement shall

not be impaired hereby. To the extent that any provision of this agreement conflicts with any term or condition set forth in the Credit Agreement, or any other Related Documents, the provisions of this agreement shall supersede and control. The Bank expressly reserves all rights against all parties to the Credit Agreement and the other Related Documents.

11. **COUNTERPART EXECUTION.** This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

The remainder of this page bas been intentionally left blank.

12. **TIME IS OF THE ESSENCE.** Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

The Rectorseal Corporation

By: /s/ David M.Smith

David M.Smith

Printed Name

Date Signed: March 11, 2013

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Greg Wood

Greg Wood

Printed Name

Date Signed: March 11, 2013

Amendment to Credit Agreement

This agreement is dated as of December 9, 2013, by and between The Rectorseal Corporation (the "**Borrower**") and JPMorgan Chase Bank, N.A. (together with its successors and assigns the "**Bank**"). The provisions of this agreement are effective on the date that this agreement has been executed by all of the signers and delivered to the Bank (the "**Effective Date**").

WHEREAS, the Borrower and the Bank entered into a credit agreement dated July 27, 2011, as amended (if applicable) (the "**Credit Agreement**"); and

WHEREAS, the Borrower has requested and the Bank has agreed to amend the Credit Agreement as set forth in this agreement;

NOW, **THEREFORE**, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **DEFINED TERMS**. Capitalized terms used in this agreement shall have the same meanings as in the Credit Agreement, unless otherwise defined in this agreement.

2. **MODIFICATION OF CREDIT AGREEMENT**. The Credit Agreement is hereby amended as follows:

2.1 From and after the Effective Date, the provision in the Credit Agreement under Section 1.2 captioned "**Facility A (Line of Credit)**" is hereby amended and restated as follows:

Facility A (Line of Credit). The Bank has approved a credit facility to the Borrower in the principal sum not to exceed $24,000,000.00 in the aggregate at any one time outstanding and subject to being reduced as set forth in a Line of Credit Note executed concurrently with this agreement ("**Facility A**"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note executed concurrently with this agreement, and any renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor.

2.2 From and after the Effective Date, the provision in Section 5.2 of the Credit Agreement captioned "**M. Tangible Net Worth**" is hereby amended and restated as follows:

M. Tangible Net Worth. Permit at any time, its Tangible Net Worth to be less than $ 12,000,000.

3. **RATIFICATION**. The Borrower ratifies and reaffirms the Credit Agreement and the Credit Agreement shall remain in full force and effect as modified by this agreement.

4. **BORROWER REPRESENTATIONS AND WARRANTIES**. The Borrower represents and warrants that (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date of this agreement,

(b) no condition, event, act or omission which could constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document exists, and (c) no condition, event, act or omission has occurred and is continuing that with the giving of notice, or the passage of time or both, would constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document.

5. **FEES AND EXPENSES**. The Borrower agrees to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this agreement, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this agreement.

6. **EXECUTION AND DELIVERY OF AGREEMENT BY THE BANK**. The Bank shall not be bound by this agreement until (i) the Bank has executed this agreement and (ii) the Borrower has executed and delivered this agreement together with all other related documents requested by the Bank, and the Borrower has fully satisfied all other conditions precedent, as determined by the Bank in its sole discretion.

7. **ACKNOWLEDGEMENTS OF BORROWER / RELEASE**. The Borrower acknowledges that as of the date of this agreement it has no offsets with respect to all amounts owed by the Borrower to the Bank arising under or related to the Credit Agreement, as modified by this agreement, or any other Related Document on or prior to the date of this agreement. The Borrower fully, finally and forever releases and discharges the Bank, its successors and assigns and their respective directors, officers, employees, agents and representatives (each a "**Bank Party**") from any and all claims, causes of action, debts, demands and liabilities, of whatever kind or nature, in law or in equity, of the Borrower, whether now known or unknown to the Borrower, which may have arisen in connection with the Credit Agreement or the actions or omissions of any Bank Party related to the Credit Agreement on or prior to the date hereof. ("**Claims**"); provided, however, that the foregoing **RELEASE SHALL INCLUDE ALL CLAIMS ARISING OUT OF THE NEGLIGENCE OF ANY BANK PARTY**, but not the gross negligence or willful misconduct of any Bank Party. The Borrower acknowledges and agrees that this agreement is limited to the terms outlined above, and shall not be construed as an agreement to change any other terms or provisions of the Credit Agreement. This agreement shall not establish a course of dealing or be construed as evidence of any willingness on the Bank's part to grant other or future agreements, should any be requested.

8. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER**. The Credit Agreement, as modified by this agreement, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of the Credit Facilities and supersede all prior understandings and negotiations. If any one or more of the obligations of the Borrower under this agreement or the Credit Agreement, as amended by this agreement, is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction

shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Credit Agreement, as modified by this agreement, or any other Related Document in any other jurisdiction. No provision of the Credit Agreement, as modified by this agreement, or the other Related Documents, may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.

9. **Governing Law and Venue**. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

10. **NOT A NOVATION**. This agreement is a modification only and not a novation. Except as expressly modified by this agreement, the Credit Agreement, any other Related Documents, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This agreement is to be considered attached to the Credit Agreement and made a part thereof. This agreement shall not release or affect the liability of any guarantor of any promissory note or credit facility executed in reference to the Credit Agreement or release any owner of collateral granted as security for the Credit Agreement. The validity, priority and enforceability of the Credit Agreement shall not be impaired hereby. To the extent that any provision of this agreement conflicts with any term or condition set forth in the Credit Agreement, or any other Related Documents, the provisions of this agreement shall supersede and control. The Bank expressly reserves all rights against all parties to the Credit Agreement and the other Related Documents.

11. **COUNTERPART EXECUTION**. This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

Remainder of page intentionally left blank

12. **TIME IS OF THE ESSENCE**. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

The Rectorseal Corporation

By: /s/ David M. Smith
David M. Smith
President
Printed Name Title

Date Signed: Dec. 26, 2013

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Greg Wood
Greg Wood
VP
Printed Name Title

Date Signed: Jan. 2, 2014

Amendment to Credit Agreement

This agreement is dated as of July 31, 2014, by and between The Rectorseal Corporation (the "**Borrower**") and JPMorgan Chase Bank. N.A. (together with its successors and assigns the "**Bank**"). The provisions of this Agreement are effective on the date that this agreement has been executed by all of the signers and delivered to the Bank (the "**Effective Date**").

WHEREAS, the Borrower and the Bank entered into a credit agreement dated July 27, 2011, as amended (if applicable) (the "**Credit Agreement**"); and

WHEREAS, the Borrower has requested and the Bank has agreed to amend the Credit Agreement as set forth in this agreement;

NOW, THEREFORE, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **DEFINED TERMS.** Capitalized terms used in this agreement shall have the same meanings as in the Credit Agreement. unless otherwise defined in this agreement.

2. **MODIFICATION OF CREDIT AGREEMENT.** The Credit Agreement is hereby amended as follows:

2.1 From and after the Effective Date, the provision under Section 1.2 of the Credit Agreement captioned "Facility A (Line of Credit)" is hereby amended and restated to read as follows:

1.2 Facility A (Line of Credit). The Bank has approved a credit facility to the Borrower in the principal sum not to exceed $25,000.000.00 in the aggregate at any one time outstanding and subject to being reduced as set forth in a Line of Credit Note executed concurrently with this agreement ("**Facility A**"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note dated July 27, 2011, and any renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor.

2.2 From and after the Effective Date, Section 5.2 of the Credit Agreement captioned "M. Tangible Net Worth" is hereby amended and restated to read as follows:

M. Tangible Net Worth. Permit at any time, its Tangible Net Worth to be less than $15,000,000.00.

3. **RATIFICATION.** The Borrower ratifies and reaffirms the Credit Agreement and the Credit Agreement shall remain in full force and effect as modified by this agreement.

4. **BORROWER REPRESENTATIONS AND WARRANTIES.** The Borrower represents and warrants that (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date of this agreement, (b) no condition, event, act or omission which could constitute a default or an event or default under the Credit Agreement, as modified by this agreement, or any other Related Document exists, and (c) no condition, event, act or omission has occurred and is continuing that with the giving of notice, or the passage of time or both, would constitute a default or an event of default under the Credit Agreement, as modified by this agreement, or any other Related Document.

5. **FEES AND EXPENSES.** The Borrower agrees to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this agreement, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this agreement.

6. **EXECUTION AND DELIVERY OF AGREEMENT BY THE BANK.** The Bank shall not be bound by this agreement until (i) the Bank has executed this agreement and (ii) the Borrower has executed and delivered this agreement together with all other related documents requested by the Bank, and the Borrower has fully satisfied all other conditions precedent, as determined by the Bank in its sole discretion.

7. **ACKNOWLEDGEMENTS OF BORROWER / RELEASE.** The Borrower acknowledges that as of the date of this agreement it has no offsets with respect to all amounts owed by the Borrower to the Bank arising under or related to the Credit Agreement, as modified by this agreement, or any other Related Document on or prior to the date of this agreement. The Borrower fully, finally and forever releases and discharges the Bank, its successors and assigns and their respective directors, officers, employees, agents and representatives (each a "**Bank Party**") from any and all claims, causes of action, debts, demands and liabilities, of whatever kind or nature, in law or in equity, of the Borrower, whether now known or unknown to the Borrower, which may have arisen in connection with the Credit Agreement or the actions or omissions of any Bank Party related to the Credit Agreement on or prior to the date hereof, ("**Claims**"); provided, however. that the foregoing **RELEASE SHALL INCLUDE ALL CLAIMS ARISING OUT OF THE NEGLIGENCE OF ANY BANK PARTY**, but not the gross negligence or willful misconduct of any Bank Party. The Borrower acknowledges and agrees that this agreement is limited to the terms outlined above, and shall not be construed as an agreement to change any other terms or provisions of the Credit Agreement. This agreement shall not establish a course of dealing or be construed as evidence of any willingness on the Bank's part to grant other or future agreements, should any be requested.

8. **STATEMENTS.** The Bank may from time to time provide the Borrower with account statements or invoices with respect to any of the Liabilities ("**Statements**"). The Bank is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrower's convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Liabilities. If the Borrower pays the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrower shall not be in default of payment with respect to the billing period indicated on such Statement; provided, that acceptance by the Bank of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Bank's right to receive payment in full at another time.

9. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER.** The Credit Agreement, as modified by this agreement, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of the Credit Facilities and supersede all prior understandings and negotiations. If any one or more of the obligations of the Borrower under this agreement or the Credit Agreement, as amended by this agreement, is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Credit Agreement, as modified by this agreement, or any other Related Document in any other jurisdiction. No provision of the Credit Agreement, as modified by this agreement, or the other Related Documents, may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.

10. **Governing Law and Venue.** This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bunk in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State or Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

11. **NOT A NOVATION.** This agreement is a modification only and not a novation. Except as expressly modified by this agreement, the Credit Agreement, any other Related Documents, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This agreement is to be considered attached to the Credit Agreement and made a part thereof. This agreement

shall not release or affect the liability of any guarantor or any promissory note or credit facility executed in reference to the Credit Agreement or release any owner of collateral granted as security for the Credit Agreement. The validity, priority and enforceability of the Credit Agreement shall not be impaired hereby. To the extent that any provision of this agreement conflicts with any term or condition set forth in the Credit Agreement, or any other Related Documents, the provisions of this agreement shall supersede and control. The Bank expressly reserves all rights against all parties to the Credit Agreement and the other Related Documents.

12. **COUNTERPART EXECUTION.** This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together. shall constitute one and the same agreement.

13. **TIME IS OF THE ESSENCE.** Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

The Rectorseal Corporation

By: /s/ David M. Smith

David M. Smith	President
Printed Name	Title

Date Signed: August 11, 2014

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Greg Wood

Greg Wood	VP
Printed Name	Title

Date Signed: August 12, 2014

Exhibit 21.1

CSW Industrials, Inc.
List of Subsidiaries

Name of Subsidiary	State of Incorporation
Balco, Inc.	Delaware
CapStar Holdings Corporation	Nevada
Jet-Lube, Inc.	Delaware
The RectorSeal Corporation	Delaware
Smoke Guard, Inc.	Nevada
Strathmore Holdings, LLC	Delaware
The Whitmore Manufacturing Company	Delaware

Exhibit 99.1

[●], 2015

Dear CSW Industrials Stockholder:

I am pleased to inform you that on [●], 2015, the Board of Directors of Capital Southwest Corporation ("**Capital Southwest**") approved the spin-off of its industrial products, coatings, sealants and adhesives and specialty chemicals businesses into CSW Industrials, Inc. ("**CSWI**"), a standalone, publicly traded company. We refer to this spin-off, which will be effected by a special dividend of CSWI's common stock to Capital Southwest shareholders, as the "**Share Distribution**."

As a result of the Share Distribution, Capital Southwest shareholders will receive one share of CSWI common stock for every share of Capital Southwest common stock held as of 5:00 p.m. Eastern time on [●], 2015, the record date. The distribution of CSWI shares is expected to occur on [●], 2015. Shareholder approval of the Share Distribution is not required, and you do not need to take any action to receive your shares of CSWI common stock in the Share Distribution. Further, you do not need to pay any consideration or surrender or exchange your shares of Capital Southwest common stock. The shares you will receive in the Share Distribution, which is subject to several conditions, will be issued in book-entry form only, which means that no physical stock certificates representing interests in CSWI will be issued. A book-entry account statement reflecting your ownership of shares of CSWI common stock will be mailed to you, or your brokerage account will be credited for the shares on or about [●], 2015.

It is our pleasure to welcome you as a stockholder of CSWI, a diversified industrial growth company with well-established, scalable platforms and deep domain expertise across three segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals.

As an independent, publicly traded company, we will have greater focus on our core businesses and greater flexibility to pursue growth opportunities within our industry, bringing more value to you as a stockholder than possible as separate companies controlled by Capital Southwest.

In connection with the Share Distribution, CSWI common stock will be listed on the NASDAQ Stock Market, LLC under the symbol "CSWI."

We invite you to learn more about CSWI by reviewing the enclosed Information Statement. We look forward to our future as an independent, publicly traded company and to your support as a stockholder.

Very truly yours,

Joseph B. Armes
Chairman of the Board and
Chief Executive Officer

Table of Contents

Information included herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

PRELIMINARY INFORMATION STATEMENT
SUBJECT TO COMPLETION, DATED JULY 21, 2015

CSW Industrials, Inc.

Common Stock

This Information Statement is being sent to you in connection with the planned distribution by Capital Southwest Corporation ("**Capital Southwest**") to its shareholders of the outstanding shares of common stock of its wholly owned subsidiary, CSW Industrials, Inc. ("**we**," "**us**," "**our**" or "**CSWI**").

Capital Southwest will distribute the outstanding shares of common stock of CSWI on a *pro rata* basis to holders of Capital Southwest common stock. This distribution is referred to in this Information Statement as the "**Share Distribution**." Holders of Capital Southwest common stock as of 5:00 p.m. Eastern time on [●], 2015 (the "**Record Date**") will be entitled to receive one share of CSWI common stock for every share of Capital Southwest common stock they hold. The distribution of shares will be made through direct registration in book-entry form on [●], 2015 (the "**Distribution Date**"), which means that no physical share certificates will be issued. Immediately after the Share Distribution, we will be an independent, publicly traded company.

We are currently a wholly owned subsidiary of Capital Southwest. We were formed solely to effect the Share Distribution. To date, we have not conducted any material activities or operations. Prior to the Share Distribution, Capital Southwest will contribute to us the outstanding capital stock of the following operating companies:

- The RectorSeal Corporation, which manufactures specialty chemical products and control devices for plumbing, heating, ventilation and air conditioning, refrigeration, electrical and industrial applications;
- The Whitmore Manufacturing Company, which manufactures high performance, specialty lubricants for heavy equipment used in surface mining, railroad and other industries, lubrication equipment specifically for rail applications and lubrication-centric reliability solutions for a wide variety of industries. Whitmore also produces water-based coatings for the automotive and primary metals industries;
- Jet-Lube, Inc., which manufactures specialty lubricants and other products used in oil and gas and industrial applications;
- Balco, Inc., which designs and manufactures innovative products specified by architects for use in the construction and remodeling of educational facilities, commercial and industrial buildings, airports, hotels, hospitals, parking garages and high-end residential condominiums;
- Strathmore Holdings, LLC, which manufactures customized industrial coatings used in various industries including rail car and locomotive, mining and other manufacturing; and
- Smoke Guard, Inc., which manufactures safety products for the commercial construction market and other markets requiring smoke and fire protection.

Following the Share Distribution, we will be a diversified industrial growth company with well-established, scalable platforms and deep domain expertise across three segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. We expect to focus on generating free cash flow by growing organically and through complementary and synergistic acquisitions. We believe the key drivers of our growth include: (1) the benefits that will result from the Share Distribution; (2) leveraging our existing customer relationships, technologies, products and solutions; (3) focused acquisitions that leverage our distribution channels; and (4) operational excellence.

You will not be required to pay any cash or other consideration for the shares of CSWI common stock that will be distributed to you, nor will you be required to surrender or exchange your shares of Capital Southwest common stock in order to receive shares of CSWI common stock in the Share Distribution. The Share Distribution will not affect the number of shares of Capital Southwest common stock that you own. No approval by Capital Southwest shareholders of the Share Distribution is required or being sought. **You are not being asked for a proxy and you are requested not to send a proxy.**

There is currently no trading market for our common stock. In connection with the Share Distribution, CSWI common stock will be listed on the NASDAQ Stock Market, LLC under the symbol "CSWI." However, we expect that a limited market for our common stock, commonly known as a "when-issued" trading market, will develop on or shortly prior to the Record Date, and we expect "regular-way" trading of our common stock will begin one trading day after the Distribution Date.

In reviewing this Information Statement, you should carefully consider the matters described under "*Risk Factors*" for a discussion of certain factors that should be considered by recipients of our common stock.

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

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

CSWI first mailed this information statement to its stockholders on or about , 2015.

The date of this Information Statement is , 2015.

TABLE OF CONTENTS

Unless the context otherwise requires, references to "**CSWI,**" "**we,**" "**us**" or "**our**" in this Information Statement are to CSW Industrials, Inc. and its direct and indirect subsidiaries following the Share Distribution. References to "**Capital Southwest**" refer to Capital Southwest Corporation and its consolidated subsidiaries before the Share Distribution and to Capital Southwest Corporation and its consolidated subsidiaries excluding CSWI and its subsidiaries after the Share Distribution, unless the context otherwise requires.

This Information Statement is being furnished solely to provide information to Capital Southwest shareholders who will receive shares of CSWI common stock in the Share Distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of our securities or any securities of Capital Southwest. This Information Statement describes our business, our relationship with Capital Southwest and how the Share Distribution affects Capital Southwest and its shareholders, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of our common stock that you will receive in the Share Distribution. For additional information regarding the risks relating to the Share Distribution, our business and ownership of our common stock, see "*Risk Factors*."

Prior to the Share Distribution, Capital Southwest will contribute to CSWI all of the outstanding capital stock of The RectorSeal Corporation ("**RectorSeal**"), The Whitmore Manufacturing Company ("**Whitmore**"), Jet-Lube, Inc. ("**Jet-Lube**"), Balco, Inc. ("**Balco**"), Strathmore Holdings, LLC, the entity formed to acquire substantially all of the assets of Strathmore Products, Inc. in April 2015 ("**Strathmore**"), Smoke Guard, Inc. ("**Smoke Guard**") and CapStar Holdings Corporation ("**CapStar**"). CapStar is a real estate holdings company whose operations are not material to CSWI. RectorSeal, Whitmore, Jet-Lube, Balco, Strathmore, Smoke Guard and CapStar are collectively referred to in this Information Statement as the "**CSWI Businesses**." Except as otherwise indicated, the information included in this Information Statement reflects the contribution by Capital Southwest, immediately prior to the Share Distribution, of all of the capital stock of the CSWI Businesses. To date, CSWI has not conducted any material activities or operations.

You should not assume that the information contained in this Information Statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and we undertake no obligation to update the information, except in the normal course of our public disclosure obligations and practices and as otherwise required by law.

QUESTIONS AND ANSWERS ABOUT CSWI AND THE SHARE DISTRIBUTION

Set forth below are commonly asked questions and answers about the spin-off of CSWI by Capital Southwest into a standalone, publicly traded company. The spin-off will be effected by a pro rata distribution of the outstanding shares of CSWI common stock to Capital Southwest's shareholders. This distribution is referred to in this Information Statement as the "**Share Distribution**." You should read the section titled "*The Share Distribution*" for a more detailed description of the matters described below.

Q. What is the Share Distribution?

A. The Share Distribution is the spin-off of Capital Southwest's industrial products, coatings, sealants and adhesives and specialty chemicals businesses by means of a distribution of the outstanding shares of common stock of CSWI on a *pro rata* basis to holders of Capital Southwest common stock. If all conditions to the Share Distribution are met, all outstanding shares of our common stock will be distributed to holders of shares of Capital Southwest common stock as of [●], 2015 (the "**Record Date**"). The Share Distribution is expected to occur on **[●]**, 2015 (the "**Distribution Date**"). Each holder of shares of Capital Southwest common stock as of the Record Date will be entitled to receive one share of our common stock for every share of Capital Southwest common stock held as of the Record Date. Following the Share Distribution, Capital Southwest will no longer hold any of our outstanding capital stock and we will be a standalone, publicly traded company. In connection with the Share Distribution, CSWI common stock will be listed on the NASDAQ Stock Market, LLC ("**NASDAQ**") under the symbol "CSWI."

Q. What are the reasons for the Share Distribution?

A. The Board of Directors of Capital Southwest (the "**Capital Southwest Board**") reviewed Capital Southwest's structure and strategy to consider the strategic, operational and financial requirements of an investment company seeking to achieve capital appreciation through long-term investments in privately held businesses. As part of its review, the Capital Southwest Board evaluated potential strategic alternatives in connection with an overall review of its strategy as a business development company, including a termination of Capital Southwest's regulated investment company status. Although the business development company structure has several benefits, the growth and expansion of the CSWI Businesses has created significant concerns about the continued qualification of Capital Southwest as a regulated investment company and has significantly limited the flexibility of Capital Southwest and the CSWI Businesses to obtain and deploy capital in a manner that would maximize the growth and profitability of their respective businesses. Further, because of the regulatory framework imposed on Capital Southwest as a business development company, the CSWI Businesses have been operated as separate businesses, and consequently the CSWI Businesses have been unable to benefit from the greater scale, cost synergies and other benefits that could result from common ownership and operation in a less regulated operating environment.

The Capital Southwest Board determined that the Share Distribution is in the best interests of Capital Southwest and its shareholders, and that separating the CSWI Businesses from Capital Southwest would provide benefits to both Capital Southwest and CSWI that could not be achieved as a combined company, such as our ability to:

- *Organize the CSWI Businesses Around Key Market Segments*. Due to Capital Southwest's business development company structure, each of the CSWI Businesses has historically operated as a separate independent company. The Share Distribution will allow CSWI to pursue a strategy expected to focus on organizing around key market segments, which the Capital Southwest Board believes will result in greater opportunities to achieve cost and operational synergies and implement best practices in the collective operations of the businesses.
- *Grow the CSWI Businesses by Allocating Capital More Efficiently*. As a business development company, Capital Southwest is subject to regulatory limitations that, because of the growth of the

CSWI Businesses and the value of Capital Southwest's investments in them, create significant regulatory hurdles to Capital Southwest's ability to invest directly in the continued expansion of the CSWI Businesses. In addition, due to their being separate portfolio companies in Capital Southwest's business development company structure, it is not efficient to move capital from one of the CSWI Businesses to another to fund attractive growth projects. Following the Share Distribution, CSWI will be able to more efficiently fund growth projects across the CSWI Businesses, as no regulatory hurdles will exist that would limit CSWI's ability to fund future growth.

- *Offer Greater Investor Choice Through Separate Entities*. The Share Distribution will separate the two business models that the Capital Southwest Board believes currently reside within Capital Southwest—an industrial growth company and an investment company. The Capital Southwest Board believes this will increase investor visibility into and understanding of the CSWI Businesses and Capital Southwest's investment activities and thereby facilitate the creation of a more natural and interested investor base for each company.
- *Unlock Shareholder Value.* The Capital Southwest Board believes that following the Share Distribution the combined value of Capital Southwest common stock and CSWI common stock should, over time and assuming similar market conditions, be greater than the value of Capital Southwest common stock had the Share Distribution not occurred, resulting in greater long-term value to Capital Southwest shareholders and greater flexibility for each of Capital Southwest and CSWI to make new investments to advance their business plans. This belief is based in part on the fact that the Share Distribution will result in greater public disclosure of the operations and performance of the CSWI Businesses once CSWI is a publicly traded company, permitting investors to more accurately assess the performance and strategies of the CSWI Businesses.
- *Increase Management Focus*. The Share Distribution will enable us to assemble a management team capable of devoting its entire time and attention to growing the CSWI Businesses and improving operational performance and profitability and, as a result, maximizing shareholder value.
- *Better Align the Interests of Management and Our Stockholders*. The Capital Southwest Board believes that the Share Distribution will enable us to use share-based incentive awards that will be tied directly to CSWI's performance, providing employees with incentives more closely linked to the achievement of the specific performance objectives of the CSWI Businesses and aligning employee interests more closely with the interests of stockholders.

In addition, the Capital Southwest Board considered the fact that the CSWI Businesses are not integrated with Capital Southwest and, as a result, the Share Distribution is not expected to involve extensive disentanglements.

The Capital Southwest Board also considered a number of potentially negative factors in evaluating the Share Distribution. These factors included, among other things, the fact that the Share Distribution: (1) will result in two standalone, publicly traded companies, which will result in increased operating and overhead costs in the aggregate; and (2) has caused Capital Southwest to incur implementation costs it would not otherwise have incurred, and, if implemented, will likely cause transitional disruptions in the operations of both Capital Southwest and CSWI. Notwithstanding these potentially negative factors, the Capital Southwest Board determined that the Share Distribution was the best alternative to enhance shareholder value, taking into account the factors discussed above. For a more detailed discussion relating to the factors considered by the Capital Southwest Board, see "*The Share Distribution—Reasons for the Share Distribution.*"

Q. What will CSWI's operations consist of following the Share Distribution?

A. We are currently a wholly owned subsidiary of Capital Southwest. We were formed solely to effect the Share Distribution and to date, we have not conducted any material activities or operations. Prior to the Share Distribution, Capital Southwest will contribute to us the outstanding capital stock of the CSWI Businesses. Further, Capital Southwest expects to contribute to us $[●] in cash.

Following the Share Distribution, we will be a diversified industrial growth company with well-established, scalable platforms and deep domain expertise across three segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. We expect to focus on generating free cash flow by growing organically and through complementary and synergistic acquisitions. We believe the key drivers of our growth include: (1) the benefits that will result from the Share Distribution; (2) leveraging our existing customer relationships, technologies, products and solutions; (3) focused acquisitions that leverage our distribution channels; and (4) operational excellence.

Q. What are the conditions to consummation of the Share Distribution?

A. The Share Distribution is subject to a number of conditions, including, among others: (1) effectiveness of CSWI's Registration Statement on Form 10 filed with the U.S. Securities and Exchange Commission (the "**SEC**"); (2) receipt of a favorable opinion with respect to the tax-free nature of the Share Distribution for federal income tax purposes; (3) the absence of any legal restraint or prohibition preventing consummation of the Share Distribution; and (4) the absence of any event occurring that, in the Capital Southwest Board's judgment, would result in the Share Distribution having a material adverse effect on Capital Southwest or its shareholders. However, even if all of the conditions have been satisfied, Capital Southwest may amend, modify or abandon any and all terms of the distribution and the related transactions at any time prior to the Distribution Date. In the event that the Capital Southwest Board waives a material condition or amends, modifies or abandons the Share Distribution, Capital Southwest will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a press release, Current Report on Form 8-K or other means. For a more detailed description, see "*The Share Distribution—Conditions to the Share Distribution.*"

Q. Who will be the executive management team of CSWI and Capital Southwest following the Share Distribution?

A. Our executive officers following the Share Distribution will be: (1) Joseph B. Armes, our Chairman and Chief Executive Officer and Capital Southwest's current Chairman and Chief Executive Officer; (2) Christopher J. Mudd, our President and Chief Operating Officer and Capital Southwest's current Senior Vice President, Operations; and (3) Kelly Tacke, our Chief Financial Officer and Capital Southwest's current Chief Financial Officer. See "*Management—Executive Officers*" for biographical information for Mr. Armes, Mr. Mudd and Ms. Tacke.

We expect that Bowen S. Diehl, Capital Southwest's current Chief Investment Officer, will become Capital Southwest's Chief Executive Officer following the Share Distribution.

Q. Who will be a member of the Board of Directors of CSWI following the Share Distribution?

A. After the Share Distribution, we will have a Board of Directors initially consisting of five directors. See "*Management—The CSWI Board Following the Share Distribution*" for a list of the individuals who are expected to be appointed as directors, along with of a summary of each individual's qualifications and experience.

Q. What are the material U.S. federal income tax consequences to me of the Share Distribution?

A. The Share Distribution is conditioned on the receipt of an opinion from a nationally recognized accounting firm that the requirements necessary for the Share Distribution (and the Pre-Share Distribution reorganization) to receive tax-free treatment under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "**Code**"), should be satisfied, except with respect to any cash paid in lieu of fractional shares of CSWI common stock. Capital Southwest expects to receive this opinion on the day of the Share Distribution. Although Capital Southwest has no present intention to do so, this condition is solely for the benefit of Capital Southwest and may be waived by Capital Southwest in its sole discretion. The U.S. federal income tax consequences of the distribution are described in more detail under "*The Share Distribution—Material U.S. Federal Income Tax Consequences.*"

Q. What will I receive in the Share Distribution?

A. You will receive one share of our common stock for every share of Capital Southwest common stock held as of 5:00 p.m. Eastern time on [●], 2015, the record date for the Share Distribution. Your proportionate ownership interest in Capital Southwest will not change as a result of the Share Distribution. For a more detailed description, see "*The Share Distribution*."

Q. What is the record date for the Share Distribution?

A. Record ownership of Capital Southwest common stock for purposes of entitlement to participate in the Share Distribution will be determined as of 5:00 p.m. Eastern time on [●], 2015, the Record Date.

Q. What is being distributed in the Share Distribution?

A. Approximately [●] shares of our common stock will be distributed in the Share Distribution, based on the number of shares of Capital Southwest common stock we expect to be outstanding as of the Record Date. The shares of our common stock to be distributed by Capital Southwest will constitute all of the shares of our common stock that are issued and outstanding immediately prior to the Share Distribution. For more information on the shares being distributed in the Share Distribution, see "*Description of Our Capital Stock—Common Stock.*"

Q. When will the Share Distribution be consummated?

A. The Share Distribution will occur on the Distribution Date, which is [●], 2015. It is possible that factors outside of Capital Southwest's control, or a decision by Capital Southwest to delay the Share Distribution or terminate the Distribution Agreement pursuant to its terms, could require Capital Southwest to consummate the Share Distribution at a later time or not to complete it at all. For a more detailed description, see "*The Share Distribution.*"

Q. What do I have to do to participate in the Share Distribution?

A. No action is required of Capital Southwest shareholders to receive shares of CSWI common stock, which means that (1) you will not be required to pay for the shares of our common stock that you receive in the Share Distribution, (2) you do not need to surrender or exchange any shares of Capital Southwest common stock in order to receive shares of our common stock, and (3) you do not need to take any other action in connection with the Share Distribution.

Q. How will fractional shares be treated in the Share Distribution?

A. You will not receive fractional shares of CSWI common stock in the Share Distribution. Fractional shares issuable to you will be sold on your behalf, and you will receive a cash payment with respect to that fractional share. For an explanation of how the cash payments for fractional shares will be determined, see "*The Share Distribution—Treatment of Fractional Shares*."

Q. How will I determine my tax basis in CSWI common stock?

A. Generally, your aggregate tax basis in your Capital Southwest common stock and the shares of our common stock received in the Share Distribution (including fractional shares of our stock sold on your behalf) will equal the aggregate tax basis of the Capital Southwest common stock held by you immediately before the Share Distribution. This aggregate tax basis should be allocated between your Capital Southwest common stock and the CSWI common stock you receive in the Share Distribution (including fractional shares of CSWI common stock sold on your behalf) in proportion to the relative fair market value of each immediately after the Share Distribution. You should consult your tax advisor about how this allocation will apply in your particular situation (including a situation where you have purchased Capital Southwest shares

at different times or for different amounts) and regarding any particular tax consequences of the Share Distribution to you, including the application of state, local, and foreign tax laws. The material U.S. federal income tax consequences of the Share Distribution are described in more detail under "*The Share Distribution—Material U.S. Federal Income Tax Consequences*."

Q. Will CSWI common stock be listed on a stock exchange?

A. Yes. In connection with the Share Distribution, CSWI common stock will be listed on NASDAQ under the symbol "CSWI." It is anticipated that trading of our common stock will commence on a "when-issued" basis on or shortly prior to the Record Date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. When-issued trades generally settle within four trading days after the Distribution Date. On the first trading day following the Distribution Date, when-issued trading with respect to our common stock will end and "regular-way" trading will begin. "Regular-way" trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full trading day following the date of the transaction.

Q. Will my Capital Southwest common stock continue to trade?

A. Yes. Shares of Capital Southwest common stock will continue to be listed and trade on NASDAQ under the symbol "CSWC."

Q. If I sell shares of Capital Southwest common stock that I held on the Record Date on or before the Distribution Date, am I still entitled to receive shares of CSWI common stock distributable with respect to the Capital Southwest common stock I sold?

A. Beginning on or shortly before the Record Date and continuing up to and including the Distribution Date, shares of Capital Southwest common stock will begin to trade in two markets on NASDAQ: (1) a "regular-way" market; and (2) an "ex-distribution" market. If you hold shares of Capital Southwest common stock as of the Record Date and choose to sell those shares in the regular-way market after the Record Date and on or before the Distribution Date, you also will be selling the right to receive the shares of our common stock in connection with the Share Distribution. If you hold shares of Capital Southwest common stock as of the Record Date and choose to sell those shares in the ex-distribution market after the Record Date and on or before the Distribution Date, you will still receive the shares of our common stock in the Share Distribution.

Q. Will the Share Distribution affect the trading price of my shares of Capital Southwest common stock?

A. Yes, the trading price of Capital Southwest common stock immediately following the Share Distribution is expected to initially decline because its trading price will no longer reflect the value of the assets that will be transferred to CSWI prior to consummation of the Share Distribution. Specifically, the Share Distribution will result in a reduction to Capital Southwest's net asset value (as of March 31, 2015, the CSWI Businesses represented 60.4% of Capital Southwest's net asset value). There can also be no assurance that the combined trading price of Capital Southwest common stock and our common stock after the Share Distribution will be equal to or exceed the trading price of Capital Southwest common stock prior to the Share Distribution.

Q. Do I have appraisal rights in connection with the Share Distribution?

A. No. Holders of Capital Southwest common stock will not have appraisal rights under Texas law in connection with or as a result of the Share Distribution.

Q. Are there any risks in connection with the Share Distribution that I should consider?

A. Yes, there are risks associated with the Share Distribution. These risk factors are discussed in the section titled "*Risk Factors.*"

Q. Who is the transfer agent for CSWI common stock?

A. American Stock Transfer and Trust Company is the transfer agent for CSWI common stock.

Q. Where can I get more information?

A. If you have any questions relating to the Share Distribution, you should contact the distribution agent at:

American Stock Transfer and Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038
1-800-937-5449

Before the Share Distribution, if you have any questions relating to the Share Distribution, you should contact Capital Southwest at:

Chief Financial Officer
Capital Southwest Corporation
informationrequest@capitalsouthwest.com
972-233-8242

After the Share Distribution, if you have any questions relating to CSWI, you should contact us at:

Chief Financial Officer
CSW Industrials, Inc.
investor.relations@cswindustrials.com
972-233-8242

SUMMARY

This summary highlights information contained elsewhere in this Information Statement and may not contain all of the information that may be important to you. For a more complete understanding of our business and the Share Distribution, you should read this summary together with the more detailed information and our combined financial statements appearing elsewhere in this Information Statement. You should read this entire Information Statement carefully, including "*Risk Factors*" and "*Cautionary Statement Concerning Forward-Looking Statements*."

Our Company

Prior to the Share Distribution, Capital Southwest will contribute to us $[●] in cash and 100% of the outstanding capital stock of the following operating companies:

- RectorSeal
- Jet-Lube
- Strathmore
- Whitmore
- Balco
- Smoke Guard

We are a diversified industrial growth company with well-established, scalable platforms and deep domain expertise across three segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. Our broad portfolio of leading products provides performance optimizing solutions to our customers. Our products include mechanical products for heating, ventilation and air conditioning ("**HVAC**") and refrigeration applications, coatings and sealants and high performance specialty lubricants. Markets that we serve include plumbing, HVAC, refrigeration, electrical, commercial construction, rail car and locomotive, oil and gas, mining, steel, transportation and general industrial markets.

Drawing on our innovative and proven technologies, we seek to deliver solutions to our professional customers that require superior performance and reliability. Our industrial brands, such as RectorSeal No. 5® and KOPR-KOTE®, are well known in the specific industries we serve and have a reputation for high quality and reliability. Through organic growth and acquisitions, we believe we are well positioned to offer our customers an increasingly broad portfolio of performance optimizing solutions. We have a successful record of making accretive acquisitions—in the last five years, we completed 10 acquisitions for an aggregate purchase price of $148.1 million. We believe there are further attractive acquisition opportunities available within the markets in which we operate.

Our pro forma net revenues grew by 40.3% and our pro forma operating income grew by 22.0%, for the fiscal year ended March 31, 2015. Our pro forma net revenues and pro forma operating income for the fiscal year ended March 31, 2015 were $325.0 million and $46.2 million, respectively. Our net revenues and operating income for the fiscal year ended March 31, 2014 were $231.7 million and $37.9 million, respectively.

We expect to focus on generating free cash flow by growing organically and through complementary and synergistic acquisitions. We believe the key drivers of our growth include: (1) the benefits that will result from the Share Distribution; (2) leveraging our existing customer relationships, technologies, products and solutions; (3) focused acquisitions that leverage our distribution channels; and (4) operational excellence.

In addition to the companies listed above, Capital Southwest will contribute to us 100% of the outstanding capital stock of CapStar, a real estate holding company, the operations of which are not material to CSWI.

Recent Developments

Effective April 1, 2015, we acquired substantially all of the assets of Strathmore for an initial net purchase price of $69.0 million, plus additional payments if certain financial metrics are achieved in future periods. Strathmore is a leading manufacturer of specialized industrial coating products including urethanes, epoxies, acrylics and alkyds. Strathmore's net revenues and operating income for the fiscal year ended December 31, 2014 were $63.2 million and $8.2 million, respectively. Strathmore's financial results will be included in our Coatings, Sealants and Adhesives segment. The Strathmore acquisition was funded from borrowings of $70.0 million.

Business Segments

We operate in three business segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. The table below provides an overview of these business segments.

Business Segment	Principal Product Categories	Key End Use Markets	Representative Industrial Brands	FY 2015 Pro Forma Net Revenue* $	%
Industrial Products	• Specialty mechanical products • Fire and smoke protection products • Architecturally-specified building products • Storage, filtration and application equipment for use with our specialty chemicals and other products	• Plumbing • HVAC • Refrigeration • Electrical • Commercial construction • Rail car and locomotive • General industrial		$118.4	36%
Coatings, Sealants and Adhesives	• Coatings and penetrants • Pipe thread sealants • Firestopping sealants and caulks • Adhesives/solvent cements	• Rail car and locomotive • Oil and gas • Commercial construction • Plumbing • HVAC • Refrigeration • Electrical • General industrial		$115.3	35%
Specialty Chemicals	• Lubricants and greases • Drilling compounds • Anti-seize compounds • Chemical formulations • Degreasers and cleaners	• Oil and gas • Drilling and boring • Water well drilling • Mining • Rail car and locomotive • Steel • Power generation • Cement • Aviation • Plumbing • HVAC • Electrical • General industrial		$89.7	28%

* Reflects acquisition of substantially all of the assets of Strathmore.

Our Competitive Strengths

We believe we have the following competitive strengths:

Broad Portfolio of Industry Leading Products and Solutions

We have a broad portfolio of products with leading industry positions in the specific end markets in which we compete. We believe our products and solutions are differentiated from those of our competitors by superior quality and total value delivered to customers. For example, our RectorSeal No. 5® product is widely regarded as an industry standard for thread sealants for HVAC, plumbing and electrical configurations. As another example, our KOPR-KOTE® product is recognized as the anti-seize compound of choice for use in oil and gas drilling operations, where it is asked for by name.

Sustainable Organic Revenue Growth and Operating Performance

Our pro forma net revenues grew by 23.9%, compounded annually, for the three fiscal years ended March 31, 2015. This growth was driven by a 14.8% increase in revenues due to organic growth, with the remainder coming from acquisitions. Our organic revenue growth is benefited by a number of factors. We focus on end markets with above-average growth trends, such as rail car and locomotive, HVAC, refrigeration and construction. We also have a loyal customer base that recognizes the performance and quality of our products and solutions, including continuously evaluating the potential uses of existing products to broaden our market penetration. Further, our customer base is diverse – for the year ended March 31, 2015, no single customer represented more than 5.0% of our net revenues on a pro forma basis.

These factors have also enabled our products to enjoy strong margins. Our pro forma operating income grew by 28.4%, compounded annually, for the three fiscal years ended March 31, 2015. We continue to improve our profitability through targeted investments to further improve our manufacturing processes. For example, in the Specialty Chemicals segment, we are in the process of consolidating the manufacturing of some of our lubricant and grease products into our Rockwall, Texas facility in order to optimize capacity, improve efficiency and leverage technologies while enhancing product quality and environmental compliance. Further, we continue to refine our manufacturing processes in all of our manufacturing facilities to lower manufacturing costs, increase production capacity and improve product quality.

Stable Platform for Acquisitions with Proven Track Record

We have a demonstrated track record of identifying, completing and integrating acquisitions, as evidenced by the 31 acquisitions we have successfully completed since 1991. Since January 1, 2010, we have invested $148.1 million in acquisitions that either (1) added new products designed to service our existing end markets or (2) provided an entry into new, complementary end markets where we can drive revenue growth and improved profitability. Historically, our acquisitions have been relatively small, lower-risk acquisitions of a product that we have identified as having the potential to benefit from our extensive distribution network and manufacturing efficiencies. We also consummated larger acquisitions that complement our business model. Most recently, we acquired substantially all of the assets of Strathmore, a leading participant in the coatings market.

Culture of Product Enhancement and Customer Centric Solutions

We have a long history of serving our customers with high quality products and solutions. We work closely with our customers, industry experts and research partners to continuously improve our existing products to meet evolving customer and market requirements. Our highly trained and specialized personnel work directly with our current and prospective customers to enhance our product offerings by expanding the use and markets for our existing products. We focus on product enhancements and product line extensions that are designed to meet the specific application needs of our customers.

Diverse Sales and Distribution Channels

Many of our products are sold through service-intensive distribution networks committed to technical support and total customer satisfaction. We primarily go to market through an international network of independent manufacturer representatives and agents calling on our wholesale distributors, contractors and direct customers. For example, our distributors sell products from our Industrial Products and Specialty Chemicals segments to plumbers, electricians and HVAC contractors.

The strong, long-term relationships we have developed with our wholesale distribution partners allow us to introduce new products, including newly developed, as well as acquired products. In addition, our extensive distribution network allows us to exploit niche end markets that provide organic growth opportunities and form a key component of our acquisition strategy.

With certain of our products we also go to market through a direct sales force focused on specific customer needs. For example, we sell products in our Coatings, Sealants and Adhesive segment directly to rail car and locomotive manufacturers.

Experienced Management Team

Our executive officers following the Share Distribution will be: (1) Joseph B. Armes, our Chairman and Chief Executive Officer and Capital Southwest's current Chairman and Chief Executive Officer; (2) Christopher J. Mudd, our President and Chief Operating Officer and Capital Southwest's current Senior Vice President, Operations; and (3) Kelly Tacke, our Chief Financial Officer and Capital Southwest's current Chief Financial Officer. See "*Management*" for biographical information for Mr. Armes, Mr. Mudd and Ms. Tacke.

Our management team is highly regarded in each of our business segments. Collectively, our management team, including the executive officers, has an average of 25 years of experience in the industrial manufacturing and specialty chemicals industries. They have a successful track record of enabling us to recognize and capitalize upon attractive opportunities in the key markets we serve, and our executive management team has a strong record of effectively managing capital and delivering operating efficiencies over time. In addition, our management team has demonstrated strong capabilities in sourcing and executing strategic and accretive acquisitions.

Our Growth Strategy

We are focused on creating significant stockholder value over the long term by increasing our revenue, profitability and free cash flow by (1) expanding the market and uses of our existing products and (2) growing the portfolio of products we manufacture, market and sell through targeted acquisitions. We believe the key drivers of our growth include:

Benefits Resulting from the Share Distribution

Historically, the CSWI Businesses operated as separate independent companies with discrete strategies and capital structures. The Share Distribution will allow us to pursue a strategy focused on rationalizing our organizational structure and management around our business segments. We expect this strategy to enable us to realize cost and operational synergies, implement best practices across our operations, cross-sell product offerings and thereby increase our profitability.

Following the Share Distribution, we will no longer operate as separate portfolio companies in Capital Southwest's existing structure, which will allow us to more efficiently finance growth and more effectively allocate capital across our businesses.

Leveraging Existing Customer Relationships and Products and Solutions

We expect to continue to increase revenue by leveraging our reputation for providing high quality products to our long-standing customer base. Our team of sales representatives, engineers and other technical personnel continues to proactively collaborate with our distributors and end users to enhance and adapt existing products and solutions to meet evolving customer needs. In addition, we expect to leverage our existing customer base to cross-sell our products and solutions across our three business segments.

Focused Acquisitions that Leverage our Distribution Channels

While we are focused on improving our existing products and penetrating new markets with these products, we continue to identify and execute acquisitions that will broaden our portfolio of products and offer attractive risk-adjusted returns. We primarily focus on commercially proven products and solutions that currently have limited distribution but would benefit from a broader distribution network and be attractive to customers in our target end markets. Once acquired, we utilize our extensive distribution networks to increase revenue by selling those products to our diversified customer base.

Operational Excellence

We focus on operational excellence in all aspects of our business, leading to improved efficiencies and increased profitability. We will continue to expand improvement initiatives and information sharing across our entire platform, promoting best practices.

Reasons for the Share Distribution

The Capital Southwest Board determined that the Share Distribution is in the best interests of Capital Southwest and its shareholders, and that separating the CSWI Businesses from Capital Southwest would provide benefits to both Capital Southwest and CSWI that could not be achieved as a combined company, such as our ability to:

- organize the CSWI Businesses around key market segments;
- grow the CSWI Businesses by allocating capital more efficiently;
- offer greater investor choice through separate entities;
- unlock shareholder value;
- increase management focus; and
- better align the interests of management and our stockholders.

For a more detailed discussion of the factors considered by the Capital Southwest Board, see "*The Share Distribution—Reasons for the Share Distribution.*"

Corporate Information

We are currently a wholly owned subsidiary of Capital Southwest. After the Share Distribution, we will be a standalone, publicly traded company. We were incorporated in the State of Delaware on November 6, 2014 solely for the purpose of effecting the Share Distribution. Our principal executive office is located at 5400 Lyndon B. Johnson Freeway, Suite 1300, Dallas, Texas 75240, and our telephone number at that location is 972-233-8242. To date, we have not conducted any material activities or operations.

Our website address is www.cswindustrials.com. Information contained on, or linked to, our website or Capital Southwest's website does not and will not constitute part of this Information Statement or the Registration Statement on Form 10 of which this Information Statement is a part.

Summary of the Share Distribution

The following is a summary of certain terms of the Share Distribution. See "*The Share Distribution*" for a more detailed description of the matters described below.

Distributing company	Capital Southwest Corporation. After the Share Distribution, Capital Southwest will not own any capital stock of CSWI.
Distributed company	CSW Industrials, Inc. CSWI is currently a wholly owned subsidiary of Capital Southwest. After the Share Distribution, CSWI will be a standalone, publicly traded company.
Pre-Share Distribution reorganization	Prior to the Share Distribution, Capital Southwest will contribute to CSWI the outstanding capital stock of the CSWI Businesses. Further, Capital Southwest expects to contribute to us $[●] in cash.
Distribution ratio	Holders of shares of Capital Southwest common stock as of 5:00 p.m. Eastern time on [●], 2015, the Record Date, will be entitled to receive one share of our common stock for every share of Capital Southwest common stock they own as of the Record Date. Cash will be distributed in lieu of fractional shares as described below.
Securities to be distributed	Based on the [●] shares of Capital Southwest common stock outstanding on [●], 2015, and applying the distribution ratio of one share of our common stock for every share of Capital Southwest common stock, [●] shares of our common stock will be distributed to Capital Southwest shareholders who hold shares of Capital Southwest common stock as of the Record Date.
Record Date	5:00 p.m. Eastern time on [●], 2015.
Distribution Date	[●], 2015.
Fractional shares	Fractional shares of CSWI common stock will not be distributed in the Share Distribution. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share of CSWI common stock in the Share Distribution. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.
Conditions to the Share Distribution	The Share Distribution is subject to a number of conditions, including, among others: (1) effectiveness of CSWI's Registration Statement on Form 10 filed with the SEC; (2) receipt of a favorable opinion with respect to the tax-free nature of the Share Distribution for federal income tax purposes; (3) the absence of any legal restraint or prohibition preventing consummation of the Share Distribution; and (4) the absence of any event occurring that, in the Capital Southwest Board's judgment, would result in the Share Distribution having a material adverse effect on Capital Southwest or its shareholders. Even if all of the conditions have been satisfied, Capital Southwest may amend, modify or abandon any and all terms of the distribution and the

	related transactions at any time prior to the Distribution Date. In the event that the Capital Southwest Board waives a material condition or amends, modifies or abandons the Share Distribution, Capital Southwest will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a Current Report on Form 8-K, a press release or other means. See "*The Share Distribution—Conditions to the Share Distribution.*"
Costs of the Share Distribution	Capital Southwest will pay all costs and expenses incurred by CSWI or Capital Southwest on or prior to the Distribution Date related to the Share Distribution, including the printing and mailing of this Information Statement. However, certain costs relating to the incorporation of CSWI and the post-Share Distribution operations of CSWI as a holding company of the CSWI Businesses will be paid by CSWI. Following the Distribution Date, each party will be responsible for its own costs and expenses. See "*Certain Relationships and Related Party Transactions—Agreements between Capital Southwest and CSWI Relating to the Share Distribution—Distribution Agreement —Costs of the Share Distribution.*" Capital Southwest has estimated that the total costs of the Share Distribution will be approximately $[●] million.
Treatment of equity-based awards	In connection with the Share Distribution, all outstanding stock option and restricted stock awards held by Capital Southwest directors and employees will be adjusted to represent both Capital Southwest and CSWI stock options and restricted stock awards. The treatment of Capital Southwest's equity-based awards in connection with the Share Distribution is described in more detail under "*The Share Distribution—Treatment of Stock-Based Awards*."
Share Distribution-related compensation	If the Share Distribution is consummated, certain executive officers of Capital Southwest will be entitled to stock option and restricted stock awards and cash award payments pursuant to Capital Southwest's executive compensation plan (the "**Share Distribution Executive Compensation Plan**") that correlate to the aggregate appreciation in Capital Southwest's equity value from the August 28, 2014 grant date (based on a trading value of $36.16 per share) through the date of determination following the Share Distribution, including in such determination the post-Share Distribution CSWI equity value. For a more detailed description, see "*Compensation of Executive Officers—Share Distribution-Related Compensation.*" Stock options and restricted stock awarded under the Share Distribution Executive Compensation Plan will be treated as described above under "*—Treatment of equity-based awards*." The cash awards payable under the Share Distribution Executive Compensation Plan will be paid by Capital Southwest.
Trading market and symbol	In connection with the Share Distribution, CSWI common stock will be listed on NASDAQ under the symbol "CSWI." We anticipate that, on or shortly prior to the Record Date, trading of our common stock will begin on a "when-issued" basis and "when-issued" trading will continue up to and including the Distribution Date. Regular-way trading will commence one trading day after the Distribution Date. See "*The Share Distribution—Trading and Listing of Our Common Stock.*"

Dividend policy	Any payment of dividends will be at the discretion of our Board of Directors (the "**CSWI Board**") and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that the CSWI Board may deem relevant. We do not currently expect to pay dividends on our common stock for the foreseeable future following the Share Distribution.
Tax consequences to Capital Southwest shareholders	As a condition to the Share Distribution, Capital Southwest will have received a tax opinion from a nationally recognized accounting firm stating that Capital Southwest and Capital Southwest's shareholders should not recognize any income, gain or loss for U.S. Federal income tax purposes as a result of the Share Distribution, except, in the case of Capital Southwest's shareholders, with respect to any cash received in lieu of fractional shares of CSWI's common stock. See "*The Share Distribution—Material U.S. Federal Income Tax Consequences.*"
Relationship with Capital Southwest following the Share Distribution	We will enter into a Distribution Agreement and other agreements with Capital Southwest related to the Share Distribution. These agreements will govern the relationship between us and Capital Southwest up to and after the Share Distribution and provide for the allocation between us and Capital Southwest of various assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities). The Distribution Agreement, in particular, will set forth our agreement with Capital Southwest regarding the principal transactions necessary to separate us from Capital Southwest, as well as other arrangements that govern our relationship with Capital Southwest after the Share Distribution. We will enter into a Tax Matters Agreement and an Employee Matters Agreement with Capital Southwest. As part of these agreements, we and Capital Southwest will indemnify each other against certain liabilities arising from our respective businesses. We describe these arrangements in greater detail under "*Certain Relationships and Related Party Transactions—Agreements between Capital Southwest and CSWI Relating to the Share Distribution*" and describe some of the risks of these arrangements under "*Risk Factors—Risks Relating to the Share Distribution and Operation as a Standalone, Publicly Traded Company.*"
Distribution Agent and Transfer Agent	American Stock Transfer and Trust Company will be the distribution agent for the Share Distribution and will be the transfer agent for our shares after the Share Distribution. If you have any questions relating to the Share Distribution, you should contact American Stock Transfer and Trust Company at: American Stock Transfer and Trust Company 59 Maiden Lane, Plaza Level New York, NY 10038 1-800-937-5449
Risk factors	You should carefully consider the matters discussed under the section titled "*Risk Factors.*"

Summary Historical and Unaudited Pro Forma Combined Financial Data

CSWI was formed on November 6, 2014 solely for the purpose of effecting the Share Distribution and to date, CSWI has not conducted any material activities or operations. The following summary historical combined financial data has been derived from the audited combined financial statements of the CSWI Businesses as of March 31, 2015 and 2014, and for the fiscal years ended March 31, 2015, 2014 and 2013. The data below was prepared by combining the results of the CSWI Businesses. The summary historical combined financial data does not include Strathmore, substantially all of the assets of which were acquired subsequent to the periods shown below. The data set forth below is not necessarily indicative of CSWI's future results of operations and should be read in conjunction with the audited combined financial statements of the CSWI Businesses, the unaudited pro forma combined financial statements of CSWI and "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

The unaudited pro forma combined financial information presented below consists of unaudited pro forma combined balance sheet information as of March 31, 2015 and unaudited pro forma combined statements of operations for the fiscal year ended March 31, 2015. The following unaudited pro forma combined financial information gives effect to (1) the acquisition of substantially all of the assets of Strathmore and (2) the Share Distribution and the related transactions. The unaudited pro forma financial information is based on certain assumptions and adjustments, and should be read in conjunction with "*Unaudited Pro Forma Combined Financial Statements*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the historical combined financial statements of the CSWI Businesses included elsewhere in this Information Statement.

	Unaudited Pro Forma Year Ended March 31,	Fiscal Year Ended March 31,		
	2015	2015	2014	2013
		(in thousands)		
Combined Statements of Operations Data:				
Net revenues	$ 325,025	$ 261,834	$ 231,713	$ 199,094
Cost of revenues	(181,922)	(135,409)	(119,627)	(104,512)
Selling, distribution, general and administrative, and other operating expenses	(96,865)	(82,391)	(74,173)	(62,335)
Operating income	$ 46,238	$ 44,034	$ 37,913	$ 32,247
Operating margin	14.2%	16.8%	16.4%	16.2%
Other income (expense)	(1,615)	894	(387)	973
Income before income taxes	$ 44,623	$ 44,928	$ 37,526	$ 33,220
Provision for income taxes	16,375	(15,223)	(12,794)	(10,707)
Income from continuing operations	$ 28,248	$ 29,705	$ 24,732	$ 22,513
Loss on disposal of operation, net of income tax benefit	—	—	—	(1,326)
Income from discontinued operation, net of income taxes	—	—	—	511
Net loss on discontinued operation, net of income taxes	—	—	—	(815)
Net income	$ 28,248	$ 29,705	$ 24,732	$ 21,698
Other Data:				
Depreciation and amortization	$ 13,873	$ 10,515	$ 9,113	$ 6,701

	Unaudited Pro Forma As of March 31, 2015	As of March 31, 2015	2014
		(in thousands)	
Balance Sheet Data (end of period):			
Working capital	96,948	$ 96,391	$ 90,884
Goodwill, intangible and other assets, net	150,131	$ 94,675	$ 89,400
Total assets	354,242	$286,521	$277,820
Short-term borrowings and current portion of long-term obligation	17,061	$ 13,561	$ 13,764
Long-term debt	79,643	$ 13,143	$ 31,333
Other non-current liabilities	21,815	$ 30,159	$ 12,233
Equity	206,042	$204,601	$196,186

RISK FACTORS

You should carefully consider the risks described below, which we believe are the principal risks that we face and of which we are currently aware, together with all of the other information included in this Information Statement. If any of the risks described below actually occurs, our business, financial results, financial condition and stock price could be materially adversely affected.

Risks Relating to Our Business

Difficult and volatile conditions in the overall economy, particularly in the U.S. but also globally, and in the capital, credit and commodities markets could materially adversely affect our financial position, results of operations and cash flows.

Our financial position, results of operations and cash flows could be materially adversely affected by difficult global economic conditions and significant volatility in the capital, credit and commodities markets and in the overall economy. Difficult and volatile conditions in the U.S. and globally could affect our business in a number of ways. For example:

- weak economic conditions, especially in our key markets, could reduce demand for our products, impacting our revenues and margins;
- as a result of the recent volatility in commodity prices, we may encounter difficulty in achieving sustained market acceptance of past or future price increases, which could have a material adverse effect on our financial position, results of operations and cash flows;
- under difficult market conditions, there can be no assurance that access to credit or the capital markets would be available or sufficient, and in such a case, we may not be able to successfully obtain additional financing on reasonable terms, or at all; and
- market conditions could result in our key customers experiencing financial difficulties and/or electing to limit spending, which in turn could result in decreased sales and earnings for us.

The industries in which we operate are highly competitive, and many of our products are in highly competitive markets, particularly certain specialty chemicals products. We may lose market share to producers of other products that can be substituted for our products.

The industries in which we operate are highly competitive, and we face significant competition from both large international producers and from smaller regional competitors. Our competitors may improve their competitive position in our core markets by successfully introducing new products, improving their manufacturing processes, or expanding their capacity or manufacturing facilities. Further, some of our competitors benefit from advantageous cost positions that could make it increasingly difficult for us to compete in markets for less-differentiated applications. If we are unable to keep pace with our competitors' product and manufacturing process innovations or cost position, our financial condition and results of operations could be materially adversely affected.

In addition, competition among producers of certain specialty chemicals products used in oil and gas drilling operations is intense. Increased competition from existing or newly developed chemical products may reduce demand for our products in the future, and our customers may decide on alternate sources to meet their requirements. If we are unable to successfully compete with other producers or if other products can be successfully substituted for our products, our sales may decline.

Our attempts to address evolving customer needs requires that we continually enhance our products. Our efforts to enhance our products may not be commercially viable and failure to develop commercially successful products or keep pace with our competitors could harm our business and results of operations.

The enhancement and extension of our existing products to broaden the market and uses of our existing products is a key driver of our growth, particularly in our Coatings, Sealants and Adhesives segment. However,

developing those product enhancements and extensions can be a costly, lengthy and uncertain process, and it is difficult to estimate the commercial success of those products.

A failure to develop commercially successful products or to identify additional uses for existing products could materially and adversely affect our financial results. If our attempts to develop or enhance products is unsuccessful, we may be unable to recover our development costs, which could have an adverse effect on our business and results of operations. In addition, our inability to enhance or develop products that are able to meet the evolving needs of our customers, including a failure to do so that results in our products lagging those of new or existing competitors, could reduce demand for our products and may have a material adverse effect on our business and results of operations.

Any inability to consummate acquisitions at our historical rate and at appropriate prices could negatively impact our growth rate and stock price.

Our ability to grow revenues, earnings and cash flow at or above our historic rates depends in part upon our ability to identify and successfully acquire and integrate businesses at appropriate prices and realize anticipated synergies. We may not be able to consummate acquisitions at rates similar to the past, which could adversely impact our growth rate and our stock price. Promising acquisitions are difficult to identify and complete for a number of reasons, including high valuations, competition among prospective buyers, the availability of affordable funding in the capital markets and the need to satisfy applicable closing conditions and obtain antitrust and other regulatory approvals on acceptable terms. In addition, competition for acquisitions may result in higher purchase prices. Changes in accounting or regulatory requirements or instability in the credit markets could also adversely impact our ability to consummate acquisitions.

Our acquisition of businesses could negatively impact our financial statements.

As part of our business strategy, we acquire businesses in the ordinary course, some of which may be material; please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for additional information. These acquisitions involve a number of financial, accounting, managerial, operational, legal, compliance and other risks and challenges, including the following, any of which could adversely affect our financial statements:

- any acquired business, technology, service or product could under-perform relative to our expectations and the price that we paid for it, or not perform in accordance with our anticipated timetable;
- we may incur or assume significant debt in connection with our acquisitions;
- acquisitions could cause our financial results to differ from our own or the investment community's expectations in any given period, or over the long-term;
- pre-closing and post-closing earnings charges could adversely impact operating results in any given period, and the impact may be substantially different from period to period;
- acquisitions could create demands on our management, operational resources and financial and internal control systems that we are unable to effectively address;
- we could experience difficulty in integrating personnel, operations and financial and other controls and systems and retaining key employees and customers;
- we may be unable to achieve cost savings or other synergies anticipated in connection with an acquisition;
- we may assume by acquisition unknown liabilities, known contingent liabilities that become realized, known liabilities that prove greater than anticipated, internal control deficiencies or exposure to regulatory sanctions resulting from the acquired company's activities. The realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position or cause us to fail to meet our public financial reporting obligations; and

- in connection with acquisitions, we often enter into post-closing financial arrangements such as purchase price adjustments, earn-out obligations and indemnification obligations, which may have unpredictable financial results.

Our ability to obtain additional capital on commercially reasonable terms may be limited, which could adversely affect our ability to pursue our acquisition strategy.

Although we believe that our cash, cash equivalents and short-term investments and existing credit facilities will provide adequate resources to fund ongoing operating requirements, we may need to seek additional financing to compete effectively and pursue our acquisitions strategy. If we are unable to obtain capital on commercially reasonable terms, it could:

- reduce funds available to us for purposes such as working capital, capital expenditures, strategic acquisitions, research and development and other general corporate purposes;
- restrict our ability to introduce new products, effect future acquisitions or capitalize on other business opportunities;
- increase our vulnerability to economic downturns and competitive pressures in the markets in which we operate; and
- place us at a competitive disadvantage.

During periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including but not limited to extending credit up to the maximum permitted by a credit facility and otherwise accessing capital and/or honoring loan commitments. If our lenders are unable to fund borrowings under their revolving credit commitments or if we are unable to borrow, it could be difficult to replace our revolving credit facilities on similar terms.

The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.

Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will protect us fully or at all, and, as a result, we may face unexpected liabilities that adversely affect our financial statements.

The cyclical nature of certain industries in which our business operates can cause significant fluctuations in our results of operations and cash flows.

The cyclical nature of the supply and demand balance of the oil and gas and mining industries, which are served by our Specialty Chemicals and Coatings, Sealants and Adhesives segments, poses risks to us that are beyond our control and can affect our operating results. These markets are highly competitive; are driven to a large extent by end-use markets; and may experience overcapacity, all of which may affect demand for and pricing of our products and result in volatile operating results and cash flows over our business cycle. Future growth in product demand may not be sufficient to utilize current or future capacity. Excess industry capacity may continue to depress our volumes and margins on some products. Our operating results, accordingly, may be volatile as a result of excess industry capacity, as well as from rising energy and raw materials costs.

Weakness in the oil and gas industry may adversely affect certain segments of our end market customers and reduce our sales and results of operations.

Some of our customers are impacted by current weakness in the oil and gas industry. This means our operations and earnings, particularly in the Specialty Chemicals and Coatings, Sealants and Adhesives segments, may be significantly affected by changes in oil, gas and petrochemical prices and drilling activities. Oil, gas, petrochemical and product prices and margins in turn depend on local, regional and global events or conditions that affect supply and demand for the relevant commodity.

Our relationships with our employees could deteriorate, which could adversely affect our operations.

As a manufacturing company, we rely on our employees and good relations with our employees to produce our products and maintain our production processes and productivity. After giving effect to the Share Distribution, we had 732 full-time employees as of March 31, 2015. Approximately 33 of our employees are subject to collective bargaining agreements. If our workers were to engage in a strike, work stoppage or other slowdown, our operations could be disrupted, or we could experience higher labor costs. In addition, if significant portions of our employees were to become unionized, we could experience significant operating disruptions and higher ongoing labor costs, which could adversely affect our business, financial condition and results of operations.

Loss of key personnel or our inability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success in the highly competitive end markets in which we operate will continue to depend to a significant extent on our key employees. We are dependent on the expertise of our executive officers and other key employees that will be serving CSWI after the Share Distribution. Loss of the services of any of these individuals could have an adverse effect on our prospects. We may not be able to retain or recruit qualified individuals to join CSWI. The loss of executive officers or other key employees could result in high transition costs and could disrupt our operations.

We rely on independent distributors and independent sales representatives. Termination of one or more of our relationships with any of those parties or an increase in their sales of our competitors' products could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We depend on the services of independent distributors and independent sales representatives to sell our products and, in many cases, provide service and aftermarket support to end users of our products. Rather than serving as passive conduits for delivery of products, our distributors and sales representatives play a significant role in determining which of our products are available for purchase by contractors to service our customers. Almost all of the distributors and sales representatives with whom we transact business also offer competitors' products and services to our customers. The loss of one of our key distributors or of a substantial number of our other distributors or sales representatives, or an increase in the distributors' or sales representatives' sales of our competitors' products to our customers could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Growth of our business will depend in part on market awareness of our industrial brands, and any failure to develop, maintain, protect or enhance our industrial brands would hurt our ability to retain or attract customers.

We believe that building and maintaining market awareness, brand recognition and goodwill is critical to our success. This will depend largely on our ability to continue to provide high-quality products, and we may not be able to do so effectively. Our efforts in developing our industrial brands may be affected by the marketing efforts of our competitors and our reliance on our independent dealers, distributors and strategic partners to promote our industrial brands effectively. If we are unable to cost-effectively maintain and increase positive awareness of our industrial brands, our businesses, results of operations and financial condition could be harmed.

We may not be able to consolidate our manufacturing facilities without incurring unanticipated costs and disruptions to our business.

As part of our efforts to streamline and rationalize our manufacturing processes, we are consolidating manufacturing facilities. For example, we are in the process of consolidating the manufacture of all lubricant and grease products currently manufactured in one of our Houston, Texas facilities to our Rockwall, Texas facility in order to optimize capacity and efficiency. Because of unanticipated events, including the actions of governments, suppliers, employees or customers, we may not realize the synergies, cost reductions and other benefits of any consolidation to the extent we currently expect.

We are dependent on contract manufacturers for manufacturing of certain products that we sell.

We use third parties to manufacture certain of our products. To the extent that we rely on third parties to perform these functions, we will not be able to directly control product delivery schedules and quality assurance. This lack of control may result in product shortages or quality assurance problems that could delay shipments of products or increase manufacturing, assembly, testing or other costs. If a contractor experiences capacity constraints or financial difficulties, suffers damage to its facilities, experiences power outages, natural disasters, labor shortages or labor strikes, or any other disruption of assembly or testing capacity, we may not be able to obtain alternative manufacturing in a timely manner or on commercially acceptable terms.

We are subject to risks from litigation that may materially impact our operations.

We face an inherent business risk of exposure to various types of claims and lawsuits. We are involved in various legal proceedings that arise in the ordinary course of our business. Although it is not possible to predict with certainty the outcome of every pending claim or lawsuit or the range of probable loss, we believe these pending lawsuits and claims will not individually or in the aggregate have a material adverse impact on our results of operations. However, we could in the future be subject to various lawsuits, including intellectual property, product liability, personal injury, product warranty, environmental or antitrust claims, among others, and incur judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period.

Chemical processing is inherently hazardous, which could result in accidents that disrupt our operations or expose us to significant losses or liabilities.

Hazards associated with chemical processing and the related storage and transportation of raw materials, products and wastes exist in our operations and the operations of other occupants with whom we share manufacturing sites. These hazards could lead to an interruption or suspension of operations and have an adverse effect on the productivity and profitability of a particular manufacturing facility or on us as a whole. These potential risks include, but are not necessarily limited to chemical spills and other discharges or releases of toxic or hazardous substances or gases, pipeline and storage tank leaks and ruptures, explosions and fires and mechanical failure. These hazards may result in personal injury and loss of life, damage to property and contamination of the environment, which may result in a suspension of operations and the imposition of civil or criminal penalties, including governmental fines, expenses for remediation and claims brought by governmental entities or third parties. The loss or shutdown of operations over an extended period at any of our major operating facilities could have a material adverse effect on our financial condition and results of operations. Our property, business interruption and casualty insurance may not fully insure us against all potential hazards incidental to our business.

Regulation of our employees' exposure to certain chemicals or other hazardous products could require material expenditures or changes in our operations.

Certain chemicals that we use in the manufacture of our products may have adverse health effects. The Occupational Safety and Health Administration limits the permissible employee exposure to some of those chemicals. Future studies on the health effects of certain chemicals may result in additional regulations or new

regulations in foreign countries that further restrict or prohibit the use of, and exposure to, certain chemicals. Additional regulation of certain chemicals could require us to change our operations, and these changes could affect the quality of our products and materially increase our costs.

Regulatory and statutory changes applicable to us or our customers could adversely affect our financial condition and results of operations.

We and many of our customers are subject to various national and local laws, rules and regulations. Changes in any of these areas could result in additional compliance costs, seizures, confiscations, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products.

In addition, we benefit from certain regulations, including building code regulations that require the use of products that we and other manufacturers sell. For example, certain environmental regulations may encourage the use of more environmentally friendly products, such as some of the lubricants and greases that we manufacture. If these regulations were to change, our results of operations could be adversely affected.

Compliance with extensive environmental, health and safety laws could require material expenditures, changes in our operations or site remediation.

Certain materials we use in the manufacture of our products can represent potentially significant health and safety concerns. We use large quantities of hazardous substances and generate hazardous wastes in our manufacturing operations. Consequently, our operations are subject to extensive environmental, health and safety laws and regulations at the international, national, state and local level in multiple jurisdictions. These laws and regulations govern, among other things, air emissions, wastewater discharges, solid and hazardous waste management, site remediation programs and chemical use and management. Many of these laws and regulations have become more stringent over time, and the costs of compliance with these requirements may increase, including costs associated with any necessary capital investments. In addition, our production facilities require operating permits that are subject to renewal and, in some circumstances, revocation. The necessary permits may not be issued or continue in effect, and renewals of any issued permits may contain significant new requirements or restrictions. The nature of the chemical industry exposes us to risks of liability due to the use, production, management, storage, transportation and sale of materials that may be hazardous and can cause contamination or personal injury or damage if released into the environment.

Compliance with environmental laws and regulations generally increases the costs of transportation and storage of raw materials and finished products, as well as the costs of storage and disposal of wastes. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations for violations arising under environmental laws, regulations or permit requirements.

Our permits, licenses, registrations or authorizations and those of our customers or distributors may be modified, suspended, terminated or revoked before their expiration or we and/or they may be unable to renew them upon their expiration. We may bear liability for failure to obtain, maintain or comply with required authorizations.

We are required to obtain and maintain, and may be required to obtain and maintain in the future, various permits, licenses, registrations and authorizations for the ownership or operation of our business, including the manufacturing, distribution, sale and marketing of our products and importing of raw materials. These permits, licenses, registrations and authorizations could be modified, suspended, terminated or revoked or we may be unable to renew them upon their expiration for various reasons, including for non-compliance. These permits, licenses, registrations and authorizations can be difficult, costly and time consuming to obtain and could contain conditions that limit our operations. Our failure to obtain, maintain and comply with necessary permits, licenses, registrations or authorizations for the conduct of our business could result in fines or penalties, which may be significant. Additionally, any such failure could restrict or otherwise prohibit certain aspects of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

Many of our customers and distributors require similar permits, licenses, registrations and authorizations to operate. If a significant customer, distributor or group thereof were to have an important permit, license, registration or authorization revoked or such permit, license, registration or authorization was not renewed, forcing them to cease or reduce their business, our sales could decrease, which would have a material adverse effect on our business, financial condition and results of operations.

We may have additional tax liabilities.

We are subject to federal and state income and other taxes in the U.S., as well as a number of foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from that which is reflected in our consolidated financial statements. Should any tax authority challenge our tax positions, our results of operations, financial position and cash flows could be adversely affected.

Failure to design, implement and maintain effective internal controls could have a material adverse effect on our business and stock price.

As a public company, we will have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our financial statements and harm our operating results. In addition, we will be required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting.

This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on effectiveness of our internal controls. Testing and maintaining internal controls may divert our management’s attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting or our independent registered public accounting firm may not issue a favorable assessment. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our stock.

Natural disasters or other events may disrupt our operations, decrease the demand for our products or otherwise have an adverse impact on our business.

Extraordinary events such as natural disasters may negatively affect local economies, including those of our customers or suppliers. Moreover, the occurrence of such events cannot be predicted, although they can be expected to continue to adversely impact the economy in general and our specific markets. The resulting damage from such an event could include loss of life, property damage or site closure. Any, or a combination, of these factors could adversely impact our results of operations, financial position and cash flows.

Our insurance policies may not cover, or fully cover, us against natural disasters, global conflicts or environmental risk.

We currently have insurance policies for certain operating risks, which include certain property damage, including certain aspects of business interruption for certain sites, operational and product liability, transit, directors’ and officers’ liability, industrial accident insurance and other risks customary in the industries in which

we operate. However, we may become subject to liability (including in relation to pollution, occupational illnesses, injury resulting from tampering, product contamination or degeneration or other hazards) against which we have not insured or cannot fully insure.

For example, hurricanes may affect our facilities. In particular, the failure of our information systems as a result of breakdown, malicious attacks, unauthorized access, viruses or other factors could severely impair several aspects of operations, including, but not limited to, logistics, sales, customer service and administration. In addition, in the event that a product liability or third-party liability claim is brought against us, we may be required to recall our products in certain jurisdictions if they fail to meet relevant quality or safety standards, and we cannot guarantee that we will be successful in making an insurance claim under our policies or that the claimed proceeds will be sufficient to compensate the actual damages suffered.

Should we suffer a major uninsured loss, a product liability judgment against us or a product recall, future earnings could be materially adversely affected. We could be required to increase our debt or divert resources from other investments in our business to discharge product related claims. In addition, adverse publicity in relation to our products could have a significant effect on future sales, and insurance may not continue to be available at economically acceptable premiums. As a result, our insurance coverage may not cover the full scope and extent of claims against us or losses that we incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability and business interruption.

Our business relies on trademarks, trade secrets, other intellectual property and proprietary information, and our failure to protect our rights could harm our competitive advantages with respect to the manufacturing of some of our products.

Our ability to protect and preserve our trademarks, trade secrets and other intellectual property and proprietary information relating to our business is an important factor to our success. However, we may be unable to prevent third parties from using our intellectual property and other proprietary information without our authorization or from independently developing intellectual property and other proprietary information that is similar to ours, particularly in those countries where the laws do not protect our proprietary rights to the same degree as in the U.S. In addition, because certain of our products are manufactured by third parties, we have shared some of our intellectual property with those third parties. There can be no guarantee that those third parties, some of whom are located in jurisdictions where intellectual property risks may be more pronounced, will preserve our intellectual property.

The use of our intellectual property and other proprietary information by others could reduce or eliminate any competitive advantage we have developed, potentially causing us to lose sales or otherwise harm our business. If it becomes necessary for us to litigate to protect these rights, any proceedings could be burdensome and costly, and we may not prevail.

Our intellectual property may not provide us with any competitive advantage and may be challenged by third parties. Moreover, our competitors may already hold or in the future may hold intellectual property rights in the U.S. or abroad that, if enforced or issued, could possibly prevail over our rights or otherwise limit our ability to manufacture or sell one or more of our products in the U.S. or internationally.

Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and manufacturing expertise. The loss of employees who have specialized knowledge and expertise could harm our competitive position and cause our sales and operating results to decline as a result of increased competition. In addition, others may obtain knowledge of our trade secrets through independent development or other access by legal means.

The failure to protect of our intellectual property and other proprietary information, including our processes, apparatuses, technology, trade secrets, trade names and proprietary manufacturing expertise, methods and compounds, could have a material adverse effect on our businesses and results of operations.

Our products may infringe on the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

Many of our competitors have significant intellectual property rights. We cannot guarantee that our processes and products do not and will not infringe issued patents (whether present or future) or other intellectual property rights belonging to others, including situations in which our products, processes or technologies may be covered by patent applications filed by other parties in the U.S. or internationally.

We may also be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business.

If we were to discover that our processes, technologies or products infringe the valid intellectual property rights of others, we might need to obtain licenses from these parties or substantially re-engineer our products in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. Moreover, if we are sued for infringement and lose, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology. If we incur significant costs to litigate our intellectual property rights or to obtain licenses, or if our inability to obtain required licenses for our processes, technologies or products prevents us from selling our products, our business and results of operations could be materially adversely affected.

A major failure of our information systems could harm our business.

We may experience operating problems with our information systems as a result of system failures, viruses or other causes. If our systems for protecting against these risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property or proprietary information, having our business operations interrupted, and increased costs to prevent, respond to, or mitigate attacks on our systems. Any significant disruption or slowdown of our systems could cause customers to cancel orders or cause standard business processes to become inefficient or ineffective, which could adversely affect our financial position, results of operations or cash flows.

Security breaches and other disruptions to our information technology systems could compromise our information, disrupt our operations, and expose us to liability, which may adversely impact our operations.

In the ordinary course of our business, we store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our employees in our information technology systems, including in our data centers and on our networks. The secure processing, maintenance and transmission of this data is critical to our operations. Despite our security measures, our information technology systems may be vulnerable to attacks by hackers or breached or disrupted due to employee error, malfeasance or other disruptions. Any such attack, breach or disruption could compromise our information technology systems and the information stored in them could be accessed, publicly disclosed, lost or stolen and our business operations could be disrupted. Any such access, disclosure or other loss of information or business disruption could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and damage to our reputation, which could adversely impact our operations.

We are subject to the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, as well as other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, financial condition and results of operations.

Our operations are subject to anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("**FCPA**"), and other anti-corruption laws that apply in countries where we do business. The FCPA and these

other laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the FCPA or other anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the U.S. Department of Treasury's Office of Foreign Asset Control and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations and transfer pricing regulations (collectively, the "**Trade Control Laws**").

However, there is no assurance that we will be completely effective in ensuring our compliance with all applicable anticorruption laws, including the FCPA or other legal requirements, or Trade Control Laws. If we are not in compliance with the FCPA and other anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, other anti-corruption laws or Trade Control Laws by the U.S. or foreign authorities could also have an adverse impact on our reputation, business, financial condition and results of operations.

We may acquire various structured financial instruments for purposes of hedging or reducing our risks, which may be costly and ineffective.

We may seek to hedge against commodity price fluctuations and credit risk by using structured financial instruments such as futures, options, swaps and forward contracts. Use of structured financial instruments for hedging purposes may present significant risks, including the risk of loss of the amounts invested. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Hedging activities also involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase our losses.

Fluctuations in currency exchange rates may significantly impact our results of operations and may significantly affect the comparability of our results between financial periods.

Our operations are conducted in many countries. The results of the operations and the financial position of these subsidiaries are reported in the relevant foreign currencies and then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The main currencies to which we are exposed, besides the U.S. dollar, are primarily the Canadian dollar, the British pound and the Australian dollar. The exchange rates between these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the U.S. dollar will decrease the U.S. dollar equivalent of the amounts derived from these operations reported in our consolidated financial statements and an appreciation of these currencies will result in a corresponding increase in such amounts. Because many of our raw material costs are determined with respect to the U.S. dollar rather than these currencies, depreciation of these currencies may have an adverse effect on our profit margins or our reported results of operations. Conversely, to the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the U.S. dollar will tend to negatively impact our results of operations. In addition, currency fluctuations may affect the comparability of our results of operations between financial periods.

We incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, there can be no assurance that we will be able to effectively manage our currency transaction risks, that our hedging activities will be effective or that any volatility in currency exchange rates will not have a material adverse effect on our financial condition or results of operations.

Risks Relating to the Share Distribution and Operation as a Standalone, Publicly Traded Company

The historical combined financial information included in this Information Statement is not necessarily representative of the results we would have achieved as a standalone, publicly traded company and may not be a reliable indicator of our future results.

The historical combined financial information included in this Information Statement reflects the historical financial information of the CSWI Businesses (other than Strathmore, substantially all of the assets of which were acquired in April 2015) and does not necessarily reflect the financial condition, results of operations or cash flows we would have achieved as a standalone, publicly traded company during the periods presented or that we may achieve in the future. This is primarily a result of the following factors:

- the historical combined financial information reflects allocations of expenses for services historically provided by Capital Southwest, and those allocations may be different than the comparable expenses we would have incurred as a standalone company;
- the historical combined financial information does not include Strathmore, which was a significant acquisition that was completed in April 2015;
- our cost of debt and other capitalization may be different from that reflected in our historical combined financial information;
- the historical combined financial information does not reflect the changes that will occur in our cost structure, management, financing arrangements and business operations as a result of our separation from Capital Southwest, including the costs related to being an independent company; and
- the historical combined financial information does not reflect the effects of some of the assets that will be transferred to, and liabilities that will be assumed by, CSWI.

The historical combined financial information presented in this Information Statement should not be assumed to be indicative of what our financial condition or results of operations would have been as a standalone publicly traded company or to be a reliable indicator of what our financial condition or results of operations actually may be in the future.

We may not be able to successfully integrate the CSWI Businesses and their respective operations in a timely manner or at all.

The CSWI Businesses currently operate as independent companies and will continue to do so until consummation of the Share Distribution. Following the Share Distribution, CSWI’s management will need to integrate the separate businesses, technologies, organizations, procedures, policies and operations of each of the CSWI Businesses in order to fully realize the expected results of the Share Distribution. The integration process may prove to be more complex and time-consuming and require substantially more resources and effort than currently anticipated, which could have a material adverse effect on CSWI and its businesses, relationships with market participants, employees, regulators and others.

The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company with listed equity securities, we will be required to comply with additional laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act related regulations of the SEC, including compliance with the reporting requirements of the Exchange Act and the requirements of the NASDAQ Marketplace Rules with which we were not required to comply as a private company. Complying with these statutes, regulations and requirements is expected to occupy a significant amount of time of the CSWI Board and management and is expected to significantly increase our administrative costs and expenses. As a result of becoming a public company, we will be required to:

- institute a more comprehensive compliance function;
- design, establish, evaluate and maintain a system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- comply with rules promulgated by NASDAQ;
- prepare and distribute periodic public reports in compliance with our obligations under federal securities laws;
- establish new internal policies and procedures, such as those relating to corporate governance, disclosure controls and procedures and insider trading;
- involve and retain to a greater degree outside counsel and accountants in the above activities; and
- establish an investor relations function.

Our profitability will be adversely affected because of these additional costs.

We may be unable to achieve some or all of the benefits that we expect to achieve from the Share Distribution.

As a standalone, publicly traded company, we believe that our business will benefit from, among other things, more focused management and an enhanced ability to pursue our business strategy, which we expect as a result of the Share Distribution. However, by separating from Capital Southwest, we may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of Capital Southwest. In addition, we may not be able to achieve some or all of the benefits that we expect to achieve as a standalone company in the time we expect, if at all.

The Capital Southwest Board has reserved the right, in its sole discretion, to amend, modify or abandon the Share Distribution at any time prior to the Distribution Date. In addition, the Share Distribution is subject to the satisfaction or waiver (by the Capital Southwest Board in its sole discretion) of a number of conditions. CSWI and Capital Southwest cannot assure that any or all of these conditions will be met.

The Capital Southwest Board has reserved the right, in its sole discretion, to amend, modify or abandon the Share Distribution at any time prior to the Distribution Date. This means Capital Southwest may cancel or delay the planned distribution of common stock of CSWI if at any time the Capital Southwest Board determines that the distribution of such common stock is not in the best interests of Capital Southwest. If the Capital Southwest Board determines to cancel the Share Distribution, shareholders of Capital Southwest will not receive any distribution of CSWI common stock, and Capital Southwest will be under no obligation whatsoever to its shareholders to distribute such shares. In addition, the Share Distribution is subject to the satisfaction or waiver (by the Capital Southwest Board in its sole discretion) of a number of conditions. See "*The Share Distribution—Conditions to the Share Distribution.*" CSWI and Capital Southwest cannot assure that any or all of these conditions will be met. The fulfillment of the conditions to the Share Distribution will not create any obligation on Capital Southwest's part to effect the Share Distribution.

Potential indemnification obligations of CSWI pursuant to the Distribution Agreement and related agreements could materially adversely affect us.

The Distribution Agreement and related agreements between Capital Southwest and us will provide for, among other things, the principal corporate transactions required to effect the separation, the conditions to the Share Distribution and provisions governing the relationship between Capital Southwest and us with respect to and resulting from the Share Distribution. For a description of the Distribution Agreement and related agreements, see "*Certain Relationships and Related Party Transactions—Agreements between Capital Southwest and CSWI Relating to the Share Distribution*."

Among other things, the Distribution Agreement will provide for indemnification obligations designed to make CSWI financially responsible for liabilities that may exist relating to or arising out of its business activities, whether incurred prior to or after the Share Distribution.

In addition, after the Share Distribution, there will be several significant areas where the liabilities of Capital Southwest may become our obligations under the Employee Matters Agreement, including Capital Southwest defined benefit obligations. For a description of the Employee Matters Agreement, see "*Certain Relationships and Related Party Transactions—Agreements between Capital Southwest and CSWI Relating to the Share Distribution—Agreements between Capital Southwest and CSWI Relating to the Share Distribution—The Employee Matters Agreement*."

If CSWI is required to indemnify Capital Southwest under the circumstances set forth in the Distribution Agreement or the Employee Matters Agreement, CSWI may be subject to substantial liabilities that could adversely affect our financial condition.

If the Share Distribution is determined to be taxable for U.S. federal income tax purposes, our stockholders could incur significant U.S. federal income tax liabilities.

A condition to the Share Distribution is Capital Southwest's receipt of an opinion from a nationally recognized accounting firm substantially to the effect that the Share Distribution (and the Pre-Share Distribution reorganization) should qualify as tax free under Sections 355 and 368(a)(1)(D) of the Code, except with respect to any cash received in lieu of fractional shares of CSWI common stock. An opinion of an accounting firm is not binding on the Internal Revenue Service ("**IRS**"). Accordingly, the IRS may reach conclusions with respect to the Share Distribution (and the Pre-Share Distribution reorganization) that are different from the conclusions reached in the opinion. The opinion will rely on certain facts, assumptions, representations and undertakings from Capital Southwest and us regarding the past and future conduct of the companies' respective businesses and other matters, which, if incomplete, incorrect or not satisfied, could alter that accounting firm's conclusions.

If the Share Distribution ultimately is determined to be taxable, it could be treated as a taxable dividend to you for U.S. federal income tax purposes and you could incur significant U.S. federal income tax liabilities. In addition, Capital Southwest would recognize a taxable gain to the extent that the fair market value of our common stock exceeds Capital Southwest's tax basis in such stock on the date of the Share Distribution. For a description of the sharing of such liabilities between Capital Southwest and us, see "*Certain Relationships and Related Person Transactions—Tax Matters Agreement*."

We may not be able to engage in certain corporate transactions after the Share Distribution.

Our ability to engage in significant equity transactions will be limited or restricted after the Share Distribution in order to preserve the tax-free status of the Share Distribution to Capital Southwest for U.S. federal income purposes. Even if the Share Distribution (and the Pre-Share Distribution reorganization) otherwise qualifies for tax-free treatment to Capital Southwest's shareholders under Sections 355 and 368(a)(1)(D) of the Code, it may be taxable to Capital Southwest under section 355(e) of the Code if 50% or more, by vote or value, of the shares of our common stock or Capital Southwest's common stock are acquired or issued as part of a plan

or series of related transactions that includes the Share Distribution. For this purpose, any acquisitions or issuances of Capital Southwest's common stock within two years before the Share Distribution, and any acquisitions or issuances of our common stock or Capital Southwest's common stock within two years after the Share Distribution, generally are presumed to be part of such a plan, although we or Capital Southwest may be able to rebut that presumption. If an acquisition or issuance of shares of our common stock or Capital Southwest's common stock triggers the application of Section 355(e) of the Code, Capital Southwest would recognize a taxable gain as a result of the Share Distribution to the extent the fair market value of our common stock exceeds Capital Southwest's tax basis in our common stock at the time of the Share Distribution.

Under the Tax Matters Agreement to be entered into in connection with the Distribution Agreement, there will be restrictions on our ability to take actions that could cause the Share Distribution to fail to qualify for favorable treatment under the Code, and we will be required to indemnify Capital Southwest against any tax liabilities arising as a result of the Share Distribution that are attributable to any actions taken by us or with respect to us or any of our affiliates. As a result, we may be limited or restricted from entering into strategic, capital raising or other transactions which might be advantageous to us or our stockholders. For a description of the provisions of the Tax Matters Agreement, see "*Certain Relationships and Related Person Transactions—Tax Matters Agreement*."

In connection with our separation from Capital Southwest, Capital Southwest will indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities or that Capital Southwest's ability to satisfy its indemnification obligation will not be impaired in the future.

Following the Share Distribution, Capital Southwest has agreed to indemnify us for certain liabilities, including certain tax liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Capital Southwest will agree to retain, and there can be no assurance that Capital Southwest will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Capital Southwest any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Capital Southwest.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and our results of operations.

In connection with the Share Distribution, Capital Southwest will undertake several corporate restructuring transactions which, along with the Share Distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the Share Distribution, any entity involved in these restructuring transactions or the Share Distribution: (1) was insolvent; (2) was rendered insolvent by reason of the Share Distribution; (3) had remaining assets constituting unreasonably small capital; or (4) intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured, then the court could void the Share Distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require CSWI's stockholders to return to Capital Southwest some or all of the shares of CSWI's common stock issued in the Share Distribution, or require Capital Southwest or CSWI, as the case may be, to fund liabilities of the other company for the benefit of creditors.

Risks Relating to Our Common Stock

There is no existing market for our common stock, and we cannot be certain that an active trading market will develop or be sustained after the Share Distribution. Following the Share Distribution, our stock price may fluctuate significantly.

There is currently no trading market for our common stock. In connection with the Share Distribution, CSWI common stock will be listed on NASDAQ under the symbol "CSWI," to be effective upon consummation of the Share Distribution. It is anticipated that on or shortly prior to the record date, trading of shares of our

common stock will begin on a "when-issued" basis and this trading will continue up to and including the Distribution Date. However, there can be no assurance that an active trading market for our common stock will develop as a result of the Share Distribution or be sustained in the future. The lack of an active market may make it more difficult for you to sell our common stock and could lead to the share price for our common stock being depressed or more volatile.

We have not set an initial price for our common stock. The price will be established by the market. We cannot predict the prices at which our common stock may trade after the Share Distribution. Indeed, the combined market prices of our common stock and Capital Southwest common stock after the distribution may not equal or exceed the market value of Capital Southwest common stock immediately prior to the Share Distribution. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- changes in expectations concerning our future financial performance and the future performance of the industrial products, coatings, sealants and adhesives and specialty chemicals industries in general, including financial estimates and recommendations by securities analysts;
- differences between our actual financial and operating results and those expected by investors and analysts;
- strategic actions by us or our competitors, including acquisitions or corporate restructurings;
- changes in the regulatory framework affecting our operations; and
- changes in general economic or market conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

In the past, class-action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flow and trading price of our common stock.

Substantial sales of shares of our common stock may occur in connection with the Share Distribution, which could cause our stock price to decline.

The shares of our common stock that Capital Southwest will distribute to its shareholders in the Share Distribution generally may be sold immediately in the public market. Although we have no actual knowledge of any plan or intention on the part of any significant stockholder to sell shares of our common stock following the Share Distribution, it is likely that some of Capital Southwest's shareholders will sell shares of our common stock received in the Share Distribution if, for reasons such as our business profile or market capitalization as a standalone company, we do not fit their investment objectives. The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of our common stock.

Future issuances of debt securities, which would rank senior to our common stock upon our liquidation, and future issuances of equity securities, which would dilute the holdings of our common stockholders, may negatively affect the market price of our common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon liquidation, holders of our debt securities and other loans and preferred stock will receive a distribution of our available assets before common stockholders. We are not required to offer any additional debt or equity securities to common stockholders on a preemptive basis. Therefore, additional common stock issuances, directly or through convertible or exchangeable securities, warrants or options, will dilute our common stockholders' ownership in

us and such issuances, or the perception that such issuances may occur, may reduce the market price of shares of our common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities or our other borrowing will negatively affect the market price of our common stock and dilute their ownership in us.

Upon commencement of the Share Distribution, our charter will authorize us to issue **[●]** shares of capital stock, of which **[●]** shares will be designated as common stock and **[●]** shares will be designated as preferred stock. After the Share Distribution, the CSWI Board may elect to, among other things, (1) sell additional shares in one or more public offerings, (2) issue equity interests in private offerings, or (3) issue shares of our common stock under a long term incentive plan to our non-employee directors or employees. To the extent we issue additional equity interests after the Share Distribution, your percentage ownership interest in us will be diluted. Further, depending upon the terms of such transactions, most notably the offering price per share, stockholders may also experience a dilution in the value of their investment in us.

We do not expect to pay dividends for the foreseeable future.

Any payment of dividends will be at the discretion of the CSWI Board and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. We do not currently expect to pay dividends on our common stock for the foreseeable future following the Share Distribution. As a result, you may not receive any return on an investment in our capital stock in the form of dividends.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial obligations in the future depends on our subsidiaries and their ability to distribute funds to us.

Anti-takeover provisions in our organizational documents and Delaware law could delay or prevent a change in control.

Provisions of our charter and bylaws may delay or prevent a merger or acquisition that a stockholder may consider favorable. For example, our charter and bylaws will authorize the CSWI Board to issue one or more series of preferred stock. This provision may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. In addition, Delaware law also imposes some restrictions on mergers and other business combinations between any holder of 15 percent or more of our outstanding common stock and us. See "*Description of Our Capital Stock*" for additional information. As a result, our obligations may discourage, delay or prevent a change of control of our company.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements appearing in this Information Statement constitute "forward-looking statements." Forward-looking statements include financial projections, statements of plans and objectives for future operations, statements of future economic performance, and statements of assumptions relating thereto. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "expects," "plans," "anticipates," "estimates," "believes," "potential," "projects," "forecasts," "intends," or the negative thereof or other comparable terminology.

Forward-looking statements include, but are not limited to, statements that relate to, or statements that are subject to risks, contingencies or uncertainties that relate to:

- the expected benefits of the Share Distribution;
- our business strategy;
- future levels of revenues, operating margins, income from operations, net income or earnings per share;
- anticipated levels of demand for our products and services;
- future levels of research and development, capital, environmental or maintenance expenditures;
- our beliefs regarding the timing and effects on our business of health and safety, tax, environmental or other legislation, rules and regulations;
- the success or timing of completion of ongoing or anticipated capital, restructuring or maintenance projects;
- expectations regarding the acquisition or divestiture of assets and businesses;
- our ability to obtain appropriate insurance and indemnities;
- the potential effects of judicial or other proceedings, including tax audits, on our business, financial condition, results of operations and cash flows;
- the anticipated effects of actions of third parties such as competitors, or federal, foreign, state or local regulatory authorities, or plaintiffs in litigation; and
- the effective date and expected impact of accounting pronouncements.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forwarding-looking statements in this Information Statement.

The matters discussed in "*Risk Factors*" could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business. These risks could cause our results to differ materially from those expressed in forward-looking statements.

THE SHARE DISTRIBUTION

General

The Capital Southwest Board has determined that it is in the best interests of Capital Southwest and its shareholders to pursue the Share Distribution. Capital Southwest will accomplish this through a *pro rata* distribution to Capital Southwest's shareholders of our outstanding common stock. Following the Share Distribution, we will be a standalone, publicly traded company. In connection with the Share Distribution, CSWI common stock will be listed on NASDAQ under the symbol "CSWI."

Before the Share Distribution, we will enter into a Distribution Agreement and other agreements with Capital Southwest to effect the Share Distribution and provide a framework for our relationship with Capital Southwest after the Share Distribution. These agreements will govern the relationship between us and Capital Southwest before and after the Share Distribution and will provide for the allocation between us and Capital Southwest of various assets, liabilities and obligations attributable to periods before the Share Distribution.

The Share Distribution is subject to the satisfaction of certain conditions. For a more detailed description of these conditions, see "*—Conditions to the Share Distribution*."

Reasons for the Share Distribution

The Capital Southwest Board reviewed Capital Southwest's structure and strategy to consider the strategic, operational and financial requirements of an investment company seeking to achieve capital appreciation through long-term investments in privately held businesses. As part of its review, the Capital Southwest Board evaluated potential strategic alternatives in connection with an overall review of its strategy as a business development company, including a termination of Capital Southwest's regulated investment company status. Although the business development company structure has several benefits, the growth and expansion of the CSWI Businesses has created significant concerns on the continued qualification of Capital Southwest as a regulated investment company and has significantly limited the flexibility of Capital Southwest and the CSWI Businesses to obtain and deploy capital in a manner that would maximize the growth and profitability of their respective businesses. Further, because of the regulatory framework imposed on Capital Southwest as a business development company, the CSWI Businesses have been operated as separate businesses, and consequently the CSWI Businesses have been unable to benefit from the greater scale, cost synergies and other benefits that could result from common ownership and operation in a less regulated operating environment.

The Capital Southwest Board determined that the Share Distribution is in the best interests of Capital Southwest and its shareholders, and that separating the CSWI Businesses from Capital Southwest would provide benefits to both Capital Southwest and CSWI that could not be achieved as a combined company, such as our ability to:

- *Organize the CSWI Businesses Around Key Market Segments*. Due to Capital Southwest's business development company structure, each of the CSWI Businesses has historically operated as a separate independent company. The Share Distribution will allow CSWI to pursue a strategy expected to focus on organizing around key market segments, which the Capital Southwest Board believes will result in greater opportunities to achieve cost and operational synergies and implement best practices in the collective operations of the businesses.
- *Grow the CSWI Businesses by Allocating Capital More Efficiently*. As a business development company, Capital Southwest is subject to regulatory limitations that, because of the growth of the CSWI Businesses and the value of Capital Southwest's investments in them, create significant regulatory hurdles to Capital Southwest's ability to invest directly in the continued expansion of the CSWI Businesses. In addition, due to their being separate portfolio companies in Capital Southwest's business development company structure, it is not efficient to move capital from one of the CSWI Businesses to another to fund attractive growth projects. Following the Share Distribution, CSWI will be able to more efficiently fund growth projects across the CSWI Businesses, as no regulatory hurdles will exist that would limit CSWI's ability to fund

future growth. In particular, (1) CSWI is expected to be able to more effectively access the capital markets to fund growth and more efficiently move capital internally as a company separate from Capital Southwest and without the limitations imposed on it as a business development company and (2) Capital Southwest is expected to operate as a more traditional debt-focused business development company. Further, the Capital Southwest Board expects that the cash to be contributed to CSWI prior to the Share Distribution will provide it with the ability to immediately pursue growth opportunities.

- *Offer Greater Investor Choice Through Separate Entities*. The Share Distribution will separate the two business models that the Capital Southwest Board believes currently exist within Capital Southwest—an industrial growth company and an investment company. The Capital Southwest Board believes this will increase investor visibility into and understanding of the CSWI Businesses and Capital Southwest's investment activities and thereby facilitate the creation of a more natural and interested investor base for each company. The Share Distribution will provide investors with two individual investment options that may be more attractive to them than an investment in Capital Southwest. Separating the CSWI Businesses will result in each of Capital Southwest and CSWI representing more of a pure-play investment that the Capital Southwest Board believes will appeal to the respective investor bases due to each company's more defined business and assets. The Share Distribution will allow investors to make independent decisions with respect to each of CSWI and Capital Southwest based on, among other factors, its different business models, strategies and industry focus.
- *Unlock Shareholder Value*. The Capital Southwest Board believes that following the Share Distribution the combined value of Capital Southwest common stock and CSWI common stock should, over time and assuming similar market conditions, be greater than the value of Capital Southwest common stock had the Share Distribution not occurred, resulting in greater long-term value to Capital Southwest shareholders and greater flexibility for each of Capital Southwest and CSWI to make new investments to advance their business plans. This belief is based in part on the fact that the Share Distribution will result in greater public disclosure of the operations and performance of the CSWI Businesses once CSWI is a publicly traded company, permitting investors to more accurately assess the performance and strategies of the CSWI Businesses. To date, public dissemination of CSWI information is limited, because, as a business development company, Capital Southwest does not consolidate the results of the CSWI Businesses or its other investments into its own financial reports. The additional public information should lead to enhanced investor understanding of each company's businesses, and as a result, to shareholder valuations with respect to CSWI that are more closely aligned with the underlying performance of the CSWI Businesses. The increased market value of the shares of each company should provide additional flexibility for each company to pursue its business strategy. However, no assurance can be given that such higher aggregate value will be achieved.
- *Increase Management Focus*. The Share Distribution will enable us to create a management team capable of devoting its entire time and attention to growing the CSWI Businesses and improving operational performance and profitability and, as a result, maximizing shareholder value.
- *Better Align the Interests of Management and Our Stockholders*. The Capital Southwest Board believes that the Share Distribution will enable us to use share-based incentive awards that will be tied directly to CSWI's performance, providing employees with incentives more closely linked to the achievement of the specific performance objectives of the CSWI Businesses and aligning employee interests more closely with the interests of stockholders.

In addition, the Capital Southwest Board considered the fact that the CSWI Businesses are not integrated with Capital Southwest and, as a result, the Share Distribution is not expected to involve extensive disentanglements.

The Capital Southwest Board also considered a number of potentially negative factors in evaluating the Share Distribution. These factors included, among other things, the fact that the Share Distribution: (1) will result in two standalone, publicly traded companies, which will result in increased operating and overhead costs in the

aggregate; and (2) has caused Capital Southwest to incur implementation costs it would not otherwise have incurred, and, if implemented, will likely cause transitional disruptions in the operations of both Capital Southwest and CSWI.

The Capital Southwest Board also considered a number of potential risks in evaluating the Share Distribution, including (1) the risk that the Share Distribution might not be consummated, (2) the risk of being unable to achieve expected benefits from the Share Distribution, and (3) risks relating to possible declines or fluctuations in the Capital Southwest stock price.

Notwithstanding these potentially negative factors and risks, the Capital Southwest Board determined that the Share Distribution was the best alternative to enhance shareholder value taking into account the factors discussed above. In view of the wide variety of factors considered in connection with the evaluation of the Share Distribution and the complexity of these matters, the Capital Southwest Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to the factors considered.

Manner of Effecting the Share Distribution

On the Distribution Date, Capital Southwest will distribute its CSWI common stock to its shareholders. Capital Southwest shareholders will receive one share of our common stock for every share of Capital Southwest common stock held as of the Record Date. See "*—Material U.S. Federal Income Tax Consequences*" for an explanation of the material U.S. federal income tax consequences of the Share Distribution.

If you own shares of Capital Southwest common stock as of the close of business on the Record Date, the shares of our common stock that you are entitled to receive in the Share Distribution will be issued electronically, as of the Distribution Date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Direct registration refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution.

Commencing on or shortly after the Distribution Date, if you hold physical share certificates that represent your Capital Southwest common stock and you are the registered holder of the Capital Southwest common stock represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of our common stock that have been electronically registered in your name.

Most Capital Southwest shareholders hold their shares of Capital Southwest common stock through a bank or brokerage firm. In these cases, the bank or brokerage firm would be said to hold the shares in "street name," and ownership would be recorded on the bank or brokerage firm's books. If you hold your shares of Capital Southwest common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares of our common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," we encourage you to contact your bank or brokerage firm at any time.

The distribution will be *pro rata* to shareholders holding shares of Capital Southwest common stock as of the Record Date. The Capital Southwest Board has established a distribution ratio of one share of our common stock for every share of Capital Southwest common stock held as of the Record Date. Accordingly, assuming [●] shares of Capital Southwest common stock outstanding as of the Record Date, the number of shares of our common stock to be distributed in the Share Distribution, and the number of shares of our common stock which will be outstanding immediately following the Share Distribution, will be [●]. The Share Distribution will not affect the number of outstanding shares of Capital Southwest common stock or any rights of Capital Southwest's shareholders.

Treatment of Fractional Shares

The distribution agent will not deliver any fractional shares of CSWI common stock in connection with the Share Distribution. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the

whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share of CSWI common stock in the Share Distribution. These sales will occur as soon as practicable after the Distribution Date. Those stockholders will then receive a cash payment, in the form of a check, in an amount equal to their pro rata share of the total proceeds of those sales. Any applicable expenses, including brokerage fees, will be paid by CSWI.

CSWI expects that all fractional shares held in street name will be aggregated and sold by brokers or other nominees according to their standard procedures, and that brokers or other nominees may request the distribution agent to sell the fractional shares on their behalf. You should contact your broker or other nominee for additional details. None of Capital Southwest, CSWI, or the distribution agent will guarantee any minimum sale price for fractional shares or pay any interest on the proceeds from the sale of fractional shares. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient stockholders. See "*—Material U.S. Federal Income Tax Consequences*."

Trading of Capital Southwest Common Stock Prior to the Share Distribution

It is anticipated that, on or shortly before the Record Date and continuing up to and including the Distribution Date, there will be two markets in Capital Southwest common stock: a "regular-way" market and an "ex-distribution" market. Shares of Capital Southwest common stock that trade on the regular-way market will trade with an entitlement to shares of our common stock to be distributed in the Share Distribution. Shares that trade on the ex-distribution market will trade without an entitlement to shares of our common stock to be distributed in the Share Distribution. Therefore, if you sell Capital Southwest common stock in the regular-way market up to and including the Distribution Date, you will be selling your right to receive shares of our common stock in the Share Distribution. If you own shares of Capital Southwest common stock at the close of business on the Record Date and sell those shares on the ex-distribution market up to and including the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive pursuant to the Share Distribution.

Trading and Listing of Our Common Stock

In connection with the Share Distribution, CSWI common stock will be listed on NASDAQ under the symbol "CSWI." We also expect that a "when-issued" market in our common stock may develop on or shortly prior to the Record Date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The when-issued trading market will be a market for the shares of our common stock that will be distributed to Capital Southwest shareholders on the Distribution Date. If you own shares of Capital Southwest common stock at the close of business on the Record Date, you will be entitled to shares of our common stock distributed pursuant to the Share Distribution, unless traded in the "regular-way" market as described above. You may trade this entitlement to shares of our common stock, without the Capital Southwest common stock you own, on the when-issued market. On the first trading day following the Distribution Date, we expect that when-issued trading with respect to our common stock will end and regular-way trading will begin.

Relationship with Capital Southwest Following the Share Distribution

Prior to the Share Distribution, Capital Southwest will enter into a Distribution Agreement and other agreements with us to effect the Share Distribution and provide a framework for the relationship between Capital Southwest and us before and after the Share Distribution. These agreements will provide for the allocation between Capital Southwest and us of certain assets, liabilities and obligations attributable to periods prior to the Share Distribution and will also govern our relationship with Capital Southwest after the Share Distribution. Among other things, the Distribution Agreement will provide for the transfer, immediately prior to the Share Distribution, of $[●] in cash from Capital Southwest to CSWI. For a more detailed description of these agreements, see "*Certain Relationships and Related Party Transactions—Agreements between Capital Southwest and CSWI Relating to the Share Distribution*."

Conditions to the Share Distribution

The Share Distribution is subject to a number of conditions, including:

- the SEC will have declared effective CSWI's Registration Statement on Form 10, of which this Information Statement is a part, under the Exchange Act, with no stop order in effect with respect to the Form 10, and this Information Statement shall have been mailed to the shareholders of Capital Southwest;
- Capital Southwest shall have received a favorable opinion from a nationally recognized accounting firm with respect to the tax-free nature of the Share Distribution for federal income tax purposes (see *"—Material U.S. Federal Income Tax Consequences"*);
- the Capital Southwest Board will not have withdrawn its authorization and approval regarding (1) the Share Distribution and (2) the transfers of assets and assumptions of liabilities contemplated by the Distribution Agreement;
- the Capital Southwest Board shall have declared the distribution of outstanding shares of common stock of CSWI to Capital Southwest shareholders as of the Record Date;
- the actions and filings necessary under securities and blue sky laws of the states of the U.S. and any comparable laws under any foreign jurisdictions have been taken and become effective;
- no order, injunction, decree or regulation issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Share Distribution shall be in effect;
- CSWI common stock shall have been approved for listing on NASDAQ, subject to official notice of issuance;
- each of the ancillary agreements related to the Share Distribution shall have been entered into before the Share Distribution and shall not have been materially breached by any party thereto; and
- no other events or developments have occurred that, in the judgment of the Capital Southwest Board, in its sole and absolute discretion, would result in the Share Distribution having a material adverse effect on Capital Southwest or its shareholders.

In the event that the Capital Southwest Board waives a material condition or amends, modifies or abandons the Share Distribution, Capital Southwest will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a Current Report on Form 8-K, press release, or other means.

Material U.S. Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences to Capital Southwest and the holders of Capital Southwest common stock in connection with the Share Distribution. This summary is based on the Code, Treasury Regulations promulgated thereunder and judicial and administrative interpretations thereof, each as in effect on the date of this Information Statement, and each of which is subject to change at any time, possibly with retroactive effect. Any such change could materially and adversely affect the tax consequences described below.

This summary is limited to holders of Capital Southwest common stock that are U.S. Holders. A "U.S. Holder" is a beneficial owner of Capital Southwest common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) it has a valid election in place under applicable Treasury Regulations to be treated as a U.S. person.

This summary does not discuss all tax considerations that may be relevant to shareholders in light of their particular circumstances, nor does it address the tax consequences to shareholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities;
- banks, financial institutions or insurance companies;
- persons who acquired Capital Southwest common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- shareholders who own, or are deemed to own, at least 10% or more, by voting power or value, of Capital Southwest's common stock;
- holders owning Capital Southwest common stock as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the U.S.;
- holders who are subject to the alternative minimum tax; or
- persons who own Capital Southwest common stock through partnerships or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to Capital Southwest shareholders who do not hold Capital Southwest common stock as a capital asset. Moreover, this summary does not address any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences.

If a partnership, or any other entity treated as a partnership for U.S. federal income tax purposes, holds Capital Southwest common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its tax consequences.

YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE SHARE DISTRIBUTION. THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR INVESTOR.

The Share Distribution is conditioned on Capital Southwest's receipt of an opinion from a nationally recognized accounting firm that the Share Distribution (and the Pre-Share Distribution reorganization) should meet the requirements necessary to be tax free to Capital Southwest and holders of Capital Southwest's common stock under Sections 355 and 368(a)(1)(D) of the Code, except, in the case of Capital Southwest's shareholders, with respect to any cash received in lieu of fractional shares of CSWI's common stock. The opinion will be based on, among other things, current tax law and certain facts, assumptions, representations and undertakings made by Capital Southwest and us, which if incomplete, incorrect or not satisfied in certain material respects would jeopardize the conclusions reached by the accounting firm in its opinion. The opinion of the accounting firm will not be binding on the IRS or the courts. Although the receipt of the opinion is a condition to the Share Distribution, it and as all other conditions to the Share Distribution may be waived by Capital Southwest in its sole discretion. Capital Southwest and CSWI have not sought and will not seek any ruling from the IRS regarding any matters relating to the Share Distribution, and, as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to the conclusions set forth below. In that event, the consequences described below would not apply and Capital Southwest and holders of Capital Southwest common stock who receive shares of CSWI common stock in the Share Distribution could be subject to significant U.S. federal income tax liability as a result of the Share Distribution.

Assuming the Share Distribution (and the Pre-Share Distribution reorganization) satisfies the requirements necessary for it to qualify for tax-free treatment under Sections 355 and 368(a)(1)(D) of the Code, the following describes the material U.S. federal income tax consequences of the Share Distribution to Capital Southwest and Capital Southwest's shareholders:

- no income, gain or loss will be recognized by a holder of Capital Southwest common stock solely as a result of the receipt of CSWI common stock;
- subject to the discussion below regarding Section 355(e) of the Code, no gain or loss will be recognized by Capital Southwest as a result of the Share Distribution;
- the aggregate tax basis of the Capital Southwest common stock and CSWI common stock (including fractional shares of CSWI common stock that are sold) in the hands of a Capital Southwest shareholder immediately after the Share Distribution will be the same as the aggregate tax basis of the Capital Southwest common stock held by the holder immediately before the Share Distribution, allocated between the common stock of Capital Southwest and the common stock of CSWI (including fractional shares of CSWI common stock that are sold) in proportion to their relative fair market values on the date of the Share Distribution;
- the holding period of the shares of CSWI common stock received by a Capital Southwest shareholder will include the holding period of its Capital Southwest common stock, provided that such Capital Southwest common stock is held as a capital asset on the date of the Share Distribution; and
- a Capital Southwest shareholder who receives cash in lieu of a fractional share of CSWI common stock will recognize gain or loss measured by the difference between the tax basis of the fractional share and the amount of cash received.

Capital Southwest shareholders that have acquired different blocks of Capital Southwest common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted tax basis among, and their holding period of, CSWI common stock distributed with respect to such blocks of Capital Southwest common stock.

U.S. Treasury Regulations require certain shareholders that receive stock in a spin-off to attach to their respective U.S. federal income tax returns, for the year in which the spin-off occurs, a detailed statement setting forth certain information relating to the spin-off. Within a reasonable period of time after the Share Distribution, Capital Southwest expects to make available to its shareholders information pertaining to compliance with this requirement.

If the Share Distribution (and the Pre-Share Distribution reorganization) were not to qualify as tax-free for U.S. federal income tax purposes as described above, each Capital Southwest shareholder that receives shares of CSWI common stock in the Share Distribution would be treated as receiving a distribution in an amount equal to the fair market value of such shares (including fractional shares of CSWI common stock that are sold), which generally would be treated in the following manner:

- first as a taxable dividend to the extent of such shareholder's pro rata share of Capital Southwest's current and accumulated earnings and profits;
- then as a non-taxable return of capital to the extent of such shareholder's tax basis in its Capital Southwest common stock; and
- thereafter as capital gain with respect to any remaining value.

Additionally, each shareholder's basis in the CSWI common stock received in the Share Distribution (including fractional shares of CSWI common stock that are sold) would be equal to its fair market value on the date of the distribution and its holding period in the CSWI common stock would begin on the date of the distribution. Furthermore, Capital Southwest would recognize a taxable gain to the extent that the fair market value of the CSWI common stock exceeds Capital Southwest's tax basis in CSWI's common stock on the Distribution Date.

Even if the Share Distribution (and the Pre-Share Distribution reorganization) otherwise qualifies for tax-free treatment under Sections 355 and 368(a)(1)(D) of the Code, it may be taxable to Capital Southwest as described in the prior paragraph (but not Capital Southwest's shareholders) under Section 355(e) of the Code if 50 percent or more, by vote or value, of the shares of Capital Southwest common stock or CSWI common stock are acquired or issued as part of a plan or series of related transactions that includes the Share Distribution. For this purpose, any acquisitions or issuances of Capital Southwest common stock within two years before the Share Distribution, and any acquisitions or issuances of CSWI common stock or Capital Southwest common stock within two years after the Share Distribution, generally are presumed to be part of such a plan, although we or Capital Southwest may be able to rebut that presumption. Even if these rules were to apply to cause the Share Distribution to be taxable to Capital Southwest, it would remain tax-free to the Capital Southwest shareholders if the Share Distribution (and the Pre-Share Distribution reorganization) otherwise qualifies for tax-free treatment under Sections 355 and 368(a)(1)(D) of the Code.

In connection with the Share Distribution, we and Capital Southwest will agree to be subject to certain restrictions to preserve the tax-free nature of the Share Distribution. For a description of such restrictions, see "*Certain Relationships and Related Person Transactions—Tax Matters Agreement*."

The preceding summary of the anticipated U.S. federal income tax consequences of the Share Distribution is for general informational purposes only. Capital Southwest's shareholders should consult their own tax advisors as to the specific tax consequences of the Share Distribution to them, including the application and effect of state, local or non-U.S. tax laws and of changes in applicable tax laws.

Regulatory Matters Related to the Share Distribution

We are required to file with the SEC a registration statement on Form 10 together with certain exhibits thereto, including the final version of this Information Statement to be delivered to holders of Capital Southwest common stock on the Record Date, in order to register our common stock under the Exchange Act.

Apart from the matter described above, Capital Southwest is not aware of any other material state or federal regulatory requirements or approvals that must be complied with or obtained in connection with the Share Distribution.

Treatment of Stock-Based Awards

In connection with the Share Distribution, all stock option and restricted stock awards held by directors, officers and employees of Capital Southwest will be adjusted to represent both Capital Southwest and CSWI stock options and restricted stock awards.

Each Capital Southwest stock option will be converted into both an adjusted Capital Southwest stock option and a CSWI stock option, with adjustments made to the exercise prices and number of shares subject to each option in order to preserve the aggregate intrinsic value of the original Capital Southwest stock option as measured immediately before and immediately after the Share Distribution, subject to rounding. The number of shares of CSWI common stock and of Capital Southwest common stock subject to each option will be determined based on the volume weighted average price per share of Capital Southwest shares on NASDAQ during the 10 full trading days immediately prior to the Share Distribution and on the volume weighted average price per share of Capital Southwest shares and CSWI shares on NASDAQ during the first 10 full trading days immediately after the Share Distribution. The adjusted Capital Southwest stock options and CSWI stock options will be subject to substantially the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original Capital Southwest stock option immediately before the Share Distribution.

The Capital Southwest restricted stock awards will remain outstanding and the awardees will additionally receive one share of CSWI restricted stock for each share of Capital Southwest restricted stock held, which shares will be subject to substantially the same terms, vesting conditions and other restrictions applicable to the Capital Southwest restricted stock award immediately before the Share Distribution.

Reason for Furnishing this Information Statement

This Information Statement is being furnished solely to provide information to Capital Southwest shareholders who will receive shares of our common stock in the Share Distribution. It is not to be construed as an inducement or encouragement to buy or sell any of our securities or any securities of Capital Southwest, nor is it to be construed as a solicitation of proxies for the proposed distribution or any other matter. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither we nor Capital Southwest undertake any obligation to update the information except in the normal course of our respective public disclosure obligations and practices or as otherwise required by law.

DIVIDEND POLICY

Any payment of dividends will be at the discretion of the CSWI Board and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that the CSWI Board may deem relevant. We do not currently expect to pay dividends on our common stock for the foreseeable future following the Share Distribution. See "*Risk Factors—Risks Relating to Our Common Stock—We do not expect to pay dividends for the foreseeable future*."

CAPITALIZATION

The following table presents capitalization as of March 31, 2015 on:

- a historical combined basis for the CSWI Businesses;
- a pro forma basis for the CSWI Businesses to give effect to the acquisition of substantially all of the assets of Strathmore; and
- a pro forma as adjusted basis for CSWI to give effect to the Share Distribution and the related transactions described in the notes to our unaudited pro forma condensed combined financial statements as if the Share Distribution and the related transactions had occurred on March 31, 2015.

The historical information presented in the table below is derived from the combined financial statements of the CSWI Businesses appearing elsewhere in this Information Statement. You should read the information presented below together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Unaudited Pro Forma Combined Financial Statements*" and the combined financial statements of the CSWI Businesses appearing elsewhere in this Information Statement.

We are providing the information presented in the table below for informational purposes only. It should not be construed to be indicative of our capitalization or financial condition had the acquisition of substantially all of the assets of Strathmore and/or the Share Distribution and related transactions been completed on March 31, 2015. Further, the information presented in the table below may not reflect our capitalization or financial condition that would have resulted had we been operating as a separate, standalone entity at that date and is not necessarily indicative of our future capitalization or financial condition.

The amounts in the following table are presented in thousands.

	As of March 31, 2015	Pro Forma as of March 31, 2015(1)	Pro Forma As Adjusted as of March 31, 2015(2)(3)
Cash:			
Cash and cash equivalents	$ 20,448	$ 18,801	$ 15,588
Debt:			
Current portion of long-term debt and capital lease obligations	13,561	17,061	17,061
Long-term debt and capital lease obligations, less current portion	13,143	79,643	79,643
Total debt and capital lease obligations	26,704	96,704	96,704
Equity:			
Common stock, at par value	12	12	179
Preferred stock	1,000	1,000	—
Additional paid-in capital	7,810	7,810	216,156
Treasury stock	(2,712)	(2,712)	—
Retained Earnings	208,784	203,144	—
Accumulated other comprehensive loss	(10,293)	(10,293)	(10,293)
Total equity	204,601	198,961	206,042
Total capitalization	$ 231,305	$ 295,665	$ 302,746

(1) Gives effect to the acquisition of substantially all of the assets of Strathmore.

(2) Gives effect to the Share Distribution and related transactions, including the estimated incremental expenses related to operating as an independent publicly traded company and the elimination of the one time non-recurring expenses.

(3) It is contemplated that Capital Southwest will contribute an undetermined amount of cash to CSWI upon consummation of the Share Distribution. For this presentation, cash contributed is assumed to be $0. The actual cash contribution will be determined just prior to the consummation of the Share Distribution.

SELECTED HISTORICAL FINANCIAL DATA

The following presents selected historical combined financial data as of and for the fiscal years ended March 31, 2015, 2014, 2013, 2012 and 2011. The selected historical combined financial data has been derived from the audited combined financial statements of the CSWI Businesses as of March 31, 2015 and 2014 and for the fiscal years ended March 31, 2015, 2014 and 2013. The selected historical combined financial data as of March 31, 2013, 2012 and 2011 and for the fiscal years ended March 31, 2012 and 2011 has been derived from the accounting records of the CSWI Businesses. The data below was prepared by combining the results of the CSWI Businesses. CSWI was formed on November 6, 2014 solely for the purpose of effecting the Share Distribution and to date, CSWI has not conducted any material activities or operations. The data set forth below is not necessarily indicative of CSWI's future financial position or results of operations and should be read in conjunction with the audited combined financial statements of the CSWI Businesses, the unaudited pro forma combined financial statements of CSWI and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

	Fiscal Year Ended March 31,				
				(Unaudited)	
	2015	2014	2013	2012	2011
			(in thousands)		
Statements of Operations Data:					
Net revenues	$ 261,834	$ 231,713	$ 199,094	$171,035	$142,824
Cost of revenues	(135,409)	(119,627)	(104,512)	(92,646)	(76,542)
Selling, distribution, general and administrative, and other operating expenses	(82,391)	(74,173)	(62,335)	(53,743)	(46,625)
Operating income	$ 44,034	$ 37,913	$ 32,247	$ 24,646	$ 19,657
Operating margin	16.8%	16.4%	16.2%	14.4%	13.8%
Other income (expense)	894	(387)	973	(62)	765
Income before income taxes	$ 44,928	$ 37,526	$ 33,220	$ 24,584	$ 20,422
Provision for income taxes	(15,223)	(12,794)	(10,707)	(7,755)	(6,249)
Income from continuing operations	29,705	24,732	22,513	16,829	14,173
Loss on disposal of operation, net of income tax benefit	—	—	(1,326)	—	—
Income from discontinued operation, net of income taxes	—	—	511	—	—
Net loss on discontinued operations, net of income taxes	—	—	(815)	—	—
Net income	$ 29,705	$ 24,732	$ 21,698	$ 16,829	$ 14,173
Other Data:					
Depreciation and amortization	$ 10,515	$ 9,113	$ 6,701	$ 5,809	$ 4,819

	As of March 31,				
				(Unaudited)	
	2015	2014	2013	2012	2011
			(in thousands)		
Balance Sheet Data (end of period)					
Working capital	$ 96,391	$ 90,884	$ 77,196	$ 85,688	$ 72,447
Goodwill, intangibles and other assets, net	$ 94,675	$ 89,400	$ 75,857	$ 55,534	$ 49,481
Total assets	$ 286,521	$ 277,820	$ 236,521	$195,957	$166,223
Short-term borrowings and current portion of long-term debt	$ 13,561	$ 13,764	$ 9,515	$ —	$ —
Long-term debt	$ 13,143	$ 31,333	$ 13,833	$ 6,100	$ —
Other non-current liabilities	$ 30,159	$ 12,233	$ 12,070	$ 12,531	$ 17,731
Equity	$ 204,601	$ 196,186	$ 176,522	$160,029	$148,492

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements of CSWI presented below consist of an unaudited pro forma combined balance sheet as of March 31, 2015 and unaudited pro forma combined statements of operations for the fiscal year ended March 31, 2015. The following unaudited pro forma combined financial statements give effect to the acquisition of substantially all of the assets of Strathmore and the Share Distribution and the related transactions described below based on assumptions and adjustments set forth in the accompanying notes. The following unaudited pro forma combined financial statements should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the historical audited combined financial statements of the CSWI Businesses appearing elsewhere in this Information Statement.

The unaudited pro forma combined financial statements have been derived from the historical combined financial statements of the CSWI Businesses appearing elsewhere in this Information Statement and are not intended to be a complete presentation of our financial condition or results of operations had the Share Distribution and related transactions occurred as of that date and for the period presented. In addition, they are provided for illustrative and informational purposes only and are not necessarily indicative of our future financial condition or results of operations as a standalone, publicly traded company. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable, that reflect the expected impacts of events directly attributable to the Share Distribution and related transactions, and that are factually supportable and for purposes of the statement of operations, are expected to have a continuing impact. However, such adjustments are subject to change based on the finalization of the terms of the Share Distribution and related transactions.

CSWI
Unaudited Pro Forma Condensed Combined Balance Sheet
for the Fiscal Year Ended March 31, 2015
(In thousands)

	Historical	Strathmore historical (a)	Strathmore	Note	Subtotal	Share Distribution	Note	Pro Forma
ASSETS								
Current assets:								
Cash and cash equivalents	$ 20,448	$ 1,131	$ (1,973)	(d)	$ 18,801	$ (3,213)	(f)	$ 15,588
			(805)	(b)				
Restricted cash	2,385	—	—		2,385	—		2,385
Bank time deposits	9,248	—	—		9,248	—		9,248
Accounts receivable, net	50,801	5,661	(758)	(b)	55,704	—		55,704
Inventories	45,315	7,307	1,140	(b)	53,762	—		53,762
Income tax receivable	1,408	—	—		1,408	—		1,408
Deferred income taxes	2,713	—	—		2,713	—		2,713
Prepaid expenses and other current assets	2,691	228	(37)	(b)	2,882	—		2,882
Total current assets	135,009	14,327	(2,433)		146,903	(3,213)		143,690
Property, plant & equipment, net	56,837	1,542	2,219	(b)	60,421	—		60,421
			(177)	(c)				
Goodwill	40,645	—	15,095	(b)	55,740	—		55,740
Intangibles, net	40,997	10,281	32,369	(b)	81,066	—		81,066
			(2,581)	(c)				
Deferred income taxes	2,938	—	—		2,938	—		2,938
Property held for investment	9,300	—	—		9,300	—		9,300
Other assets	795	—	242	(d)	1,087	—		1,087
			50	(b)				
Total assets	$ 286,521	$ 26,150	$ 44,784		$357,455	$ (3,213)		$ 354,252
LIABILITIES AND EQUITY								
Current liabilities:								
Accounts payable and accrued expenses	$ 25,057	$ 5,881	$ (1,257)	(b)	$ 29,681	$ —		$ 29,681
Current portion of long-term debt	13,561	5,263	(1,763)	(d)	17,061	—		17,061
Total current liabilities	38,618	11,144	(3,020)		46,742	—		46,742
Deferred income taxes	—		—		—	—		—
Long-term debt	13,143	6,158	60,342	(d)	79,643	—		79,643
Retirement benefits payable	22,449	—	—		22,449	(10,294)	(g)	12,155
Other long-term liabilities	7,710	51	1,899	(b)	9,660	—		9,660
Total liabilities	81,920	17,353	59,221		158,494	(10,294)		148,200
Equity:								
Common stock	12	10	(10)	(b)	12	167	(h)	179
Preferred stock	1,000	—	—		1,000	(1,000)	(h)	—
Additional paid in capital	7,810	—	—		7,810	10,294	(g)	216,156
						198,052	(h)	
Treasury stock	(2,712)	—	—		(2,712)	2,712		—
Retained earnings	208,784	8,838	(8,838)	(b)	203,144	(3,213)	(f)	—
			(1,772)	(d)		(199,931)	(h)	
			(2,758)	(c)				
			(1,110)	(e)				
Accumulated other comprehensive loss	(10,293)	(51)	51	(b)	(10,293)	—		(10,293)
Total equity	204,601	8,797	(14,437)		198,961	7,081		206,042
Total liabilities and equity	$ 286,521	$ 26,150	$ 44,784		$357,455	$ (3,213)		$ 354,242

CSWI
Unaudited Pro Forma Condensed Combined Statement of Operations
for the Fiscal Year Ended March 31, 2015
(In thousands)

	Historical	Strathmore historical (a)	Strathmore	Note	Subtotal	Share Distribution	Note	Pro Forma
Net revenues	$261,834	$ 63,191	$ —		$325,025	$ —		$325,025
Cost of revenues	135,409	46,067	446	(c)	181,922	—		181,922
Gross profit	126,425	17,124	(446)		143,103	—		143,103
Expenses:								
General and administrative expenses	35,508	2,641	2,312	(c)	40,461	3,213	(f)	43,674
Selling and distribution expenses	40,485	6,308	—		46,793	—		46,793
Research and development expenses	5,688	—	—		5,688	—		5,688
Impairment loss	710	—	—		710	—		710
Total expenses	82,391	8,949	2,312		93,652	3,213		96,865
Operating income	44,034	8,175	(2,758)		49,451	(3,213)		46,238
Interest income	404	—			404	—		404
Interest expense	(1,015)	(737)	(1,772)	(d)	(3,524)	—		(3,524)
Other income	1,505	—	—		1,505	—		1,505
Income before income taxes	44,928	7,438	(4,530)		47,836	(3,213)		44,623
Provision for income taxes	15,223	42	1,110	(e)	16,375	—		16,375
Net income	$ 29,705	$ 7,396	$ (5,640)		$ 31,461	$ (3,213)		$ 28,248

(a) Represents historical results of the acquired Strathmore business derived from audited historical financial statements.
(b) Represents adjustments to historical balances as a result of the application of the acquisition method of accounting and other working capital adjustments.
(c) Represents adjustments to depreciation and amortization as a result of the application of the acquisition method of accounting.
(d) Represents the net increase in debt of CSWI applicable to the financing of the Strathmore acquisition and the corresponding increase in interest expense anticipated as if the transaction was completed on April 1, 2014. The applicable interest rate on the debt was assumed to be 3.7%, which is the actual average interest rate on this debt instrument as of June 30, 2015. Interest expense and Other assets include debt issuance costs which are amortized using the effective interest method.
(e) The pro forma adjustment to provision for income taxes was determined using the statutory tax rate in effect in the respective tax jurisdictions.
(f) Reflects the incremental expenses related to operating as a stand alone independent company, net of $1,491 of non-recurring charges related to the Jet-Lube integration into Whitmore and Strathmore acquisition costs. Incremental expenses include compensation, professional service fees, director fees, rent and office

expenses. The pro forma expenses presented are based on currently available information and certain estimates and assumptions CSWI believes are reasonable. The actual adjustments may differ from the pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for presenting significant effects of the transaction as contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma financial statements.

(g) Reflects contribution of net pension assets of $10,294 and cash of $0 from Capital Southwest. It is contemplated that CSWI will assume both the pension assets and obligations associated with Capital Southwest participants upon consummation of the Share Distribution. For this presentation, cash contributed is assumed to be $0. The actual cash contribution will be determined just prior to the consummation of the Share Distribution.

(h) Represents the reclassification of historical underlying company equity as recorded on the books of the CSWI Businesses. We have assumed the number of outstanding shares of common stock based on the number of Capital Southwest outstanding at March 31, 2015, which would result in approximately 18 million shares being distributed, at a par value of $0.01 per share, to holders of Capital Southwest shares at an assumed distribution ratio of one share of CSWI for each Capital Southwest share.

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

The following discussion and analysis of the financial condition and results of operations of the CSWI Businesses should be read together with the audited combined financial statements of the CSWI Businesses and related notes appearing elsewhere in this Information Statement. This discussion and analysis contains forward-looking statements based on current expectations relating to future events and CSWI's future performance that involve risks and uncertainties. See "*Cautionary Statement Concerning Forward-Looking Statements*." CSWI's actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under the caption "*Risk Factors.*" For purposes of this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," the term CSWI Businesses does not include Strathmore, substantially all of the assets of which were acquired after the periods discussed below.

The Share Distribution

On December 2, 2014, Capital Southwest announced its plan to effect the Share Distribution, pursuant to which Capital Southwest will spin-off certain of its control assets into a stand-alone, publicly traded company. These assets include the CSWI Businesses: RectorSeal, Whitmore, Jet-Lube, Balco, Smoke Guard and CapStar.

CSWI is a Delaware corporation that is currently a wholly owned subsidiary of Capital Southwest. CSWI was formed solely to effect the Share Distribution. To date, we have not conducted any material activities or operations. Prior to the Share Distribution, Capital Southwest will contribute to us the outstanding capital stock of the CSWI Businesses.

While most costs related to the Share Distribution will be the responsibility of Capital Southwest, we will incur expenses as a result of the Share Distribution, including the costs of our organization and any compliance with the federal securities laws. CSWI believes its cash flows from operations will be sufficient to fund these corporate expenses.

The combined financial statements of the CSWI Businesses have been prepared on a stand-alone basis and are derived from the underlying accounting records of the CSWI Businesses. The combined financial statements reflect the historical results of operations, financial position, and cash flows of the CSWI Businesses in conformity with U.S. generally accepted accounting principles. All significant intercompany transactions and accounts within the CSWI Businesses have been eliminated.

The combined financial statements include all revenues, costs, assets and liabilities directly attributable to the CSWI Businesses. Management believes the assumptions underlying these financial statements are reasonable. However, the combined financial statements may not include all of the expenses that would have been incurred had CSWI been stand-alone during the periods presented and may not reflect CSWI's combined results of operations, financial position, and cash flows as a stand-alone company during the periods presented.

For a more detailed description of the Share Distribution, see "*The Share Distribution*."

Executive Summary

CSWI is comprised of the CSWI Businesses. The following is a brief description of the CSWI Businesses that were owned by Capital Southwest as of March 31, 2015:

- *RectorSeal*. RectorSeal formulates and manufactures specialty chemical products including pipe thread sealants, firestop sealants, plastic solvent cements and other formulations for plumbing, HVAC, refrigeration, electrical and industrial applications, electrical control and measurement devices, and accessories for ductless mini-split HVAC systems. RectorSeal also makes specialty tools for tradesmen and

innovative systems for containing flames and smoke from building fires. These products are distributed both domestically and internationally through an extensive distribution network serving the plumbing, industrial, HVAC and refrigeration, construction, electrical and hardware markets. Portions of RectorSeal's operating results are included in each of our three business segments.

- *Whitmore*. Whitmore manufactures high performance, specialty lubricants for heavy equipment used in surface mining, railroad and other industries and has operations in the U.S. and the U.K. Whitmore also manufactures lubrication equipment, specifically for rail applications, and lubrication-centric reliability solutions for a wide variety of industries. In addition, Whitmore produces water-based coatings for the automotive and primary metals industries. Portions of Whitmore's operating results are included in each of our three business segments.
- *Jet-Lube*. Jet-Lube is a world leader in anti-seize compounds, thread sealants and specialty lubrication products and greases for the energy industry. Jet-Lube serves customers worldwide in a wide variety of industries, including oil and gas, water well, mining, manufacturing, electric utility, food processing and agriculture, water utility, construction, transportation, valve maintenance, forestry, groundwater, military, HVAC and plumbing. Portions of Jet-Lube's operating results are included in both our Coatings, Sealants and Adhesives and our Specialty Chemicals segments.
- *Balco*. Balco is engaged in the fabrication of aluminum and plastic extrusions and other materials related to safety, slip resistance and emergency egress for products used by the commercial building industry worldwide. Balco's operating results are included in our Industrial Products segment.
- *Smoke Guard*. Smoke Guard manufactures certified custom safety products for the commercial construction market and other markets requiring smoke and fire protection. Smoke Guard's proprietary technologies control the movement of smoke and are sold through exclusive distributors primarily in the U.S. Smoke Guard's operating results are included in our Industrial Products segment.
- *CapStar*. CapStar acquires, holds and manages certain real estate and other assets. The operations of CapStar are not material to the CSWI Businesses.

The CSWI Businesses operate in three business segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals.

Recent Developments

Effective April 1, 2015, the CSWI Businesses acquired substantially all of the assets of Strathmore, a coatings manufacturer. Strathmore is a leading manufacturer of specialized industrial coating products including urethanes, epoxies, acrylics and alkyds. The net purchase price of the assets acquired was $69.0 million, plus up to an additional $16.5 million within a prescribed period of time following March 31, 2017 if certain financial metrics are met. The initial purchase was funded from borrowings of $70.0 million. The acquisition will be accounted for as a purchase under ASC 805. The CSWI Businesses have not completed the allocation of the purchase price to the assets acquired.

For the years ended December 31, 2014 and December 31, 2013, Strathmore's net revenues and operating income were $63.2 million and $8.2 million and $42.9 million and $4.0 million, respectively. For additional information on the Strathmore acquisition, see "Subsequent Events," Note 23 to the audited combined financial statements, and "*Liquidity and Capital Resources*" below.

Known Trends and Uncertainties

The following is a summary of key trends and uncertainties which could have a significant impact on our results of operations, financial position or cash flows:

- The CSWI Businesses currently operate as separate companies, and they are not currently integrated. We expect to incur significant time and expense in integrating the CSWI Businesses. In connection with the

integration of the CSWI Businesses, we expect to consolidate some of the CSWI Businesses' manufacturing facilities, including the Jet-Lube manufacturing facility in Houston, and other corporate functions. As a result of these efforts, we expect to operate more efficiently and effectively.

- We anticipate incurring significant expenditures associated with the Share Distribution primarily consisting of (1) additional costs associated with being a public company, including additional employee-related costs, costs to start up certain standalone corporate functions and information technology systems, and (2) organizational-related costs.
- The CSWI Businesses' wide array of products are used for a variety of purposes and in a number of industries. Changes in the statutory or regulatory framework, including, changes to building codes or environmental laws, could have a material adverse effect on the CSWI Businesses. The CSWI Businesses' products may no longer comply with federal or state laws or rules and the CSWI Businesses may be required to incur significant expenses in order to make our products compliant with the new laws or rules. Additionally, changes in sociopolitical attitudes towards the environment could adversely affect CSWI Businesses. Further changes in attitude towards fossil fuels and coal in particular could result in a decrease in demand for the CSWI Businesses' products and could have a material adverse effect on the CSWI Businesses.
- The global economic environment remains in a relative state of uncertainty, which has led to interest rate volatility. Increases in market interest rates could have a material adverse effect on the CSWI Businesses due to their level of indebtedness and the variable interest rates on the indebtedness. Further, overall economic uncertainty and interest rate volatility could lead to a downturn in the construction or mining industry or in the economy overall. A downturn in the industries the CSWI Businesses serve or in the economy generally could have a material adverse effect on the CSWI Businesses.

Results Of Operations

The following discussion provides an analysis of the combined results and the results of operations of the CSWI Businesses and each of its segments for the fiscal periods presented.

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Combined Results

	Fiscal Years Ended March 31,		Change	
	2015	2014	Amount	Percent
	(In thousands)			
Net revenues	$ 261,834	$ 231,713	$30,121	13.0%
Cost of revenues	135,409	119,627	15,782	13.2%
Gross profit	126,425	112,086	14,339	12.8%
Expenses:				
General and administrative expenses	35,508	29,450	6,058	20.6%
Selling and distribution expenses	40,485	37,924	2,561	6.8%
Research and development expenses	5,688	5,490	198	3.6%
Impairment loss	710	1,309	(599)	(45.8)%
Total expenses	82,391	74,173	8,218	11.1%
Operating income	44,034	37,913	6,121	16.1%
Interest income	404	434	(30)	(6.9)%
Interest expense	(1,015)	(565)	(450)	79.6%
Other income (expenses)	1,505	(256)	1,761	N/M
Income before income taxes	44,928	37,526	7,402	19.7%
Provision for income taxes	15,223	12,794	2,429	19.0%
Net income	$ 29,705	$ 24,732	$ 4,973	20.1%

Net Revenues

The CSWI Businesses generally recognize revenue upon shipment of product, at which time title passes to the customer. Net revenues represent gross revenues invoiced to customers less certain related charges for contractual discounts or rebates. Shipping and handling fees billed to customers are included in net revenues, while other shipping and handling costs are expensed as incurred and included in selling and distribution expenses in the accompanying combined statements of operations of the CSWI Businesses.

Net revenues were $261.8 million for the fiscal year ended March 31, 2015, an increase of $30.1 million, or 13.0%, compared to the fiscal year ended March 31, 2014. On a combined basis, the increase in net revenues was entirely due to an increase in sales volume. The increase was primarily attributable to an increase in sales volumes in the Industrial Products segment, and to a lesser degree, in the Coatings, Sealants and Adhesives segment. The primary drivers for Industrial Products net revenues growth were HVAC products and new products from acquisitions. The increase in Coatings, Sealants and Adhesives net revenues was mainly derived from higher sales volumes of caulking products. These increases in net revenues were partially offset by a decrease in sales volumes in the Specialty Chemicals segment due largely to a slowdown in global mining activity.

Net Revenues by Geographic Region

Net revenues in the Americas, Europe, Middle East and Africa (or EMEA), and Asia Pacific (or APAC) represented approximately 84%, 9%, and 7% of net revenues, respectively, for the fiscal year ended March 31, 2015 compared to approximately 82%, 11%, and 7% of net revenues, respectively, for the fiscal year ended March 31, 2014. The presentation of net revenues by geographic region is based on the location of the customer. For additional information regarding net revenues by geographic region, see “Segments,” Note 24 to the audited combined financial statements of the CSWI Businesses.

Foreign Currency Impact on Net Revenues

The functional currency of the CSWI Businesses for financial reporting purposes is the U.S. dollar. The majority of the CSWI Businesses’ net revenues for the fiscal year ended March 31, 2015 were derived from transactions denominated in U.S. dollars. All other net revenues were derived from transactions denominated in various foreign currencies, primarily the British pound, Canadian dollar, and Australian dollar. Fluctuations in the U.S. dollar relative to foreign currencies in which the CSWI Businesses conducted business for the fiscal year ended March 31, 2015 compared to the fiscal year ended March 31, 2014 unfavorably impacted net revenues by $0.8 million. For additional information regarding the foreign operations of the CSWI Businesses, see “Foreign Operations,” Note 17 to the audited combined financial statements of the CSWI Businesses.

Cost of Revenues

Cost of revenues primarily consists of material costs, compensation and related expenses for personnel involved in the manufacture of products for customer delivery, facilities rent and associated costs, depreciation of equipment and buildings used in operations, and related overhead costs. For the fiscal year ended March 31, 2015, each significant component of cost of revenues represented the following percentage of total cost of revenues:

Material costs	75.2%
Compensation and related costs	13.6%
Facilities rent and associated costs	1.1%
Equipment and building depreciation	2.9%
Other overhead costs	7.2%
Total cost of revenues	100.0%

Cost of revenues was $135.4 million for the fiscal year ended March 31, 2015, an increase of $15.8 million, or 13.2%, compared to the fiscal year ended March 31, 2014. The increase was attributable to an increase in sales volumes consistent with the growth in net revenues in the Industrial Products and Coatings, Sealants and Adhesives segments and higher raw material and packaging costs for certain products in the Specialty Chemicals segment.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation and related expenses of personnel, professional services, facility costs and unallocated overhead expenses.

General and administrative expenses were $35.5 million for the fiscal year ended March 31, 2015, an increase of $6.1 million, or 20.6%, compared to the fiscal year ended March 31, 2014. The increase was largely attributable to higher costs in the Specialty Chemicals segment caused by the reserve for a bad debt related to one non-U.S. customer ($1.2 million), retention and severance costs associated with the consolidation of selected manufacturing activities ($1.3 million), incentive plan accruals ($0.4 million) and ERP system implementation costs ($0.3 million).

Selling and Distribution Expenses

Selling and distribution expenses consist primarily of compensation and related expenses of sales and marketing expenses.

Selling and distribution expenses were $40.5 million for the fiscal year ended March 31, 2015, an increase of $2.6 million, or 6.8%, compared to the fiscal year ended March 31, 2014. The increase was attributable to an increase in sales volumes consistent with the growth in net revenues in the Industrial Products segment, and to a lesser degree, in the Coatings, Sealants and Adhesives segment.

Research and Development Expenses

Research and development expenses primarily consist of personnel-related costs involved in product development.

Research and development expenses were $5.7 million for the fiscal year ended March 31, 2015, an increase of $0.2 million, or 3.6%, compared to the fiscal year ended March 31, 2014.

Impairment Loss

The CSWI Businesses have intangible assets which consist of patents, trademarks, customer lists, non-compete agreements, and organization costs. Definite-lived intangible assets are assessed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

In addition, the CSWI Businesses have other trademarks and license agreements which are considered to have indefinite lives. The CSWI Businesses review indefinite-lived intangible assets at least annually for impairment, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Total impairment losses of $0.7 million were recognized on a patent (definite-lived intangible asset) and on a trademark (indefinite-lived intangible asset) for the fiscal year ended March 31, 2015, a decrease of $0.6 million, or 45.8%, compared to the fiscal year ended March 31, 2014.

Operating Income

Operating income was $44.0 million for the fiscal year ended March 31, 2015, an increase of $6.1 million, or 16.1%, compared to the fiscal year ended March 31, 2014. The increase in operating income was primarily attributable to an increase in operating income of $7.1 million and $2.1 million at the Industrial Products and Coatings, Sealants and Adhesives segments, respectively, partially offset by a decrease in operating income of $2.9 million at the Specialty Chemicals segment.

Interest Income

Interest income was $0.4 million for the fiscal year ended March 31, 2015 and was essentially flat compared to the fiscal year ended March 31, 2014.

Interest Expense

Interest expense was $1.0 million for the fiscal year ended March 31, 2015, an increase of $0.5 million, or 79.6%, compared to the fiscal year ended March 31, 2014.

Other Income (Expenses)

Other income was $1.5 million for the fiscal year ended March 31, 2015, an increase of $1.8 million, compared to the fiscal year ended March 31, 2014. The increase in other income was primarily attributable to gains recognized on the sale of real estate ($0.9 million) that were partially offset by foreign currency exchange losses related to the payment of vendors at one of the CSWI Businesses' foreign subsidiaries ($0.4 million). See "Property Sales," Note 18 to the audited combined financial statements of the CSWI Businesses, and "*Foreign Currency Exchange Rate Risk*" below.

Provision for Income Taxes

The provision for income taxes was $15.2 million for the fiscal year ended March 31, 2015, representing an effective tax rate of 33.9%, compared to the provision for income taxes of $12.8 million, representing an effective tax rate of 34.1% for the fiscal year ended March 31, 2014.

Net Income

Net income was $29.7 million for the fiscal year ended March 31, 2015, an increase in net income of $5.0 million, or 20.1%, compared to the fiscal year ended March 31, 2014 due primarily to the reasons discussed above.

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Segment Results

	Net Revenues for the Fiscal Years Ended March 31,		Change	
	2015	2014	Amount	Percent
	(In thousands)			
Segment				
Industrial Products	$ 118,422	$ 93,043	$25,379	27.3%
Coatings, Sealants and Adhesives	52,119	46,950	5,169	11.0%
Specialty Chemicals	89,738	90,744	(1,006)	(1.1)%
Other	1,555	976	579	59.3%
Total net revenues	$ 261,834	$231,713	$30,121	13.0%

	Operating Income for the Fiscal Years Ended March 31,		Change	
	2015	2014	Amount	Percent
	(In thousands)			
Segment				
Industrial Products	$ 19,711	$ 12,593	$ 7,118	56.5%
Coatings, Sealants and Adhesives	11,420	9,360	2,060	22.0%
Specialty Chemicals	13,016	15,877	(2,861)	(18.0)%
Other	(113)	83	(196)	N/M
Total operating income	$ 44,034	$ 37,913	$ 6,121	16.1%

Industrial Products

Net revenues were $118.4 million for the fiscal year ended March 31, 2015, an increase of $25.4 million, or 27.3%, compared to the fiscal year ended March 31, 2014. The increase was primarily attributable to higher sales volumes for the fiscal year ended March 31, 2015. The increase in sales volumes resulted from greater demand for HVAC products ($5.6 million), sales of new products from acquisitions ($15.1 million), and sales of newly developed fire and smoke prevention products ($0.7 million). Operating income was $19.7 million for the fiscal year ended March 31, 2015, an increase of $7.1 million, or 56.5%, compared to the prior fiscal year supported by an increase in sales volumes consistent with the growth in net revenues and modest increases in general and administrative expenses and selling and distribution expenses relative to the increase in net revenues.

Coatings, Sealants and Adhesives

Net revenues were $52.1 million for the fiscal year ended March 31, 2015, an increase of $5.2 million, or 11.0%, compared to the fiscal year ended March 31, 2014. The increase was primarily attributable to higher sales volumes, largely driven by sales of caulking products ($3.4 million) which were supported by recent acquisitions. Operating income was $11.4 million for the fiscal year ended March 31, 2015, an increase of $2.1 million, or 22.0%, compared to the prior fiscal year. The increase was due to an increase in sales volumes consistent with the growth in net revenues and modest increases in general and administrative expenses and selling and distribution expenses relative to the increase in net revenues.

Specialty Chemicals

Net revenues were $89.7 million for the fiscal year ended March 31, 2015, a decrease of $1.0 million, or 1.1%, compared to the fiscal year ended March 31, 2014. The decrease was attributable to a decrease in sales volumes related primarily to a slowdown in global mining activity ($3.5 million). These decreases in sales volumes were partially offset by an increase in sales volumes associated with a new product offered to the rail industry ($1.0 million). Operating income was $13.0 million for the fiscal year ended March 31, 2015, a decrease of $2.9 million, or 18.0%, compared to the prior fiscal year. The decline was a result of the decreases in sales volumes referenced above and increases in cost of revenues and general and administrative expenses. These amounts were partially offset by a decrease in selling and distribution expenses. The increase in cost of revenues was caused mainly by higher raw material and packaging costs for certain products. The increase in general and administrative expenses resulted from an increase in the reserve for bad debts ($1.2 million), retention and severance costs associated with the consolidation of selected manufacturing activities ($1.3 million), incentive plan accruals ($0.4 million), and ERP system implementation costs ($0.3 million). The decrease in selling and distribution expenses was a combined result of lower commissions due to the decrease in sales volumes and lower travel and marketing costs ($0.8 million).

For additional information on segments, see “Segments,” Note 24 to the audited combined financial statements of the CSWI Businesses.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Combined Results

	Fiscal Years Ended March 31,		Change	
	2014	2013	Amount	Percent
	(In thousands)			
Net revenues	$ 231,713	$ 199,094	$32,619	16.4%
Cost of revenues	119,627	104,512	15,115	14.5%
Gross profit	112,086	94,582	17,504	18.5%
Expenses:				
General and administrative expenses	29,450	24,699	4,751	19.2%
Selling and distribution expenses	37,924	33,314	4,610	13.8%
Research and development expenses	5,490	4,322	1,168	27.0%
Impairment loss	1,309	—	1,309	100.0%
Total expenses	74,173	62,335	11,838	19.0%
Operating income	37,913	32,247	5,666	17.6%
Interest income	434	589	(155)	(26.3)%
Interest expense	(565)	(515)	(50)	9.7%
Other income (expenses)	(256)	899	(1,155)	N/M
Income before income taxes	37,526	33,220	4,306	13.0%
Provision for income taxes	12,794	10,707	2,087	19.5%
Income from continuing operations	24,732	22,513	2,219	9.9%
Loss on disposal of operation, net of income tax benefit	—	(1,326)	1,326	N/M
Income from discontinued operation, net of income taxes	—	511	(511)	N/M
Net income (loss) on discontinued operations, net of income taxes	—	(815)	815	100.0%
Net income	$ 24,732	$ 21,698	$ 3,034	14.0%

Net Revenues

Net revenues were $231.7 million for the fiscal year ended March 31, 2014, an increase of $32.6 million, or 16.4%, compared to the fiscal year ended March 31, 2013. On a combined basis, the increase in net revenues was entirely due to an increase in sales volumes. The increase was primarily attributable to an increase in sales volumes across all operating segments. In particular, Industrial Products net revenues benefited from factors including greater demand for HVAC products and sales of new products related to recent acquisitions.

Net Revenues by Geographic Region

Net revenues in the Americas, EMEA and APAC represented approximately 82%, 11%, and 7% of the net revenues, respectively, for the fiscal year ended March 31, 2014 compared to approximately 82%, 10%, and 8% of net revenues respectively, for the fiscal year ended March 31, 2013. The presentation of net revenues by geographic region is based on the location of the customer. For additional information regarding net revenues by geographic region, see “Segments,” Note 24 to the audited combined financial statements of the CSWI Businesses.

Foreign Currency Impact on Net Revenues

The CSWI Businesses’ functional currency for financial reporting purposes is the U.S. dollar. The majority of net revenues for the fiscal year ended March 31, 2014 were derived from transactions denominated in U.S. dollars. All other net revenues were derived from transactions denominated in various foreign currencies, primarily the British pound and Canadian dollar. Fluctuations in the U.S. dollar relative to foreign currencies in

which the CSWI Businesses conducted business for the fiscal year ended March 31, 2014 compared to the fiscal year ended March 31, 2013 unfavorably impacted net revenues by $0.3 million. For additional information, see “Foreign Operations,” Note 17 to the audited combined financial statements of the CSWI Businesses.

Cost of Revenues

For the fiscal year ended March 31, 2014, each significant component of cost of revenues represented the following percentage of total cost of revenues:

Material Costs	75.2%
Compensation and related costs	13.7%
Facilities rent and associated costs	1.2%
Equipment and building depreciation	2.7%
Other overhead costs	7.2%
Total cost of revenues	100.0%

Cost of revenues was $119.6 million for the fiscal year ended March 31, 2014, an increase of $15.1 million, or 14.5%, compared to the fiscal year ended March 31, 2013. The increase was attributable to increased sales volumes consistent with the growth in net revenues across all operating segments combined with higher costs resulting from an expansion of manufacturing capacity in the Specialty Chemicals segment. The increase was partially offset by lower raw material costs for certain product lines in the Industrial Products and Coatings, Sealants and Adhesives segments.

General and Administrative Expenses

General and administrative expenses were $29.5 million for the fiscal year ended March 31, 2014, an increase of $4.8 million, or 19.2%, compared to the fiscal year ended March 31, 2013. In the Industrial Products segment, increases in amortization expense related to intangible assets acquired in recent acquisitions ($1.1 million) and acquisition integration expenses ($0.7 million) contributed to the increase in general and administrative expenses. The increase was also attributable to higher costs in the Specialty Chemicals segment caused by increased depreciation expense related to facilities expansion ($0.7 million) and expansion of the quality assurance function ($0.5 million).

Selling and Distribution Expenses

Selling and distribution expenses were $37.9 million for the fiscal year ended March 31, 2014, an increase of $4.6 million, or 13.8%, compared to the fiscal year ended March 31, 2013. The increase was attributable to an increase in sales volumes consistent with the growth in net revenues across all operating segments.

Research and Development Expenses

Research and development expenses were $5.5 million for the fiscal year ended March 31, 2014, an increase of $1.2 million, or 27.0%, compared to the fiscal year ended March 31, 2013. The increase was primarily attributable to higher costs related to the development of certain fire and smoke prevention products in the Industrial Products segment.

Impairment Loss

Impairment losses of $1.2 million and $0.1 million were recognized on a patent (definite-lived intangible asset) and on a trademark (indefinite-lived intangible asset), respectively, for the fiscal year ended March 31, 2014, an increase of $1.3 million compared to the fiscal year ended March 31, 2013.

Operating Income

Operating income was $37.9 million for the fiscal year ended March 31, 2014, an increase of $5.7 million, or 17.6%, compared to the fiscal year ended March 31, 2013. The increase in operating income was primarily attributable to an increase in operating income of $1.6 million, $1.6 million, and $2.5 million at the Industrial Products, Coatings, Sealants and Adhesives and Specialty Chemicals segments, respectively.

Interest Income

Interest income was $0.4 million for the fiscal year ended March 31, 2014, a decrease of $0.2 million, or 26.3%, compared to the fiscal year ended March 31, 2013.

Interest Expense

Interest expense was $0.6 million for the fiscal year ended March 31, 2014, an increase of $0.1 million, or 9.7%, compared to the fiscal year ended March 31, 2013.

Other Income (Expenses)

Other income (expenses) was ($0.3) million for the fiscal year ended March 31, 2014, a decrease of $1.2 million compared to the fiscal year ended March 31, 2013. The decrease in other income (expenses) was primarily attributable to a decrease in gains recognized on the sale of real estate.

Provision for Income Taxes from Continuing Operations

The provision for income taxes from continuing operations was $12.8 million for the fiscal year ended March 31, 2014, representing an effective tax rate of 34.1%, compared to the provision for income taxes from continuing operations of $10.7 million, representing an effective tax rate of 32.2% for the fiscal year ended March 31, 2013.

The change in the effective tax rate for the fiscal year ended March 31, 2014, compared to the fiscal year ended March 31, 2013 was primarily attributable to an adjustment that increased income tax expense to correct an error originally made in calculating the income tax provision for the fiscal year ended March 31, 2013.

Loss on Disposal of Operation, Net of Income Tax Benefit

In November 2012, one of the CSWI Businesses sold the stock of a subsidiary, Blue Magic, Inc. (“**Blue Magic**”) for $13.2 million. The sale resulted in a loss, net of income tax benefit, of $1.3 million which is reported as discontinued operations for the fiscal year ended March 31, 2013.

Income from Discontinued Operations, Net of Income Taxes

Income from discontinued operations, net of income taxes, was $0 for the fiscal year ended March 31, 2014, compared to $0.5 million for the fiscal year ended March 31, 2013. Income from discontinued operations, net of income taxes, represents the results of operations of Blue Magic for the fiscal year ended March 31, 2013 less applicable income taxes. Blue Magic net revenues were $12.7 million for the fiscal year ended March 31, 2013.

Net Income

Net income was $24.7 million for the fiscal year ended March 31, 2014, an increase in net income of $3.0 million, or 14.0%, compared to the fiscal year ended March 31, 2013 due primarily to the reasons discussed above.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Segment Results

	Net Revenues for the Fiscal Years Ended March 31,		Change	
	2014	2013	Amount	Percent
	(In thousands)			
Segment				
Industrial Products	$ 93,043	$ 73,331	$19,712	26.9%
Coatings, Sealants and Adhesives	46,950	42,555	4,395	10.3%
Specialty Chemicals	90,744	82,352	8,392	10.2%
Other	976	856	120	14.0%
Total net revenues	$ 231,713	$ 199,094	$32,619	16.4%

	Operating Income for the Fiscal Years Ended March 31,		Change	
	2014	2013	Amount	Percent
	(In thousands)			
Segment				
Industrial Products	$ 12,593	$ 10,945	$1,648	15.1%
Coatings, Sealants and Adhesives	9,360	7,732	1,628	21.1%
Specialty Chemicals	15,877	13,421	2,456	18.3%
Other	83	149	(66)	(44.3)%
Total operating income	$ 37,913	$ 32,247	$5,666	17.6%

Industrial Products

Net revenues were $93.0 million for the fiscal year ended March 31, 2014, an increase of $19.7 million, or 26.9%, compared to the fiscal year ended March 31, 2013. The increase was primarily attributable to higher sales volumes resulting from greater demand for HVAC products ($6.1 million) and sales of new products from acquisitions ($4.8 million). Operating income was $12.6 million for the fiscal year ended March 31, 2014, an increase of $1.6 million, or 15.1%, compared to the prior fiscal year. This increase was a result of an increase in sales volumes consistent with the growth in net revenues, lower raw material costs for certain product lines ($0.5 million) and operating efficiencies associated with certain product lines ($0.4 million). An increase in amortization expense related to intangible assets acquired in recent acquisitions ($1.1 million), higher new product development costs incurred for fire and smoke prevention products ($0.8 million) and acquisition integration expenses ($0.7 million) partially offset the increase in operating income.

Coatings, Sealants and Adhesives

Net revenues were $47.0 million for the fiscal year ended March 31, 2014, an increase of $4.4 million, or 10.3%, compared to the fiscal year ended March 31, 2013. The increase was primarily attributable to higher sales volumes driven largely by sales of thread sealants, caulking, and solvent cement products ($4.3 million). Operating income was $9.4 million for the fiscal year ended March 31, 2014, an increase of $1.6 million, or 21.1%, compared to the prior fiscal year. This increase was due to an increase in sales volumes consistent with the growth in net revenues and lower raw material costs for certain product lines ($0.2 million).

Specialty Chemicals

Net revenues were $90.7 million for the fiscal year ended March 31, 2014, an increase of $8.4 million, or 10.2%, compared to the fiscal year ended March 31, 2013. The increase was primarily attributable to higher sales

volumes. The CSWI Businesses recognized increased sales volumes in its drilling compounds ($2.0 million) and mining, rail and industrial lubricants products ($5.2 million). Operating income was $15.9 million for the fiscal year ended March 31, 2014, an increase of $2.5 million, or 18.3%, compared to the prior fiscal year. This increase was from an increase in sales volumes consistent with the growth in net revenues partially offset by increases in cost of revenues and general and administrative expenses. The increase in cost of revenues was caused by additional expenses related to an expansion of manufacturing capacity ($0.8 million). The increases in general and administrative expenses resulted mainly from increased depreciation expense related to facilities expansion ($0.7 million) and expansion of the quality assurance function ($0.5 million).

For additional information, see “Segments,” Note 24 to the audited combined financial statements of the CSWI Businesses.

Liquidity and Capital Resources

Overview

Historically, the principal sources of liquidity for the CSWI Businesses consisted of cash and cash equivalents, cash flows from operations, including changes in working capital, borrowings, and the sale of investments and assets. CSWI believes that its future sources of liquidity will include existing cash and cash equivalents and cash flows from operations, and may include new borrowings, cash generated from asset divestitures, or proceeds from the issuance of equity or debt securities.

We expect the Share Distribution to have a net positive effect on our liquidity and capital resources. In connection with the Share Distribution, Capital Southwest will provide to us $[●] in cash. Further, we will no longer pay management fees or dividends to Capital Southwest. These factors will have an immediate positive impact on our liquidity and capital resources. As described in “*Business—Our Growth Strategy*,” we expect our business to generate increasing revenue, profitability and free cash flow, which should improve our liquidity over the coming periods. In addition, as a result of becoming a public company, we will have the ability to access the debt and equity capital markets. With our greater scale following the Share Distribution, we also expect to have better access to bank financing. Although we will experience the added operating and overhead costs associated with being a public company, we expect the other factors discussed to outweigh these additional costs.

During the fiscal years ended March 31, 2015, 2014 and 2013, the principal uses of liquidity for the CSWI Businesses were to fund operating expenses, complete business acquisitions, make capital expenditures, and repay indebtedness.

Financial Condition

Cash and Cash Equivalents

As of March 31, 2015, the CSWI Businesses had cash, cash equivalents, bank time deposits, and restricted cash of $32.1 million, compared to $31.8 million as of March 31, 2014. During the fiscal year ended March 31, 2015, the CSWI Businesses made the following significant disbursements:

- $3.2 million to acquire selected assets and the SureSeal™ brand from SureSeal Manufacturing;
- $4.0 million to acquire selected assets from Evolve Supply Chain Pty. Ltd.;
- $8.7 million for the purchase of property, plant and equipment;
- $18.4 million in net repayments on long-term debt; and
- $8.3 million for the payment of dividends to Capital Southwest.

Subsequent to March 31, 2015, we acquired substantially all of the assets of Strathmore for an initial purchase price of $69.0 million. For additional information regarding the acquisition, see *"—Recent Developments*."

Restricted Cash

Restricted cash totaled $2.4 million and $2.1 million as of March 31, 2015 and March 31, 2014, respectively. Restricted cash includes compensating cash balances related to certain credit facilities.

Liquidity

Effective April 1, 2015, one of the CSWI Businesses acquired substantially all of the assets of Strathmore. In connection with this acquisition, Whitmore entered into a $70.0 million term loan to fund the acquisition. Additionally, Whitmore's existing $12.0 million line of credit was replaced by a $20.0 million line of credit. The total of $90.0 million in financing was provided by a syndicate of four commercial banks. Required principal payments for the fiscal year ending March 31, 2016 will be $3.5 million for the $70.0 million term loan.

Additionally, the CSWI Businesses are in the process of streamlining some of its manufacturing operations. As a result, the CSWI Businesses are consolidating the manufacturing of some of our lubricant and grease products into our Rockwall, Texas facility. The CSWI Businesses' total capital expenditure requirements related to this consolidation are currently expected to require approximately $6.0 million and $4.0 million of cash funding during the fiscal years ending March 31, 2016 and March 31, 2017, respectively, and may require additional capital expenditures in later periods.

CSWI believes that available cash and cash equivalents will be sufficient to meet its liquidity needs, including capital expenditures, for at least the next 12 months.

Sources of Liquidity

The following discussion highlights the CSWI Businesses' primary sources of cash and cash equivalents, and changes in those amounts due to operating, financing, and investing activities.

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

	Fiscal Years Ended March 31,	
	2015	2014
	(unaudited) (In thousands)	
Net income	$ 29,705	$ 24,732
Non-cash items	6,618	12,894
Net income after add-back of non-cash items	36,323	37,626
Changes in operating assets and liabilities, net of effect of acquisitions	(855)	(15,997)
Net cash provided by operating activities	35,468	21,629
Net cash used in investing activities	(2,625)	(39,942)
Net cash (used in) provided by financing activities	(26,893)	13,069
Effects of exchange rates on cash and cash equivalents	(913)	(704)
Net increase (decrease) in cash and cash equivalents	5,037	(5,948)
Cash and cash equivalents, beginning of year	15,411	21,359
Cash and cash equivalents, end of year	$ 20,448	$ 15,411

Operating Cash Flows

During the fiscal year ended March 31, 2015, net cash provided by operating activities was $35.5 million primarily attributable to $36.3 million in net income after add-back of non-cash items, a $4.5 million decrease in prepaid expenses and other assets, a $1.1 million increase in accounts payable and accrued expenses, and a $0.3 million increase in other long-term liabilities. This amount was partially offset by a $6.7 million increase in inventories.

Investing Cash Flows

During the fiscal year ended March 31, 2015, net cash used in investing activities was $2.6 million primarily attributable to cash outflows of $8.7 million in purchases of property, plant, and equipment and $7.2 million in cash paid for acquisitions, net of cash acquired. These amounts were partially offset by $6.4 million in proceeds from the sale of assets, $3.4 million in the net change in bank time deposits and restricted cash, and $3.5 million in proceeds from the sale of assets held for investment.

Financing Cash Flows

During the fiscal year ended March 31, 2015, net cash used in financing activities was $26.9 million primarily attributable to $18.4 million in net repayments on long-term debt and $8.3 million in dividends paid.

Effects of Exchange Rates on Cash and Cash Equivalents

The majority of the CSWI Businesses' cash and cash equivalents are denominated in U.S. dollars. Due to the nature of the CSWI Businesses' global business, the CSWI Businesses also hold cash denominated in other currencies, primarily the British pound, Canadian dollar, and Australian dollar. For the fiscal year ended March 31, 2015, the fluctuation in foreign currency exchange rates had an unfavorable impact of $0.9 million on cash and cash equivalents.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

	Fiscal Years Ended March 31,	
	2014	2013
	(unaudited) (In thousands)	
Net income	$ 24,732	$ 21,698
Non-cash items	12,894	10,331
Net income after add-back of non-cash items	37,626	32,029
Changes in operating assets and liabilities, net of effect of acquisitions	(15,997)	(4,223)
Net cash provided by operating activities	21,629	27,806
Net cash used in investing activities	(39,942)	(34,092)
Net cash provided by financing activities	13,069	11,302
Effects of exchange rates on cash and cash equivalents	(704)	(9)
Net increase (decrease) in cash and cash equivalents	(5,948)	5,007
Cash and cash equivalents, beginning of period	21,359	16,352
Cash and cash equivalents, end of period	$ 15,411	$ 21,359

Operating Cash Flows

During the fiscal year ended March 31, 2014, net cash provided by operating activities was $21.6 million primarily attributable to $37.6 million in net income after the add-back of non-cash items, a $1.3 million decrease

in prepaid expenses and other assets, and a $0.3 million increase in other long-term liabilities. This amount was partially offset by a $10.0 million increase in trade and other receivables, a $6.8 million increase in inventories and a $0.9 million decrease in accounts payable and accrued expenses.

Investing Cash Flows

During the fiscal year ended March 31, 2014, net cash used in investing activities was $39.9 million primarily attributable to cash outflows of $24.6 million in cash paid for acquisitions, net of cash acquired, $15.0 million in purchases of property, plant, and equipment and $2.0 million in the net change in bank time deposits and restricted cash. These amounts were partially offset by $1.7 million in proceeds from the sale of assets held for investment.

Financing Cash Flows

During the fiscal year ended March 31, 2014, net cash provided by financing activities was $13.1 million and was primarily attributable to $21.7 million in net borrowings of long-term debt partially offset by $8.7 million in dividends paid.

Effects of Exchange Rates on Cash and Cash Equivalents

The majority of the CSWI Businesses' cash and cash equivalents are denominated in U.S. dollars. Due to the nature of the CSWI Businesses' global business, the CSWI Businesses also hold cash denominated in other currencies, primarily the British pound and Canadian dollar. For the fiscal year ended March 31, 2014, the fluctuation in foreign currency exchange rates had an unfavorable impact of $0.7 million on cash and cash equivalents.

Indebtedness

RectorSeal Line of Credit

As of March 31, 2015, RectorSeal had a $25.0 million secured line of credit with a bank available for acquisitions and general corporate purposes. The line of credit matures on July 31, 2015. Borrowings under the line of credit bear interest at a variable annual rate of one month LIBOR plus 1.5% or 0.75% less than the bank floating rate. The line of credit is secured by accounts receivable, inventory, equipment, investments, and other assets of RectorSeal (excluding its subsidiaries). The agreement contains certain restrictive covenants requiring RectorSeal to maintain a minimum tangible net worth (excluding its subsidiaries). RectorSeal was in compliance with all covenants as set forth in the loan agreement as of March 31, 2015. As of March 31, 2015, RectorSeal had $13.0 million in outstanding borrowings under the line of credit.

Whitmore Lines of Credit and Term Loan

As of March 31, 2015, Whitmore had a $12.0 million secured line of credit with a bank available for general corporate purposes. The line of credit matures on March 31, 2019. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than the bank floating rate. As of March 31, 2015, Whitmore had no outstanding borrowings under the line of credit.

As of March 31, 2015, Whitmore had a $3.0 million secured line of credit with a bank available for the purchase of capital assets. The line of credit matured on March 31, 2015. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than the bank floating rate. As of March 31, 2015, Whitmore had no outstanding borrowings under the line of credit.

As of March 31, 2015, Whitmore had a secured term loan outstanding related to a newly constructed warehouse and corporate office building and the remodel of an existing manufacturing and research and

development facility. The term loan matures on July 31, 2029. Borrowings under the term loan bear interest at a variable annual rate equal to one month LIBOR plus 2.0%. As of March 31, 2015, Whitmore had $13.7 million in outstanding borrowings under the term loan. Whitmore has entered into an interest rate swap agreement with respect to 100% of the outstanding principal amount to hedge against interest rate risk.

The Whitmore lines of credit and term loan are secured by the Whitmore property referenced above and other assets of Whitmore. The agreement contains certain restrictive covenants requiring Whitmore to maintain a minimum fixed charge coverage ratio and a maximum leverage ratio. Whitmore was in compliance with all covenants as set forth in the loan agreement as of March 31, 2015.

Balco Line of Credit

As of March 31, 2015, Balco had a $1.5 million unsecured revolving line of credit with a bank available for working capital purposes. The line of credit matures on October 29, 2015. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than Prime, with a floor of 3.75%. The agreement does not contain any financial covenants. As of March 31, 2015, Balco had no outstanding borrowings under the line of credit.

For additional information on the CSWI Businesses' indebtedness, see "Debt," Note 9 to the audited combined financial statements of the CSWI Businesses.

Off-Balance Sheet Arrangements

The CSWI Businesses lease certain of the current manufacturing and office facilities and equipment under non-cancelable operating lease agreements. These leases typically require the payment of property taxes, insurance, and normal maintenance costs with respect to the facility leases.

As of March 31, 2015, the CSWI Businesses did not have any off-balance sheet arrangements that they believe have or are reasonably likely to have a material adverse effect on its financial condition or results of operations.

Contractual Obligations

The following table presents the CSWI Businesses' contractual obligations as of March 31, 2015:

	Payments due by period				
	Total	< 1 year	1-3 years	3-5 years	> 5 years
	(In thousands)				
Long-term debt obligations(1)	$30,788	$14,025	$ 1,849	$ 1,784	$13,130
Operating lease obligations(2)	6,265	2,283	1,715	1,051	1,216
Purchase obligations(3)	25,930	25,882	48	0	0
Other long-term liabilities(4)	7,710	363	5,537	510	1,300
Total(5)	$70,693	$42,553	$ 9,149	$ 3,345	$15,646

(1) Amounts include principal and interest cash payments through the maturity of the outstanding debt obligations. See "Debt," Note 9 to the audited combined financial statements of the CSWI Businesses.

(2) Amounts exclude sublease rental income related to certain non-cancelable operating leases. Sales taxes, value added taxes, and goods and services taxes included as part of recurring lease payments are excluded from the amounts shown above. See "Leases," Note 10 to the audited combined financial statements of the CSWI Businesses.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable, legally binding, and specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude

agreements that are cancelable without penalty, but include open purchase orders which represent amounts the CSWI Businesses anticipate will become payable for goods and services it has negotiated for delivery.

(4) Amounts primarily include settlement of the liability recorded for the interest rate swap agreement associated with the term loan, contingent consideration payable due to acquisitions, and future payments required under outstanding incentive awards. The liability for retirement benefits payable related to the CSWI Businesses' defined benefit pension plans is excluded from the contractual obligations table because it does not represent expected liquidity requirements. See "Derivative Instruments and Hedge Accounting," "Business Combinations," "Cash Incentive Awards" and "Retirement Plans," Notes 11, 3, 15, and 13, respectively, to the audited combined financial statements of the CSWI Businesses.

(5) Operating lease and purchase obligations denominated in foreign currencies are projected based on the exchange rate in effect on March 31, 2015. Excludes amounts that have been eliminated in the combined financial statements of the CSWI Businesses.

Quantitative and Qualitative Disclosures About Market Risk

The CSWI Businesses are exposed to market risk from changes in interest rates and foreign currency exchange rates, which may adversely affect their combined financial position and results of operations. The CSWI Businesses seek to minimize these risks through regular operating and financing activities, and when deemed appropriate, through the use of interest rate swaps. It is the CSWI Businesses' policy to enter into interest rate swaps only to the extent considered necessary to meet its risk management objectives. The CSWI Businesses do not purchase, hold or sell derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

Cash, Cash Equivalents, Restricted Cash and Bank Time Deposits

The CSWI Businesses invest in cash, cash equivalents, and short-term investments. Cash primarily consists of cash on hand and bank deposits. Cash equivalents primarily consist of interest-bearing money market accounts and other highly liquid investments with an original maturity of three months or less when purchased. Restricted cash includes compensating cash balances related to existing credit facilities. Bank time deposits generally consist of certificates of deposit with original maturities of twelve months or less. Interest rate changes could result in an increase or decrease in interest income CSWI Businesses generated from these interest-bearing assets. The CSWI Businesses' cash, cash equivalents, restricted cash, and bank time deposits are primarily maintained at high credit-quality financial institutions. The CSWI Businesses maintain cash and cash equivalents in U.S. dollars and in foreign currencies, which are subject to risks related to foreign currency exchange rate fluctuations. The primary objective of the CSWI Businesses' investment activities is the preservation of principal while maximizing investment income in accordance with the CSWI Businesses' prescribed risk management profile. As of March 31, 2015, the CSWI Businesses had cash and cash equivalents (excluding restricted cash) totaling $20.4 million and restricted cash and bank time deposits totaling $11.6 million.

Variable Rate Indebtedness

The CSWI Businesses are also subject to interest rate risk on its variable rate indebtedness. Fluctuations in interest rates have a direct effect on interest expense associated with our outstanding indebtedness. As of March 31, 2015, the CSWI Businesses had outstanding variable rate indebtedness of $26.7 million.

The CSWI Businesses may manage, or hedge, interest rate risks related to our borrowings by means of interest rate swap agreements. At March 31, 2015, the CSWI Businesses had an interest rate swap agreement that covered $13.7 million of the $26.7 million of the CSWI Businesses' total outstanding indebtedness.

Each quarter point change in interest rates would result in a change of less than $0.1 million in our interest expense on an annual basis.

The CSWI Businesses may also be exposed to credit risk in derivative contracts it may use. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty will owe us, which creates credit risk for the CSWI Businesses. If the fair value of a derivative contract is negative, a CSWI Business will owe the counterparty and, therefore, does not have credit risk. The CSWI Businesses have sought to minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Foreign Currency Exchange Rate Risk

The CSWI Businesses are subject to risk related to foreign currency exchange rate fluctuations. The functional currency for the CSWI Businesses' significant foreign subsidiaries is the local currency. The CSWI Businesses are exposed to foreign currency exchange rate fluctuations as they convert the financial statements of their foreign subsidiaries into U.S. dollars for reporting purposes. If there is a change in foreign currency exchange rates, the conversion of the foreign subsidiaries' financial statements into U.S. dollars results in a gain or loss which is recorded as a component of accumulated other comprehensive income within shareholder's equity.

The CSWI Businesses' international operations subject it to risks associated with currency fluctuations. Most of the CSWI Businesses' revenue is denominated in U.S. dollars, while a portion of its operating expenses, primarily labor expenses, are denominated in the local currencies where its foreign operations are located. As a result, the CSWI Businesses' combined U.S. dollar operating results are subject to the impact of fluctuations in foreign currency exchange rates between the U.S. dollar and the other currencies in which it conducts business.

In addition, the CSWI Businesses have certain transactions that are settled in currencies other than the respective entity's functional currency. Changes in the functional currency value of these assets and liabilities create fluctuations that result in gains or losses. The CSWI Businesses generally record foreign currency transaction gains and losses, realized and unrealized, in other income (expenses), net in the combined statements of operations. The CSWI Businesses' recorded net foreign currency transaction losses of $0.3 million and $0.2 million in the fiscal years ended March 31, 2015 and March 31, 2014, respectively.

Critical Accounting Estimates and Judgments

The accounting estimates and judgments discussed in this section are those that the CSWI Businesses' consider to be most critical to understand its combined financial statements, because they involve significant judgments and uncertainties. The accounting estimates and judgments outlined below are critical because they can materially affect the CSWI Businesses' operating results and financial condition, inasmuch as they require management to make subjective judgments. Many of these estimates include determinations of fair value. All of these estimates reflect the CSWI Businesses' best judgment about current and, for some estimates, future, economic and market conditions and effects based on information available as of the date of the accompanying financial statements. As a result, the accuracy of these estimates and the likelihood of future changes depend on a range of possible outcomes and a number of underlying variables, some of which are beyond the CSWI Businesses' control.

Revenue Recognition

The CSWI Businesses generally recognize revenue upon shipment of product, at which time title passes to the customer. Net revenues represent gross revenues invoiced to customers less certain related charges for contractual discounts or rebates. Shipping and handling fees billed to customers are included in net revenues, while other shipping and handling costs are expensed as incurred and included in selling and distribution expenses in the accompanying combined statements of operations.

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of identifiable net assets acquired in a business combination. The CSWI Businesses test goodwill at least annually for impairment at the

reporting unit level, which is an operating segment or one level below an operating segment. Goodwill is tested for impairment more frequently if conditions arise or events occur that indicate that the fair value of the reporting unit is lower than the carrying value of that reporting unit. The CSWI Businesses' goodwill is recorded in eight reporting units.

The CSWI Businesses first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Qualitative assessments use an evaluation of events and circumstances such as macroeconomic conditions, industry and market considerations, cost factors, financial performance factors, entity specific events, and changes in carrying value to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill.

If a reporting unit fails the qualitative assessment, then valuation models and other relevant data are used to estimate the reporting unit's fair value. The valuation models require the input of subjective assumptions. The CSWI Businesses use an income approach for impairment testing of goodwill using a discounted cash flow method. Significant estimates include future revenue and expense projections, growth estimates made to calculate terminal value, and a discount rate that approximates the CSWI Businesses' weighted average cost of capital. The CSWI Businesses perform qualitative and quantitative assessments to test asset carrying values for impairment at January 31, which is the annual impairment testing date.

For purposes of completing the annual goodwill impairment test for fiscal year 2015, the CSWI Businesses first utilized the qualitative approach for testing goodwill. As a result of this assessment, one reporting unit was identified for which management could not readily determine whether the fair value of the reporting unit exceeded the carrying value of the reporting unit based solely on qualitative factors. As a result, a quantitative assessment was utilized to further assess the recoverability of goodwill for this reporting unit. The estimated fair value was determined using a discounted cash flow technique, and the key inputs used in the evaluation are consistent with those inputs noted above. Management concluded that the fair value of the reporting unit substantially exceeded the carrying value of the reporting unit as a result of completing step one of the quantitative assessment. There were no goodwill impairment losses recognized for the fiscal year ended March 31, 2015.

Intangible Assets

The CSWI Businesses have intangible assets consisting of patents, trademarks, customer lists, non-compete agreements, and organization costs. Definite-lived intangible assets are assessed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. In addition, the CSWI Businesses have other trademarks and license agreements which are considered to have indefinite lives. The CSWI Businesses review these intangible assets at least annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Significant assumptions used in the impairment test include the discount rate, royalty rate, future projections, and terminal value growth rate. These inputs are considered non-recurring level three inputs within the fair value hierarchy. An impairment loss would be recognized when estimated future cash flows are less than their carrying amount. The CSWI Businesses recorded an impairment of intangible assets of $0.7 million and $1.3 million for the fiscal years ended March 31, 2015 and March 31, 2014, respectively.

Income Taxes

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. 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 CSWI Businesses recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The CSWI Businesses did not recognize any uncertain tax positions as of or for the fiscal year ended March 31, 2015. The CSWI Businesses' policy is to classify interest in the financial statements as interest expense and classify penalties as other expense.

Accounts Receivable

Accounts receivable reflects amounts billed to customers less trade discounts and an allowance for doubtful accounts. Management continually monitors accounts receivable from customers for collectability issues based on review of individual customer accounts, recent loss experience, current economic conditions, and other pertinent factors.

The CSWI Businesses estimate a bad debt reserve under the allowance method. Using payment history in light of current economic conditions, management examines the status of customer accounts on the aged accounts receivable report. With this information, management estimates an appropriate allowance for doubtful accounts. Accounts receivable are written off when it is determined the receivable will not be collected. Bad debt reserves were $1.7 million and $0.3 million as of March 31, 2015 and March 31, 2014, respectively.

Inventories

Inventories are stated at the lower of cost or market and include raw materials, supplies, direct labor, and manufacturing overhead. Cost is determined using the last-in, first-out method for valuing inventories of the CSWI Businesses' primary domestic operations. The CSWI Businesses' foreign subsidiaries use either the first-in, first out method or the weighted average cost method to value inventory. Foreign inventories represent approximately 10.1% and 11.9% of total inventories as of March 31, 2015 and March 31, 2014, respectively. A portion of foreign inventories is attributable to inventory consigned to third parties to be sold abroad.

Reserves are provided for slow-moving or excess and obsolete inventory based on the difference between the cost of the inventory and its net realizable value and by reviewing quantities on hand in comparison to historical and expected future usage. In estimating the reserve for excess or slow-moving inventory, management considers factors such as product aging, current and future customer demand, and market conditions. The excess and obsolete inventory reserve was $0.2 million as of March 31, 2015 and March 31, 2014.

Retirement Plans

Certain of the CSWI Businesses participate in a qualified defined benefit pension plan (the "**Retirement Plan**") which covers substantially all of their domestic employees hired prior to January 1, 2015. Those CSWI Businesses record on their financial statements annual amounts relating to the Retirement Plan based on calculations which include various actuarial assumptions such as discount and mortality rates and assumed rates of return. Material changes in pension costs may occur in the future due to changes in the discount or mortality rate, the expected long-term rate of return, levels of contributions to the plan, and other factors. The funded status of the Retirement Plan is the difference between the fair value of plan assets and the accrued benefit obligation. The applicable CSWI Businesses recognize changes in the funded status of the Retirement Plan in shareholder's equity in the year in which the changes occur and measure Retirement Plan assets and obligations as of the date of those CSWI Businesses' fiscal year-end. Those CSWI Businesses presently use March 31 as the measurement date for the Retirement Plan. The Retirement Plan is closed to any employees hired or re-hired on or after January 1, 2015.

Certain of the CSWI Businesses participate in an unfunded retirement restoration plan (the "**Restoration Plan**") which is a non-qualified plan that provides for the payment to participating employees, upon the later to

occur of the participant's separation from service with the applicable CSWI Business or attainment of age 55, of the difference between the maximum annual payment permissible under the Retirement Plan pursuant to limitations under the Code and the amount which would otherwise have been payable under the Retirement Plan in the absence of those limitations.

A foreign subsidiary of the CSWI Businesses has a defined benefit pension plan covering substantially all of its employees. The plan is subject to actuarial revaluation every three years.

A subsidiary of the CSWI Businesses has a 401(k) plan covering substantially all of its employees. Contributions to the 401(k) plan are made at management's discretion.

Employee Stock Ownership Plan

Certain of the CSWI Businesses sponsor two qualified, non-leveraged employee stock ownership plans (collectively, the "**ESOP**") in which all U.S. employees of the participating CSWI Businesses are eligible to participate following the completion of one year of service. The ESOP provides annual discretionary employer contributions of up to the maximum amount that is deductible by the CSWI Businesses for tax purposes under the Code. Contributions to the ESOP are invested in Capital Southwest common stock. A participant's interest in contributions to the ESOP fully vests after three years of credited service or upon retirement or permanent disability (each, as defined in the ESOP) or death. ESOP expenses are included in general and administrative expenses in the combined statements of operations.

Cash Incentive Awards

The CSWI Businesses have historically issued incentive awards to several of their key employees based on an increase in net asset value ("**NAV**"). Each recipient is entitled to the appreciation in NAV over the established period, provided the key employee is employed by one of the CSWI Businesses. The duration of these incentive awards is approximately five years from the date of grant.

More recently, the CSWI Businesses have issued incentive awards to several of their key employees based on an increase in earnings before interest, income tax expense, depreciation and amortization ("**EBITDA**"). Each recipient is entitled to an established rate multiplied by the excess of positive "Annual EBITDA" over the established "Base EBITDA." To receive this incentive award, recipients generally must remain employed by one of the CSWI Businesses. The duration of these incentive awards is approximately five years from the date of grant.

Because the Share Distribution will significantly affect the NAV and EBITDA performance metric used for the incentive awards, the CSWI Businesses will use commercially reasonable efforts to enter into an agreement with each holder of an incentive award as of the Distribution Date to cause the value of such award to be determined based upon the NAV or EBITDA, as applicable, as of the last day of the financial quarter ending immediately prior to the Distribution Date. Such awards shall continue to be otherwise subject to substantially the same terms and conditions after the Distribution Date as applied to such awards immediately prior to the Distribution Date. The CSWI Businesses will use commercially reasonable efforts to enter into a new incentive agreement with the holders of each such incentive awards. Such new awards shall remain subject to substantially the same terms and conditions after the Distribution Date as applied to the incentive awards immediately prior to the Distribution Date.

Related Party Transactions

The CSWI Businesses paid $0.5 million in management fees for each of the fiscal years ended March 31, 2015 and March 31, 2014 to a management company subsidiary of Capital Southwest for services rendered during each respective fiscal year. These amounts are presented as general and administrative expenses in the combined statements of operations.

The CSWI Businesses paid $8.3 million and $8.7 million in dividends to its shareholder, Capital Southwest, during the fiscal years ended March 31, 2015 and March 31, 2014, respectively.

As of March 31, 2015, the CSWI Businesses held 929,600 shares of Capital Southwest stock under the ESOP and 238,252 shares of Capital Southwest stock in its qualified defined benefit pension plan.

Derivative Instruments and Hedge Accounting

The CSWI Businesses enter into derivative financial arrangements such as interest rate swaps to hedge interest rate risk associated with its long-term debt. The CSWI Businesses account for derivative financial instruments in accordance with ASC Topic 815, Derivatives and Hedging, and record all derivatives as either assets or liabilities on the combined balance sheet measured at estimated fair value. The recognition of these changes in fair value depends on the intended use of the derivatives and resulting designation. The CSWI Businesses record the changes in fair value of derivative instruments, which do not qualify and therefore are not designated for hedge accounting, in the combined statement of operations. If it is determined that they do qualify for hedge accounting treatment, the following is a summary of the impact on the CSWI Businesses' combined financial statements:

- For designated cash flow hedges, the effective portion of the changes in the fair value of derivatives is recorded in accumulated other comprehensive (loss) income and subsequently recorded in interest expense in the combined statement of operations at the time the hedged item affects earnings.
- For designated cash flow hedges, the ineffective portion of a hedged derivative instrument's change in fair value is immediately recognized in interest expense in the combined statement of operations.

Recent Accounting Pronouncements

Standards to be Implemented

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which updated the guidance in ASC Topic 606, *Revenue Recognition*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The proposed effective date of ASU 2014-09 is annual reporting periods beginning after December 15, 2017 and the interim periods within that year. The CSWI Businesses are currently evaluating the impact that the adoption of ASU 2014-09 may have on the CSWI Businesses' combined financial statements.

The proposed new effective date guidance will allow early adoption for all entities as of the original effective date for public business entities, which was annual reporting periods beginning after December 15, 2016, and the interim periods within that year. Early adoption by public business entities was not permitted under the original effective date guidance.

BUSINESS

Overview

We were incorporated in the State of Delaware on November 6, 2014 as a wholly owned subsidiary of Capital Southwest. We were formed solely for the purpose of effecting the Share Distribution and to become the holding company for a group of companies that were owned by Capital Southwest prior to the Share Distribution. To date, we have not conducted any material activities or operations.

Prior to the Share Distribution, Capital Southwest will contribute to us $[●] in cash and 100% of the outstanding capital stock of the following Capital Southwest operating companies:

- RectorSeal
- Jet-Lube
- Strathmore
- Whitmore
- Balco
- Smoke Guard

Our Company

We are a diversified industrial growth company with well-established, scalable platforms and deep domain expertise across three segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. Our broad portfolio of leading products provides performance optimizing solutions to our customers. Our products include mechanical products for HVAC and refrigeration applications, coatings and sealants and high performance specialty lubricants. Markets that we serve include plumbing, HVAC, refrigeration, electrical, commercial construction, rail car and locomotive, oil and gas, mining, steel, transportation and general industrial markets.

Drawing on our innovative and proven technologies, we seek to deliver solutions to our professional customers that require superior performance and reliability. Our industrial brands, such as RectorSeal No. 5® and KOPR-KOTE®, are well known in the specific industries we serve and have a reputation for high quality and reliability. Through organic growth and acquisitions, we believe we are well positioned to offer our customers an increasingly broad portfolio of performance optimizing solutions. We have a successful record of making accretive acquisitions—in the last five years, we completed 10 acquisitions for an aggregate purchase price of $148.1 million. We believe there are further attractive acquisition opportunities available within the markets in which we operate.

Our pro forma net revenues and pro forma operating income for the fiscal year ended March 31, 2015 were $325.0 million and $46.2 million, respectively. Our net revenues and operating income for the fiscal year ended March 31, 2014 were $231.7 million and $37.9 million, respectively. Pro forma net revenue and pro forma operating income for the fiscal year March 31, 2015 increased 40.3% and 22.0%, respectively, compared to the fiscal year March 31, 2014. We expect to focus on generating free cash flow by growing organically and through complementary and synergistic acquisitions.

CSWI has a long history of providing high quality specialty chemicals and other products, accompanied by dependable service and attention to customer satisfaction. For example, our Whitmore subsidiary has been in operation since 1893 and its lubricants were used in the construction of the Panama Canal. CSWI also has a long history of innovation. We believe our RectorSeal subsidiary was the first to develop a unique method for removing internal acid from air conditioning and refrigeration systems, pioneering the market for acid neutralizers. We partner with our customers to solve specific challenges, such as CSWI's environmental compound formula product series, which was specifically developed to provide high performance in general applications combined with biodegradability and no eco-toxicity to satisfy the strict environmental requirements.

Prior to the Share Distribution, the CSWI Businesses operated as disparate businesses and included the following operating companies:

- *RectorSeal*. RectorSeal formulates and manufactures specialty chemical products including pipe thread sealants, firestop sealants, plastic solvent cements and other formulations for plumbing, HVAC, electrical and industrial applications, electrical control and measurement devices, and accessories for ductless mini-split HVAC systems. RectorSeal also makes specialty tools for tradesmen and innovative systems for containing flames and smoke from building fires. These products are distributed both domestically and internationally through an extensive distribution network serving the plumbing, industrial, HVAC, refrigeration, construction, electrical and hardware markets.

  RectorSeal was established in 1937 and acquired by Capital Southwest in 1969. It has facilities in Houston, Texas, Fall River, Massachusetts and Brisbane, Australia. Portions of RectorSeal's operating results are included in each of our three business segments.

- *Whitmore*. Established in 1893 in Cleveland, Ohio, Whitmore manufactures high performance, specialty lubricants for heavy equipment used in surface mining, railroad and other industries and has operations in the U.S. and the U.K. Whitmore also manufactures lubrication equipment, specifically for rail applications, and lubrication-centric reliability solutions for a wide variety of industries. In addition, Whitmore produces water-based coatings for the automotive and primary metals industries.

  Whitmore products and services are sold in over 100 countries around the world through a service intensive distribution network committed to technical support and customer satisfaction. Whitmore's primary customer base is located in Australia, Brazil, Canada, China, Colombia, the Netherlands, Russia, South Africa, Sweden, the U.K. and the U.S.

  Capital Southwest acquired Whitmore in 1979. Portions of Whitmore's operating results are included in each of our three business segments.

- *Jet-Lube*. Jet-Lube is a world leader in anti-seize compounds, thread sealants and specialty lubrication products and greases for the energy industry. Jet-Lube was established in 1949 and has operations in the U.S., Canada and the U.K. Capital Southwest acquired Jet-Lube in 1973.

  Jet-Lube serves customers worldwide in a wide variety of industries, including oil and gas, water well, mining, manufacturing, electric utility, food processing and agriculture, water utility, construction, transportation, valve maintenance, forestry, groundwater, military, HVAC and plumbing.

  Jet-Lube products are available worldwide through an extensive distribution network with a combination of factory representatives and warehouses in key locations such as Glendale, California. Portions of Jet-Lube's operating results are included in both our Coatings, Sealants and Adhesives and our Specialty Chemicals segments.

- *Balco*. Balco is engaged in the fabrication of aluminum and plastic extrusions and other materials related to safety, slip resistance and emergency egress for products used by the commercial building industry worldwide.

  Balco was founded in Wichita, Kansas in 1958 and was acquired by Capital Southwest in 1989. It also has facilities in Oklahoma City, Oklahoma. Balco's operating results are included in our Industrial Products segment.

- *Strathmore*. Strathmore manufactures custom designed coatings and solvents for customers in various industries, including the rail, mining and industrial sectors. Strathmore was founded in 1942 in Syracuse, New York. Strathmore markets and sells its products worldwide through a direct sales force. In addition to its facility in New York, Strathmore has a facility in Longview, Texas.

  Effective April 1, 2015, we acquired substantially all of the assets of Strathmore for $69 million, plus additional payments if certain financial metrics are achieved in future periods. Strathmore's revenue and

operating income for fiscal year ended December 31, 2014 were $63.2 million and $8.2 million, respectively. Strathmore's operating results will be included in our Coatings, Sealants and Adhesives segment.

- *Smoke Guard*. Smoke Guard manufactures certified custom safety products for the commercial construction market and other markets requiring smoke and fire protection. It was founded and continues to operate in Boise, Idaho in 1991 and was acquired by Capital Southwest in 2004.

  Smoke Guard's proprietary technologies control the movement of smoke and are sold through exclusive distributors primarily in the U.S. Smoke Guard's operating results are included in our Industrial Products segment.

The CSWI Businesses also include CapStar, a real estate holdings company whose operations are not material to CSWI.

Following the Share Distribution, we will benefit from our ability to organize the CSWI Businesses around key market segments, grow the CSWI Businesses by allocating capital more efficiently, offer greater investor choice through separate entities, unlock shareholder value, increase management focus and better align the interests of management and our stockholders, which we expect will allow us to increase revenue and profitability. See "*The Share Distribution—Reasons for the Share Distribution*."

Table of Contents

Business Segments

We operate in three business segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals. The table below provides an overview of these business segments.

Business Segment	Principal Product Categories	Key End Use Markets	Representative Industrial Brands	FY 2015 Pro Forma Revenue* $	FY 2015 Pro Forma Revenue* %
Industrial Products	• Specialty mechanical products • Fire and smoke protection products • Architecturally-specified building products • Storage, filtration and application equipment for use with our specialty chemicals and other products	• Plumbing • HVAC • Refrigeration • Electrical • Commercial construction • Rail car and locomotive • General industrial		$118.4	36%
Coatings, Sealants and Adhesives	• Coatings and penetrants • Pipe thread sealants • Firestopping sealants and caulks • Adhesives/solvent cements	• Rail car and locomotive • Oil and gas • Commercial construction • Plumbing • HVAC • Refrigeration • Electrical • General industrial		$115.3	35%
Specialty Chemicals	• Lubricants and greases • Drilling compounds • Anti-seize compounds • Chemical formulations • Degreasers and cleaners	• Oil and gas • Drilling and boring • Water well drilling • Mining • Rail car and locomotive • Steel • Power generation • Cement • Aviation • Plumbing • HVAC • Electrical • General industrial		$89.7	28%

* Reflects acquisition of substantially all of the assets of Strathmore.

Industrial Products

Our Industrial Products business segment generated pro forma revenues of $118.4 million for fiscal year 2015, representing approximately 36% of total pro forma revenues in that period. CSWI's industrial products consist of:

- specialty mechanical products;
- fire and smoke protection products;
- architecturally-specified building products; and
- storage, filtration and application equipment for use with our specialty chemicals and other products for general industrial applications.

These industrial products are primarily manufactured by CSWI. For certain products, we strategically engage third party manufacturers. We ensure the quality of internally- and externally-manufactured products through our stringent quality control review procedures. Our industrial products are sold domestically and internationally.

Specialty Mechanical Products. CSWI is a leading manufacturer and distributor of condensate management products for air conditioning and refrigeration units as well as installation accessories for the ductless mini split systems (DMSS) and variable refrigerant flow air conditioning units. CSWI's offerings for HVAC applications include:

- condensate switches, traps and pans;
- line set covers;
- condensate removal pumps and equipment mounting brackets;
- air diffusers for use by professional air conditioning contractors;
- tamper resistant locking refrigerant caps; and
- DMSS installation support tools.

In addition, CSWI manufactures mechanical products for drain waste and vent systems, a line of decorative roof drain downspout nozzles for use by plumbers and other contractors, and a line of pulling head tools for pulling wire in a commercial building by electricians and other contractors.

CSWI's specialty mechanical products are marketed under industrial brand names including: Safe-T-Switch®; EZ Trap®; Fortress®; Slim Duct™; Airtec®; Goliath® Pans; Titan™ Pans; Novent®; Mighty Bracket™; Clean Check®; Hubsett™; Sure Seal®; Magic Vent®; G-O-N®; and Wire Grabber™.

CSWI's specialty mechanical products are generally sold through an international network of HVAC, plumbing and electrical distributors.

Fire and Smoke Protection Products. We design, certify, manufacture and sell proprietary fire-rated and smoke-rated opening protective systems under our line of Smoke Guard® branded products. These products are based on proprietary technology, and control the movement of smoke through elevator shafts and building spaces. CSWI develops or licenses different protection technologies that are more aesthetic (invisible), architecturally enabling (design intent) and cost effective (space saving) than other products that are available.

The marketing and sale of our fire and smoke protection products are dependent on building codes and related regulations. We work closely with building code officials in the various jurisdictions in which we operate to ensure our products meet or exceed all requirements. Further, our fire and smoke protection products are

designed and certified to meet compliance requirements mandated in the International Building Code. We market our fire and smoke protection product offerings to both architects and contractors, primarily under the Smoke Guard® brand name. General contractors, specialty contractors and sub-contractors place purchase orders based on the architect's specifications or the regulatory requirements for the specific building.

Our fire and smoke protection products are sold globally into the commercial construction industry through a combination of direct sales and an exclusive distribution network. In addition, in limited U.S. markets, primarily in California, we distribute and install our fire and smoke protection products.

Architecturally-Specified Building Products. CSWI manufactures an array of quality architectural and life safety products specifically designed for commercial construction. CSWI's architecturally-specified products include: (1) expansion joint covers; (2) fire barriers; (3) specialty silicone seals; (4) stair nosings; (5) partition closure systems; (6) entrance mats and grids; (7) photoluminescent egress markings and signage; (8) trench and access covers; and (9) architectural grating.

CSWI has a number of well recognized industrial brands in the commercial construction market including: Balco®; Michael Rizza™; MetaFlex™; MetaBlock™; MetaMat™; UltraGrid™; llumiTread™; DuraFlex™; and MetaGrate™.

CSWI services commercial and institutional building markets in the U.S. and more than 40 other countries worldwide. CSWI building products are eco-friendly, enabling them to be easily incorporated into the "Green Building" market.

We market our building product offerings to both architects and contractors. General contractors, specialty contractors and sub-contractors, such as flooring, drywall or waterproofing specialists, place purchase orders based on architect specifications or the physical condition requirement of a specific building.

Storage, Filtration and Application Equipment. CSWI's line of lubrication application and management systems and storage and filtration devices include products for use in the rail industry as well as the mining, power generation, food and beverage, steel and other manufacturing industries. These products are marketed under industrial brand names such as Whitmore Rail™, Oil Safe®, Air Sentry® and Guardian®. These products are marketed and sold worldwide through a service-intensive distribution network. Our storage, filtration and application products are designed to work with our specialty chemicals, as well as the product offerings of other manufacturers.

Coatings, Sealants and Adhesives

Our Coatings, Sealants and Adhesives business segment generated pro forma revenues of $115.3 million for fiscal year 2015, representing 35% of total pro forma revenues in that period. CSWI's coatings, sealants and adhesives product categories consist of:

- high performance coatings designed to increase the reliability, performance and lifespan of industrial equipment;
- engineered specialty thread sealants designed to seal and secure metal, plastic and fiberglass piping and fittings to eliminate leaks; and
- solvent cements and fire stop caulks used by plumbing, HVAC and electrical contractors.

CSWI's coatings, sealants and adhesives products are used in a wide variety of industries, including transportation, manufacturing, construction, energy and agriculture. Customers include rail car and locomotive manufacturers, petrochemical facilities, industrial manufacturers, construction, utilities and plant maintenance customers.

CSWI's coatings, sealants and adhesives are marketed under several industrial brand names, including: Railplex®; Stratholiner™; KATS Coatings®; RectorSeal No. 5®; T plus 2®; Tru-Blu™; Metacaulk®; and Bio Fireshield™.

Our coatings, sealants and adhesives are primarily manufactured by CSWI and offered through worldwide distribution networks. Our product offerings in this segment are supported by an experienced staff of technical, sales and customer service oriented professionals, as well as independent manufacturer representatives.

Specialty Chemicals

Our Specialty Chemicals business segment generated pro forma revenues of $89.7 million for fiscal year 2015, representing approximately 28% of total pro forma revenues in that period. CSWI's specialty chemicals product categories consist of:

- engineered specialty lubrication products for oil and gas, mining, power generation, railroad, steel, cement and other manufacturing industries;
- high performance specialty chemical products designed to increase the reliability, performance and lifespan of industrial assets; and
- specialty chemicals for the HVAC and refrigeration industries, including air conditioning system acid neutralizers, internal system flushes, oil and hydronic heating chemicals and coil cleaners.

CSWI's specialty chemical products are marketed under a number of industrial brands, including: KOPR-KOTE®; Caliber™; Matrix®; Gearmate®; Envirolube®; Rail Armor®; Biorail®; TOR Armor®; Acid-Away®; Renewz™; Con-Coil™; Coil-Rite™; KO Dirt Blaster™; 8-Way™; Zipp™; and Grime-Solv™.

CSWI's products in the Specialty Chemicals segment are primarily manufactured by CSWI and offered through worldwide distribution networks.

Our Competitive Strengths

We believe we have the following competitive strengths:

Broad Portfolio of Industry Leading Products and Solutions

We have a broad portfolio of products with leading industry positions in the specific end markets in which we compete. We believe our products and solutions are differentiated from those of our competitors by superior performance and quality and total value delivered to customers. For example, our RectorSeal No. 5® product is widely regarded as an industry standard for thread sealants for HVAC, plumbing and electrical configurations. As another example, our KOPR-KOTE® product is recognized as the anti-seize compound of choice for use in oil and gas drilling operations, where it is asked for by name.

Sustainable Organic Revenue Growth and Operating Performance

Our pro forma revenues grew by 23.9%, compounded annually, for the three fiscal years ended March 31, 2015. This growth was driven by a 14.8% increase in revenues due to organic growth, with the remainder coming from acquisitions. Our organic revenue growth is benefited by a number of factors. We focus on end markets with above-average growth trends, such as rail car and locomotive, HVAC, refrigeration and construction. We also have a loyal customer base that recognizes the performance and quality of our products and solutions, including continuously evaluating the potential uses of existing products to broaden our market penetration. Further, our customer base is diverse – for the year ended March 31, 2015, no single customer represented more than 5.0% of our net revenues on a pro forma basis.

These factors have enabled in our products to enjoy strong margins. Our pro forma operating income grew by 28.4%, compounded annually, for the three fiscal years ended March 31, 2015. We continue to improve our

profitability through targeted investments to further improve our manufacturing processes. For example, in the Specialty Chemicals segment, we are in the process of consolidating the manufacturing of some of our lubricant and grease products into our Rockwall, Texas facility in order to optimize capacity, improve efficiency and leverage technologies while enhancing product quality and environmental compliance. Further, we continue to refine our manufacturing processes in all of our manufacturing facilities to lower manufacturing costs, increase production capacity and improve product quality.

Stable Platform for Acquisitions with Proven Track Record

We have a demonstrated track record of identifying, completing and integrating acquisitions, as evidenced by the 31 acquisitions we have successfully completed since 1991. Since January 1, 2010, we have invested $148.1 million in acquisitions that either (1) added new products designed to service our existing end markets or (2) provided an entry into new, complementary end markets where we can drive revenue growth and improved profitability. Historically, our acquisitions have been relatively small, lower-risk acquisitions of a product that we have identified as having the potential to benefit from our extensive distribution network and manufacturing efficiencies. We also consummated larger acquisitions that complement our business model. Most recently, we acquired substantially all of the assets of Strathmore, a leading participant in the coatings market. Strathmore also has a history of successfully integrating acquisitions, having completed five acquisitions since 1993. We believe our experience in identifying, completing and integrating acquisitions is one of our core competitive strengths.

Culture of Product Enhancement and Customer Centric Solutions

We have a long history of serving our customers with high quality products and solutions. We work closely with our customers, industry experts and research partners to continuously improve our existing products to meet evolving customer and market requirements. Our highly trained and specialized personnel work directly with our current and prospective customers to enhance our product offerings by expanding the use and markets for our existing products. We focus on product enhancements and product line extensions that are designed to meet the specific application needs of our customers. We believe this focus has helped us build strong industrial brands and develop a reputation for high quality, in turn leading us to realize greater customer retention and loyalty. Further, our ability to meet the needs of high-value niche end markets with customized solutions that leverage our existing products has enabled us to differentiate ourselves from our larger competitors that may not have the flexibility or interest in responding quickly to evolving customer demands in these smaller, niche markets.

Diverse Sales and Distribution Channels

Many of our products are sold through service-intensive distribution networks committed to technical support and total customer satisfaction. We primarily go to market through an international network of independent manufacturer representatives and agents calling on our wholesale distributors, contractors and direct customers. For example, our distributors sell products from our Industrial Products and Specialty Chemicals segments to plumbers, electricians and HVAC contractors.

The strong, long-term relationships we have developed with our wholesale distribution partners allow us to introduce new products, including newly developed, as well as acquired products. In addition, our extensive distribution network allows us to exploit niche end markets that provide organic growth opportunities and form a key component of our acquisition strategy.

With certain of our products, we also go to market through a direct sales force focused on specific customer needs. For example, we sell products in our Coatings, Sealants and Adhesive segment directly to rail car and locomotive manufacturers.

Experienced Management Team

Our executive officers following the Share Distribution will be: (1) Joseph B. Armes, our Chairman and Chief Executive Officer and Capital Southwest’s current Chairman and Chief Executive Officer; (2) Christopher J. Mudd, our President and Chief Operating Officer and Capital Southwest’s current Senior Vice President,

Operations; and (3) Kelly Tacke, our Chief Financial Officer and Capital Southwest's current Chief Financial Officer. See "*Management*" for biographical information for Mr. Armes, Mr. Mudd and Ms. Tacke.

Our management team is highly regarded in each of our business segments. Collectively, our management team, including the executive officers, has an average of 25 years of experience in the industrial manufacturing and specialty chemicals industries. They have a successful track record of enabling us to recognize and capitalize upon attractive opportunities in the key markets we serve, and our executive management team has a strong record of effectively managing capital and delivering operating efficiencies over time. In addition, our management team has demonstrated strong capabilities in sourcing and executing strategic and accretive acquisitions.

Our Growth Strategy

We are focused on creating significant stockholder value over the long term by increasing our revenue, profitability and free cash flow by (a) expanding the market and uses for our existing products and (b) growing the portfolio of products we manufacture, market and sell through targeted acquisitions. We believe the key drivers of our growth include:

Benefits Resulting from the Share Distribution

Historically, the CSWI Businesses operated as separate independent companies with discrete strategies and capital structures. The Share Distribution will allow us to pursue a strategy focused on rationalizing our organizational structure and management around our business segments. We expect this strategy to enable us to realize cost and operational synergies, implement best practices across our operations, cross-sell product offerings and thereby increase our profitability.

Following the Share Distribution, we will no longer operate as separate portfolio companies in Capital Southwest's existing structure, which will allow us to more efficiently finance growth and more effectively allocate capital across our businesses.

For a more detailed discussion of the expected benefits and reasons for the Share Distribution, see "*The Share Distribution—Reasons for the Share Distribution*."

Leveraging Existing Customer Relationships and Products and Solutions

We expect to continue to increase revenue by leveraging our reputation for providing high quality products to our long-standing customer base. Our team of sales representatives, engineers and other technical personnel continues to proactively collaborate with our distributors and end users to enhance and adapt existing products and solutions to meet evolving customer needs. In addition, we expect to leverage our existing customer base to cross-sell our products and solutions across our three business segments.

Focused Acquisitions that Leverage our Distribution Channels

While we are focused on improving our existing products and penetrating new markets with these products, we continue to identify and execute acquisitions that will broaden our portfolio of products and offer attractive risk-adjusted returns. We primarily focus on commercially proven products and solutions that currently have limited distribution but would benefit from a broader distribution network and be attractive to our customers in target end markets. Once acquired, we utilize our extensive distribution networks to increase revenue by selling those products to our diversified customer base.

Operational Excellence

We focus on operational excellence in all aspects of our business, leading to improved efficiencies and increased profitability. We will continue to expand improvement initiatives and information sharing across our

entire platform, promoting best practices. For example, in order to accelerate the process of leveraging best practices across our business segments, we recently organized a technology summit among the technical and commercial leaders of our Coatings, Sealants and Adhesives and Specialty Chemicals segments. We expect to benefit from exploiting new synergy opportunities by applying our best practices when integrating acquisitions.

Competition

The competitive environment for products in our Industrial Products segment generally is highly fragmented and rapidly changing. We compete primarily on the basis of product differentiation, superior performance and reliability.

The competitive environment for products in our Coatings, Sealants and Adhesives segment varies according to product type and end use. For coatings, competitors include the industrial paint divisions of Valspar Corporation, PPG Industries, Inc., The Sherwin Williams Company and Akzo Nobel, as well as other smaller companies. Competitors to our sealants and adhesives include Dow Corning Corporation, Henkel, 3M Company and Hilti Corporation, as well as other smaller companies. We compete primarily on the basis of product differentiation, superior performance, quality and customer centric service.

The competitive environment for products in our Specialty Chemicals segment is highly fragmented and constantly changing. We compete primarily on the basis of added value, superior product performance, quality and timely delivery.

Raw Materials and Suppliers

Our products are manufactured using various raw materials, including base oils, copper flake, aluminum, polyvinyl chloride and tetra-hydrofuran. These raw materials are available from numerous sources. We generally purchase these raw materials and components as needed. We do not depend on a single source of supply for any significant raw materials.

Intellectual Property

We have numerous patents, trademarks, trade secrets and proprietary information that are important to our business. This intellectual property includes the trademarks for our well-recognized industrial brands, such as KOPR-KOTE® and RectorSeal No. 5®. We estimate these intangible assets to be valued at approximately $38.8 million as of March 31, 2015. We do not consider any single intangible asset to be material to our business.

Other Information

CSWI was incorporated in the State of Delaware on November 6, 2014. Our principal executive offices are located at 5400 Lyndon B. Johnson Freeway, Suite 1300, Dallas, Texas 75240. Our telephone number is 972-233-8242.

Properties

We have 13 primary manufacturing facilities and one primary research and development facility. In addition, we have sales offices and warehouses in various U.S. and international locations. We consider the many offices, manufacturing and research and development facilities, warehouses, and other properties that we own or lease to be in good condition and generally suitable for the purposes for which they are used. The following table shows the significant locations by segment.

Location	Use	Segment	Square Footage	Owned/Leased
Dallas, Texas	Corporate Headquarters	Corporate Headquarters	4,500	Leased
Acworth, Georgia	Manufacturing, Office and Warehouse	Coatings, Sealants and Adhesives	25,500	Owned
Boise, Idaho	Manufacturing	Industrial Products	17,308	Leased
Edmonton, Alberta, Canada	Manufacturing, Office and Warehouse	Coatings, Sealants and Adhesives & Specialty Chemicals	47,100	Partially Owned and Partially Leased
Fall River, Massachusetts	Manufacturing	All	140,215	Leased
Houston, Texas	Manufacturing and Office	All	253,928	Owned
Houston, Texas	Manufacturing	Coatings, Sealants and Adhesives & Specialty Chemicals	146,000	Leased
Houston, Texas	Research and Development	All Segments	8,400	Owned
Longview, Texas	Manufacturing	Coatings, Sealants and Adhesives	77,028	Owned
Maidenhead, Berkshire, U.K.	Manufacturing	Coatings, Sealants and Adhesives & Specialty Chemicals	16,900	Leased
Oklahoma City, Oklahoma	Manufacturing	Industrial Products	30,600	Owned
Rockwall, Texas	Manufacturing, Office and Warehouse	All	227,600	Owned
Syracuse, New York	Manufacturing	Coatings, Sealants and Adhesives	36,400	Owned
Welwyn Garden City, Hertfordshire, U.K.	Manufacturing	All	6,900	Leased
Wichita, Kansas	Manufacturing	Industrial Products	27,700	Owned

We believe that our facilities are adequate for our current operations. We may endeavor to selectively reduce or expand our existing lease commitments as circumstances warrant.

Segment Information

For a presentation of revenue from external customers, income (loss) from operations and certain other financial information for the fiscal years ended March 31, 2015, 2014 and 2013, see “Segments,” Note 24 to the audited combined financial statements included elsewhere in this Information Statement.

Domestic and International Sales and Long-Lived Assets

We generate revenue domestically and internationally. Revenue by major geographical region is based upon the geographic location of the customers who purchase our products and services. The geographical locations of distributors, resellers and systems integrators who purchase products and utilize our services may be different from the geographical locations of end customers. Net revenue by geographic region and net revenue by geographic region as a percentage of total net revenue, for fiscal years ended March 31, 2015, 2014 and 2013 were as follows:

	Net Revenues(a) (In thousands)							
	2015 (Pro Forma)		2015		2014		2013	
U.S.	$ 261,135	80.3%	$197,944	75.6%	$211,326	77.0%	$176,077	75.9%
Non-U.S.	63,890	19.7%	63,890	24.4%	63,240	23.0%	55,621	24.0%
Discounts, Freight, and Other Adjustments	—	0.0%	—	0.0%	—	0.0%	146	0.1%
Total	$ 325,025	100.0%	$261,834	100.0%	$274,566	100.0%	$231,844	100.0%

(a) Net revenues to external customers are attributed to geographic regions based upon the destination of product or service delivery.

Our long-lived assets primarily consist of property and equipment, trademarks, patents and goodwill. We believe that property and equipment, net, is exposed to the geographic area risks and uncertainties more than other long-lived assets, because these tangible assets are difficult to move and are relatively illiquid. Property and equipment, net, by country of domicile consists of the following as of March 31, 2015 and 2014:

	Long-Lived Assets(a) (In thousands)					
	2015		2014		2013	
U.S.	$134,117	90.3%	$135,296	90.9%	$110,416	89.4%
Non-U.S.	14,457	9.7%	13,572	9.1%	13,105	10.6%
Total	$148,574	100.0%	$148,868	100.0%	$123,521	100.0%

(a) Long-lived assets consist primarily of property, plant and equipment, trademarks, patents and goodwill.

Export Regulations

We are subject to export control regulations in countries from which we export products and services. These controls may apply by virtue of the country in which the products are located or by virtue of the origin of the content contained in the products. If the controls of a particular country apply, the level of control generally depends on the nature of the goods and services in question. Where controls apply, the export of our products generally requires an export license or authorization (either on a per-product or per transaction basis) or that the transaction qualify for a license exception or the equivalent, and may also be subject to corresponding reporting requirements.

Environmental Regulations

Our operations are subject to certain foreign, federal, state and local regulatory requirements relating to environmental, waste management, labor and health and safety matters. Management believes that our business is operated in material compliance with all such regulations. To date, the cost of such compliance has not had a material impact on our capital expenditures, earnings or competitive position or that of our subsidiaries. However, violations may occur in the future as a result of human error, equipment failure or other causes. Further, we cannot predict the nature, scope or effect of environmental legislation or regulatory requirements that could be imposed or how existing or future laws or regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of regulatory agencies, could require substantial expenditures by us and could have a material impact on our business, financial condition and results of operations.

Employees

After giving effect to the Share Distribution, as of March 31, 2015, we would have employed 732 individuals. Of these employees, 33 are covered under collective bargaining agreements.

Legal Proceedings

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. We are not currently a party to any legal proceedings that, individually or in the aggregate, are expected to have a material effect on our business, financial condition, results of operations or financial statements, taken as a whole.

MANAGEMENT

Executive Officers

Our executive officers following the Share Distribution will be Joseph B. Armes, our Chairman and Chief Executive Officer, Christopher J. Mudd, our President and Chief Operating Officer and Kelly Tacke, our Chief Financial Officer. Biographical information for Mr. Armes, Mr. Mudd and Ms. Tacke is included in the following paragraphs.

Joseph B. Armes, 53, is our Chairman and Chief Executive Officer. He has served as the Chief Executive Officer and President of Capital Southwest since June 2013, and as Chairman of the Capital Southwest Board since January 2014. Following the Share Distribution, Mr. Armes will remain a member of the Capital Southwest Board. Mr. Armes serves as a director and audit committee chair for RSP Permian, Inc., an independent oil and natural gas exploration and production company. He has been the President and Chief Executive Officer of JBA Investment Partners, a family investment vehicle, since 2010. Mr. Armes was the Chief Operating Officer of Hicks Holdings LLC, a private investment firm, from 2005 to 2010. Previously, he served as Executive Vice President, Chief Financial Officer and General Counsel of Hicks Sports Group, LLC, owner and manager of various professional sports teams, Executive Vice President and General Counsel of Suiza Foods Corporation (now Dean Foods Company), a publicly held food and beverage company, and Vice President and General Counsel of The Morningstar Group, Inc., a publicly held food and beverage company. Rangers Equity Holdings GP LLC, a subsidiary of Hicks Sports Group LLC, had an involuntary bankruptcy filed against it in the U.S. Bankruptcy Court for the Northern District of Texas on May 28, 2010. Mr. Armes holds a Bachelor of Business Administration in Finance from Baylor University, a Master of Business Administration from Baylor University and Juris Doctor from Southern Methodist University. CSWI will benefit from Mr. Armes' extensive background in mergers and acquisitions, as well as his executive expertise in public and private companies.

Christopher J. Mudd, 54, is our President and Chief Operating Officer. He has served as Senior Vice President, Operations of Capital Southwest since January 2015. Prior to joining Capital Southwest, from 2003 to 2015, Mr. Mudd held various positions at Dexco Polymers LP, which is a subsidiary of TSRC Corporation, a publicly traded chemical company, including most recently President and General Manager. From 1998 to 2002, Mr. Mudd was the Senior Commercial Manager for Energy and Fuels at Dow Hydrocarbons and Resources and worked in other capacities at The Dow Chemical Company from 1982 to 1998. Mr. Mudd holds a Bachelor of Science in Chemical Engineering from The University of Texas at Austin. CSWI will benefit from Mr. Mudd's extensive management experience and substantial background in the chemicals industry.

Kelly Tacke, 57, is our Chief Financial Officer. She served as Senior Vice President, Chief Financial Officer, Chief Compliance Officer, Secretary and Treasurer of Capital Southwest since November 2013. Prior to joining Capital Southwest, from April 2011 to January 2012, she served as Chief Financial Officer and as a consultant to AMC REIT, Inc., a privately held real estate investment company. From 1993 to April 2011, Ms. Tacke was the Executive Vice President, Chief Financial Officer and Corporate Secretary of Palm Harbor Homes, Inc., a publicly held builder of manufactured homes. Palm Harbor Homes, Inc. had an involuntary bankruptcy filed against it in the U.S. Bankruptcy Court in the state of Delaware on October 29, 2010. Ms. Tacke first began her career as an accountant with PricewaterhouseCoopers in 1979. Ms. Tacke holds a Bachelor of Business Administration from The University of Texas at Austin and is a Certified Public Accountant. CSWI will benefit from Ms. Tacke's expertise in financial matters relating to public and private companies and her manufacturing industry experience.

The CSWI Board Following the Share Distribution

The CSWI Board currently consists of one member—Mr. Armes. After the Share Distribution, we will have a Board of Directors initially consisting of five directors. We have identified the directors that will serve on the CSWI Board following the Share Distribution as described below. Our proposed bylaws will vest in the CSWI Board the authority to fix the number of directors as long as there are not fewer than three or more than nine. CSWI expects to consider adding additional directors to the CSWI Board as opportunities may present themselves either in relation to acquisition transactions or as attractive candidates become available.

The following is a summary of the qualifications and experience of each of the individuals who are expected to be appointed as directors, including biographical data for at least the last five years and an assessment of the experience, qualifications and skills of each such nominee, other than Mr. Armes, whose qualifications and experience are set forth in "*—Executive Officers*."

Michael Gambrell, 61, is a former Executive Vice President of The Dow Chemical Company and served as an advisor to the Chairman and CEO of Dow from 2011 to 2012. He retired in 2012 after serving 37 years with the company. During his time at Dow, Mr. Gambrell served on the company's Executive Leadership Committee, Strategy Board, Sustainability Team and Geographic Leadership Council, and is an ex officio member of Dow's board of director's Environment, Health and Safety Committee. In 2012, Mr. Gambrell founded GamCo, LLC, a privately-held company providing advisory services to public, private equity, and start-up companies as well as non-profit organizations. He serves as Chairman of the Campbell Institute. In addition, Mr. Gambrell is a director and a member of the Executive Committee and Strategic Planning Committee of the National Safety Council. He also serves on various venture capital and private company boards of directors. In addition, he served as a director of TRW Automotive Inc. and as a member of the TRW audit committee until the company's sale in 2015. He is also a Director Emeritus of the US-India Business Council. Mr. Gambrell served as a member of The University of Michigan Engineering Advisory Council from 2006 to 2012. From 2010 to 2012, Mr. Gambrell served on the U.S. Department of Commerce Manufacturing Council, which advises the Secretary of Commerce on matters related to the competiveness of the U.S. manufacturing sector. Mr. Gambrell received his Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute Technology in Terre Haute, Indiana. CSWI will benefit from Mr. Gambrell's experience as an executive and director of public companies and his experience with mergers and acquisitions and their integration. Mr. Gambrell's technical leadership skills and knowledge and experience in addressing health, safety and environmental issues will also be beneficial to the CSWI Board.

Linda Livingstone, Ph.D., 55, is currently Dean of The George Washington University School of Business. Prior to her current position, she served as Dean of the Graziadio School of Business and Management at Pepperdine University from June 2002 through July 2014. Dr. Livingstone began her academic career at Baylor University, where she served for eleven years as an Assistant and then Associate Professor of Management and as Associate Dean for Graduate Programs the last four years. Dr. Livingstone received her Bachelor of Science, Masters of Business Administration and Ph.D. degrees from Oklahoma State University. She is the current Chair of the Board of Directors for AACSB, the preeminent international accrediting body for business schools. Dr. Livingstone is the immediate past Chair of the Board of Directors of Oaks Christian School in Westlake Village, California, and former Board Member of the Graduate Management Admissions Council, the organization that administers the GMAT exam. CSWI will benefit from Ms. Livingstone's experience as an administrator and educator in the field of business administration allowing her to draw on her experience and offer guidance to the CSWI Board and management on issues that affect CSWI.

William F. Quinn, 67, currently serves as Executive Chairman and Founder of American Beacon Advisors, a mutual fund advisory firm. Mr. Quinn also serves as Independent Trustee of the National Railroad Retirement Investment Trust. Mr. Quinn served as President and CEO of American Beacon Advisors from the time the firm was created in 1986 until 2009. Mr. Quinn joined American Airlines' former subsidiary, Sky Chefs Inc., in 1974 and became Vice President and Controller in 1978. He served as Assistant Treasurer of American Airlines from 1979 to 1986 with responsibility for overseeing and managing the American Airlines short-term cash portfolio and pension funds. Prior to joining American Airlines, Mr. Quinn worked for Arthur Young & Company in New York. He holds a Bachelor of Science from Fordham University and is a New York Certified Public Accountant. Mr. Quinn is a former Chairman of the Committee for the Investment of Employee Benefits (CIEBA), a nationally recognized organization of large corporate pension funds. He previously served on the Boards of the American Airlines Federal Credit Union, Crescent Real Estate Equities, Inc. and investment companies affiliated with Thomas Hicks. CSWI will benefit from Mr. Quinn's extensive financial and accounting experience as well as through his experience as serving as an executive officer, director and trustee.

Robert Swartz, 63, will serve as the lead director of the CSWI Board. Since January 2011, Mr. Swartz has served as the Executive Vice President and Chief Operating Officer for Glazer's, Inc., a privately held distributor of wines and spirits. Prior to that, Mr. Swartz was Managing Director and Partner of Hicks Equity Partners LLC, a privately held investment firm. Mr. Swartz has also served in various executive positions at Centex Corporation. Mr. Swartz earned his Bachelor of Science from the State University of New York in Albany and his Master of Business Administration from New Hampshire College. Mr. Swartz is a Certified Public Accountant. Mr. Swartz serves on the Board of Directors of Ocular LCD, Inc., and Arrow Environmental Services LLC. Mr. Swartz previously served on the board of directors of Resolute Energy Corporation from September 2009 to March 2015. CSWI will benefit from Mr. Swartz's experience and expertise in mergers and acquisitions, finance, accounting and management.

Director Independence

We expect that all of the initial members of the CSWI Board, other than Mr. Armes, will qualify as independent under our independence standards and the listing standards of the NASDAQ Marketplace Rules once appointed to the CSWI Board. The CSWI Board will make the final determination as to independence of its members shortly before the Share Distribution. Mr. Armes cannot be considered an independent director due to his employment as our Chief Executive Officer.

Under the Corporate Governance Guidelines that we expect to adopt prior to the Share Distribution, for a director to be considered independent, he or she cannot be an officer or employee of our company and the CSWI Board must affirmatively determine that the director lacks a "material relationship" with us (either directly or as a partner, controlling shareholder or executive officer of an organization that has a material relationship with us) and with members of our senior management team. A "material relationship" is defined as a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, to be considered independent, a director will need to meet the listing standards of the NASDAQ Marketplace Rules.

In addition to the above analysis, the definition used by the CSWI Board to determine director independence (subject to the guidance provided by NASDAQ Marketplace Rules) will include certain transactions, relationships and arrangements specified in our proposed Corporate Governance Guidelines. Stockholders will be able to access the Corporate Governance Guidelines on our website prior to the Share Distribution.

Furthermore, all members of the Audit Committee, Compensation Committee and the Nominating/Corporate Governance Committee will be required to be independent in accordance with the CSWI Board's definition of the term "independence" and with the applicable rules of the SEC and NASDAQ.

In addition to the independence standards set forth above, each director will be expected to act with integrity and to adhere to the policies set forth in the Code of Conduct and Ethics we will adopt in connection with the Share Distribution. Under the Corporate Governance Guidelines that we expect to adopt prior to the Share Distribution, any waiver of the requirements of the Code of Conduct and Ethics for any director or executive officer will need to be approved by the CSWI Board and promptly disclosed on our website.

Under the Corporate Governance Guidelines that we expect to adopt prior to the Share Distribution, directors will have a personal obligation to disclose actual or potential conflicts of interest to the Nominating/Corporate Governance Committee and the Chairman, prior to any decision by the CSWI Board related to the matter and, if in consultation with legal counsel it is determined a conflict exists or the perception of a conflict is likely to be significant, to recuse themselves from any discussion or vote related to the matter.

Committees of the CSWI Board

Effective upon consummation of the Share Distribution, the CSWI Board will have the following committees:

Audit Committee

Prior to the Share Distribution, we will establish an Audit Committee. The functions of our Audit Committee will include:

- appointing and determining the compensation for our independent auditors;
- establishing procedures for the receipt, retention and treatment of complaints regarding internal accounting controls; and
- reviewing and overseeing our independent registered public accounting firm.

Our Audit Committee will consist of [●], [●] and [●], with [●] serving as chairman. All of our Audit Committee members will be independent as defined by Section 10A(m)(3) of the Exchange Act and the NASDAQ Marketplace Rules. The CSWI Board has determined that [●] is an audit committee financial expert.

The CSWI Board will adopt a written charter under which the Audit Committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the NASDAQ Global Select Market, will be available on our website. The Audit Committee will have the authority to engage independent counsel and other advisors as the committee deems necessary to carry out its duties.

Compensation Committee

Prior to the Share Distribution, we will establish the Compensation Committee. The Compensation Committee's functions will include:

- reviewing and recommending to the CSWI Board the salaries and benefits for our executive officers;
- recommending overall employee compensation and talent development policies; and
- administering our equity compensation plans.

Our Compensation Committee will consist of [●], [●] and [●], with [●] serving as chairman. All members of our Compensation Committee will be independent as defined by Section 10(c) of the Exchange Act, Rule 10C of the Exchange Act Rules and the NASDAQ Marketplace Rules. The members of the Compensation Committee will also be "non-employee directors" (within the meaning of Rule 16b-3 of the Exchange Act) and "outside directors" (within the meaning of Section 162(m) of the Code).

The CSWI Board will adopt a written charter under which the Compensation Committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the NASDAQ Global Select Market, will be available on our website. The Compensation Committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Compensation Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Compensation Committee Interlocks and Insider Participation

None of our directors has interlocking or other relationships with other boards, compensation committees or our executive officers that would require disclosure under applicable SEC rules.

Nominating/Corporate Governance Committee

Prior to the Share Distribution, we will establish the Nominating/Corporate Governance Committee (the "**Governance Committee**"). The functions of the Governance Committee will include:

- identifying individuals qualified to serve as members of the CSWI Board;

- recommending to the CSWI Board nominees for our annual meetings of stockholders;
- evaluating the CSWI Board's performance;
- developing and recommending to our board corporate governance guidelines; and
- providing oversight with respect to corporate governance and ethical conduct.

Our Governance Committee will consist of [●], [●] and [●], with [●] serving as the committee chairman. All members of our Governance Committee will be independent as defined by the NASDAQ Marketplace Rules.

The CSWI Board will adopt a written charter under which the Governance Committee will operate. A copy of the charter, which satisfies the applicable standards of the SEC and the NASDAQ Global Select Market, will be available on our website. The Governance Committee will have the sole authority to retain and terminate any search firm to assist in the identification of director candidates and the sole authority to set the fees and other retention terms of such search firms. The Governance Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Code of Conduct and Ethics

Prior to the Share Distribution, we will adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions ("covered persons"). A copy of the code will be available on our website. Any amendments to or waivers from a provision of our code of conduct and ethics that applies to our covered persons will be disclosed on our website promptly following the date of the amendment or waiver.

Director Nomination Process

With regard to the criteria for members of the CSWI Board, we intend to seek to ensure that each director has the personal characteristics (such as integrity, business judgment, intellectual ability and capacity to work as part of a team), as well as the time and commitment, to serve effectively and contribute meaningfully as a director. In addition, we will endeavor to provide that the CSWI Board, overall, has the appropriate set of professional skills, industry experience and diversity of perspectives to fulfill roles of the CSWI Board and its committees. These include skills in the areas of finance, accounting, technology, marketing and general executive management. We also intend to seek to have a sufficient number of the CSWI Board members with prior experience working closely with, or serving on, the board of one or more public companies.

Communications with Non-Management Members of the CSWI Board

Generally, it is the responsibility of management to speak for us in communications with outside parties, but we intend to set forth, in our corporate governance policies, certain processes by which stockholders and other interested third parties may communicate with non-management members of the CSWI Board.

Board Leadership and Structure

Following the Share Distribution, the CSWI Board will have the discretion and authority to modify the board's leadership structure to best address our circumstances from time to time. The CSWI Board recognizes that one of its responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. The CSWI Board understands that there is no single, generally accepted approach to providing board leadership and that, given the dynamic and competitive environment in which we operate, the right board leadership structure may vary as circumstances warrant.

We expect that the CSWI Board will be led by Mr. Armes, its Chairman. In addition, Mr. Swartz is expected to be appointed as lead director as of the Distribution Date.

The Chairman will:

- oversee the planning of the CSWI Board's annual calendar;
- in consultation with the other directors, schedule and set the agenda for meetings of the CSWI Board and lead the discussions at such meetings;
- provide guidance and oversight to other members of management;
- assist with the formulation and implementation of our strategic plans; and
- act as the CSWI Board's liaison to the rest of management.

The Chairman will be actively engaged on significant matters affecting CSWI. The Chairman will also lead our annual meetings of stockholders and perform such other functions and responsibilities as requested by the CSWI Board from time to time.

The lead director's duties are expected to include:

- developing agendas for, and presiding over, the executive sessions of the independent directors;
- serving as a liaison with the Chairman and Chief Executive Officer and the independent directors;
- presiding at all meetings of the CSWI Board at which the Chairman is not present;
- approving, in collaboration with the Chairman, information sent to the CSWI Board;
- approving, in collaboration with the Chairman, agendas for CSWI Board meetings;
- approving, in collaboration with the Chairman, the CSWI Board's meeting schedules to ensure that there is sufficient time for discussion of all agenda items;
- calling meetings of the independent directors;
- leading discussions regarding annual Board self-evaluations; and
- ensuring that he or she is available for consultation and direct communications with major stockholders, as appropriate.

Executive Sessions and Self-Evaluation

The independent directors will meet without members of management present in "executive session" at every regularly scheduled meeting of the CSWI Board (unless they affirmatively determine that an executive session is not necessary) and as otherwise determined by such directors, with the lead director as chair. In addition, the CSWI Board will undertake self-evaluations of the performances of the CSWI Board, its committees and, as appropriate, periodic evaluations of individual directors.

The CSWI Board's Role in Risk Oversight

The CSWI Board will have an active role in overseeing management of CSWI's risk. The CSWI Board will regularly review information regarding CSWI's operational, financial, legal, regulatory, strategic and reputational risks which will be conveyed to the CSWI Board by the senior management of CSWI. Because overseeing risk is an ongoing process and inherent in CSWI's strategic decisions, the CSWI Board will discuss risk throughout the year during its meetings in relation to specific proposed actions. The CSWI Board will delegate certain risk management oversight to the CSWI Board committees. While the CSWI Board will oversee CSWI's overall risk management, management will be responsible for the day-to-day risk management process. Committees will meet in executive session with key management personnel and representatives of outside advisors as needed. The CSWI Board is expected to delegate certain responsibilities to its committees in order to most efficiently address the risks facing CSWI.

COMPENSATION OF DIRECTORS

Director Compensation

Following the Share Distribution, director compensation will be determined by the CSWI Board with the assistance of the Compensation Committee. Our non-employee director compensation will be designed to provide compensation and benefits that will attract and retain high quality directors, target director compensation at a level that is consistent with our compensation objectives and encourage ownership of our common stock to further align directors' interests with those of our stockholders.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Introduction

To date, CSWI has not conducted any material activities or operations. Accordingly, as of the date of this Information Statement, we have not paid any compensation to any executive officers or other employees. This Compensation Discussion and Analysis describes Capital Southwest's compensation philosophy for the individuals (listed below) who were named executive officers ("**NEOs**") of Capital Southwest in fiscal year 2015 and who we expect to be NEOs of CSWI. Initially, we expect our compensation program to be similar to that applicable to the executive officers at Capital Southwest and do not anticipate that there will be significant differences immediately following the Share Distribution, subject to the input of the CSWI Board and Compensation Committee. Our Compensation Committee will review, in due course, the impact of the Share Distribution on our compensation and may make appropriate adjustments.

In order to provide historical context with respect to the compensation paid by Capital Southwest to the NEOs of Capital Southwest that we expect will be our NEOs, this discussion describes the various compensation elements and the plans and arrangements in which the NEOs participated in fiscal year 2015 in their capacity as NEOs of Capital Southwest, the factors considered and the approach taken by the Capital Southwest Board and the Compensation Committee of the Capital Southwest Board (the "**Capital Southwest Compensation Committee**") in designing the executive compensation program and how this program supports our and Capital Southwest's overall business objectives and financial and strategic goals. Prior to the Share Distribution, the Capital Southwest Board and the Capital Southwest Compensation Committee determined the compensation of the NEOs.

The NEOs of Capital Southwest in fiscal year 2015 that we expect will be our NEOs were:

- Joseph B. Armes, Capital Southwest's Chairman, Chief Executive Officer and President, and our Chairman and Chief Executive Officer;
- Christopher J. Mudd, Capital Southwest's Senior Vice President, Operations, and our President and Chief Operating Officer; and
- Kelly Tacke, Capital Southwest's Senior Vice President, Chief Financial Officer, Chief Compliance Officer, Secretary and Treasurer, and our Chief Financial Officer.

If the Share Distribution is consummated, Mr. Armes and Ms. Tacke will be entitled to stock option and restricted stock awards and cash award payments pursuant to Capital Southwest's Share Distribution Executive Compensation Plan that correlate to the aggregate appreciation in Capital Southwest's equity value from the August 28, 2014 grant date (based on a trading value of $36.16 per share) through the date of determination following the Share Distribution, including in such determination the post-Share Distribution CSWI equity value. For a more detailed description of that plan, see "*—Share Distribution-Related Compensation*." Payments with respect to cash awards under the Share Distribution Executive Compensation Plan will be paid by Capital Southwest. We anticipate that the CSWI Compensation Committee will consider these payments when setting the compensation of our NEOs who also receive payments under that plan.

Compensation Objectives

The objectives of Capital Southwest's compensation programs are to attract, retain and motivate competent executive officers who have the experience and ability to enhance shareholder value and to contribute to the success of Capital Southwest's investment management activities. The individual judgments made by the Capital Southwest Compensation Committee are subjective and are based largely on the recommendations of the Capital Southwest Chief Executive Officer (except with respect to his compensation) and the Capital Southwest

Compensation Committee's perception of each executive's contribution to both Capital Southwest's past performance and its future growth potential. The Capital Southwest Compensation Committee attempted to ensure that the total compensation paid to each executive officer is fair, reasonable, competitive and aligns the interests of executive management and Capital Southwest's shareholders.

The principal elements of compensation for executive officers in fiscal year 2015 were base salary, annual cash bonus opportunities, long-term cash incentives ("**Cash Incentive Awards**"), stock options granted under the 2009 Stock Incentive Plan, restricted stock granted under the 2010 Restricted Stock Award Plan, contributions to the ESOP, and benefit accruals under the Retirement Plan and the Restoration Plan.

Determination of Compensation

Roles and Responsibilities—Capital Southwest Compensation Committee

The Capital Southwest Compensation Committee's responsibilities included:

- To review at least annually, the goals and objectives and the structure of Capital Southwest's plans for executive compensation, incentive compensation, equity-based compensation and general compensation plans and employee benefit plans (including retirement plans), and to recommend to the Capital Southwest Board any new plans or any changes in the objectives and structure of such plans as the Capital Southwest Compensation Committee deemed necessary or desirable.
- To evaluate annually the performance of the Capital Southwest Chief Executive Officer, in light of the goals and objectives of Capital Southwest's executive compensation plans, and to determine his compensation level based on this evaluation. In determining the incentive components of his compensation, the Capital Southwest Compensation Committee considered those factors it deemed relevant, including Capital Southwest's performance and his contribution to that performance. The Capital Southwest Chief Executive Officer was not present during deliberations or voting pertaining to the Capital Southwest Compensation Committee's determination of his compensation.
- To annually review and determine the compensation level of all other executive officers of Capital Southwest, in light of the goals and objectives of its executive compensation plans, market compensation data and the Capital Southwest Chief Executive Officer's recommendations.
- In consultation with the Capital Southwest Chief Executive Officer, to oversee the annual evaluation of the executive officers of Capital Southwest. The Capital Southwest Compensation Committee strongly considered the Capital Southwest Chief Executive Officer's recommendations regarding the compensation of management.
- Periodically, as the Capital Southwest Compensation Committee deemed necessary or desirable and pursuant to the applicable equity-based compensation plan, to recommend that the Capital Southwest Board grant equity-based compensation awards to any officer or employee of Capital Southwest for such number of shares of Capital Southwest common stock as the Capital Southwest Compensation Committee, in its sole discretion, shall deem to be in the best interest of Capital Southwest.
- To perform such duties and responsibilities as the Capital Southwest Board would assign to the Capital Southwest Compensation Committee regarding the terms of any compensation plans and to review and approve the amount and terms of all individual stock options that the Capital Southwest Compensation Committee granted.
- To recommend to the Capital Southwest Board all equity-based compensation plans, including prior approval of those plans that are subject to shareholder approval under the listing standards of NASDAQ.

Roles and Responsibilities—Executive Officers

Mr. Armes made recommendations on salary, annual cash bonus opportunities, incentive awards, stock options and restricted stock to the Capital Southwest Compensation Committee based on the compensation

objectives set by the Capital Southwest Compensation Committee as well as current business conditions. More specifically, Mr. Armes reviewed and assessed market data prepared by an executive compensation consulting firm retained by the Capital Southwest Compensation Committee or the Capital Southwest management team, and recommended compensation adjustments to the Capital Southwest Compensation Committee for all officers (other than himself).

The Capital Southwest Compensation Committee then exercised its discretion in modifying any recommended salaries, annual cash bonus opportunities, Cash Incentive Awards, stock options or restricted stock. The Capital Southwest Compensation Committee approved, or, if applicable, recommended to the Capital Southwest Board for approval, recommendations regarding stock based awards for all of its officers. Mr. Armes could attend the meetings of the Capital Southwest Compensation Committee at the request of the Capital Southwest Compensation Committee Chairman, but did not attend executive sessions and did not participate in any Capital Southwest Compensation Committee discussions relating to the final determination of his own compensation.

Executive Compensation Components

For the fiscal year ended March 31, 2015, the components of Capital Southwest's compensation program for NEOs included:

- base salaries;
- cash incentive opportunities;
- long-term compensation awards; and
- other benefits, including participation in Capital Southwest's employee stock ownership plans and retirement plans.

Salaries

Salaries were determined by the Capital Southwest Compensation Committee for each of the NEOs on an individual basis, taking into consideration individual contributions to overall company performance, length of tenure, compensation levels for comparable positions at companies and internal pay equity among similar positions within Capital Southwest. The Capital Southwest Compensation Committee placed more emphasis on those compensation elements which are linked to long-term results.

In fiscal year 2015, after consideration of the factors set forth above and the termination of Mr. Armes' automobile allowance during fiscal year 2015, the Capital Southwest Compensation Committee increased the annual base salary of Mr. Armes from $430,000 to $453,000. The Capital Southwest Compensation Committee increased the annual base salary of Ms. Tacke from $250,000 to $255,000. In November 2014, as part of negotiations with Mr. Mudd, the Capital Southwest Compensation Committee set his annual base salary at $275,000.

Cash Incentive Opportunities

Annual cash incentive opportunities are intended to reward individual performance as well as operating results during the year and therefore can be highly variable from year to year. The Capital Southwest Compensation Committee established the target annual cash incentive opportunities for the NEOs at the start of the year, taking into account the potential contribution by that executive to overall Capital Southwest performance, length of tenure, compensation levels for comparable positions at peer companies and internal pay equity among similar positions within Capital Southwest. For the fiscal year ended March 31, 2015, the Capital Southwest Compensation Committee set the target annual cash incentive opportunity at 150% of annual base salary for Mr. Armes, at 100% of annual base salary for Mr. Mudd and at 100% of annual base salary for Ms. Tacke. No threshold or maximum payout levels were set. The target levels for Mr. Armes and Ms. Tacke are

the same as the target annual cash incentive levels from the prior year and the Capital Southwest Compensation Committee believed the levels were sufficient to motivate each executive to achieve Capital Southwest's objectives for the coming year.

At the start of fiscal year 2015, the Capital Southwest Compensation Committee also established the performance goals to be achieved to earn the target annual cash incentive award. For the Capital Southwest fiscal year ended March 31, 2015, the Capital Southwest Compensation Committee selected certain strategic goals for each NEO including (1) to support the progress and completion of a transformative transaction such as the Share Distribution, (2) to lead the active management of Capital Southwest's investment portfolio by implementing rigorous evaluation processes for all investments and monetizing appropriate investments and (3) to fill leadership positions at Capital Southwest and certain portfolio companies. No quantitative performance goals were established. The Capital Southwest Compensation Committee evaluated performance against these goals for the fiscal year ended March 31, 2015 in April 2015 and determined each NEO's achievement of the goals and the payment pursuant to those goals. Based on that evaluation, for fiscal year 2015, Capital Southwest paid an annual cash incentive at target to Mr. Armes, Mr. Mudd and Ms. Tacke of $679,500, $68,750 and $255,000, respectively. Mr. Mudd's payment was prorated to reflect his service since his hiring.

Long-Term Incentive Awards

The Capital Southwest Board and its shareholders approved Capital Southwest's 2009 Stock Incentive Plan and Capital Southwest's 2010 Restricted Stock Award Plan. Those plans, in addition to Capital Southwest's incentive awards, allow Capital Southwest to provide cash and stock-based compensation opportunities to certain key employees, including the NEOs. Capital Southwest uses both cash-based awards and stock-based awards as long-term incentive compensation to: (1) align compensation commensurate with the creation of shareholder value; (2) create opportunities for increased stock ownership by executives; and (3) attain competitive levels of total compensation over the long term.

Capital Southwest 2009 Stock Incentive Plan. The Capital Southwest Compensation Committee may grant options to purchase Capital Southwest's common stock (including incentive stock options and nonqualified stock options). Options are granted with an exercise price at the NASDAQ closing price of Capital Southwest's stock on the date of grant and thus have no ultimate value unless the value of Capital Southwest's stock appreciates. Capital Southwest never granted options with an exercise price that was less than the closing price of Capital Southwest's common stock on the grant date, nor has it granted options which are priced on a date other than the grant date. The Capital Southwest Compensation Committee believes stock options provide a significant incentive for the option holders to enhance the value of Capital Southwest's common stock by continually improving Capital Southwest's performance and investment results.

Except for options granted in connection with the Share Distribution Executive Compensation Plan (as discussed below), options granted under the Capital Southwest 2009 Stock Incentive Plan became exercisable on or after the first anniversary of the date of grant in five annual installments and have a term of 10 years. Upon termination or retirement, option holders have 30 days to exercise vested options to purchase shares except in the case of death or disability (subject to a 6-month limitation). Prior to the exercise of options, holders have no rights as shareholders with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. The Capital Southwest Board retained the right to make option holders whole in certain situations, such as distributions.

From time to time, the Capital Southwest Compensation Committee recommended and the Capital Southwest Board granted incentive and non-qualified stock options to certain key employees and NEOs. In August 2014, the Capital Southwest Compensation Committee granted stock options for fiscal year 2015 to each of Mr. Armes and Ms. Tacke as part of the Share Distribution Executive Compensation Plan to incentivize Mr. Armes and Ms. Tacke to complete a transformative transaction such as the Share Distribution. The options vest and become payable after the completion of a transformative transaction, with onethird vesting 90 days after the consummation of the Share Distribution (the **"Determination Date"),** one-third on the first anniversary

of the Determination Date and one-third on the second anniversary of the Determination Date. See "*Share Distribution-Related Compensation*" below for an additional discussion of these options.

2010 Restricted Stock Award Plan. Capital Southwest received exemptive relief from the SEC that permits Capital Southwest to grant restricted stock in exchange for or in recognition of services by its executive officers and certain key employees. Pursuant to the 2010 Restricted Stock Award Plan, the Capital Southwest Compensation Committee may award shares of restricted stock to plan participants in such amounts and on such terms as the Capital Southwest Compensation Committee determines in its sole discretion, provided that such awards were consistent with the conditions in the SEC's exemptive order. Each restricted stock grant is for a fixed number of shares as set forth in an award agreement between the grantee and Capital Southwest. Award agreements describe time and/or performance vesting schedules and other appropriate terms and/or restrictions with respect to awards, including rights to dividends and voting rights. Except for restricted stock granted in connection with the Share Distribution Executive Compensation Plan as described below, the restricted stock will vest ratably over five years.

If a participant's employment is terminated for any reason, including retirement, other than death or disability, the participant's unvested restricted stock awards shall be forfeited. If a participant's employment is terminated due to death or disability or if a change in control (as defined in the 2010 Restricted Stock Award Plan) occurs, the participant's unvested restricted stock awards will vest immediately. Participants who have received restricted stock awards will receive dividends and will have voting rights with respect to such shares.

In August 2014, the Capital Southwest Compensation Committee granted restricted stock awards to each of Mr. Armes and Ms. Tacke as part of the Share Distribution Executive Compensation Plan to incentivize Mr. Armes and Ms. Tacke to complete a transformative transaction such as the Share Distribution. The restricted stock awards vest and become payable after the completion of a transformative transaction, with one-third vesting on the Determination Date, one-third on the first anniversary of the Determination Date and one-third on the second anniversary of the Determination Date. In addition, the number of restricted stock awards held by Mr. Armes and Ms. Tacke are subject to reduction if the value of restricted stock awards plus the value of the options granted under the Share Distribution Executive Compensation Plan to Mr. Armes, Ms. Tacke and Bowen S. Diehl (Capital Southwest's current Chief Investment Officer who, if the Share Distribution is consummated, is anticipated to become Capital Southwest's Chief Executive Officer) exceeds six percent of the accretion in the aggregate value of the then outstanding Capital Southwest and CSWI shares, together with interim dividends paid on the Capital Southwest shares over the aggregate value of Capital Southwest's shares on the grant date, realized from the grant date through the Determination Date. See "*Share Distribution-Related Compensation*" below for an additional discussion of the restricted stock awards and the terms of the potential reduction in the awards.

Share Distribution Executive Compensation Plan. The Capital Southwest Compensation Committee structured the Share Distribution Executive Compensation Plan to have a value equal to six percent of the accretion in aggregate value of the shares of Capital Southwest and CSWI from the grant date of the options and restricted stock awards through the Determination Date. The Capital Southwest Compensation Committee believed this amount would incentivize the participants in the plan, including Mr. Armes and Ms. Tacke, to focus on completing a transformative transaction of Capital Southwest such as the Share Distribution while directly linking executives' incentive awards to the value created for shareholders through the Share Distribution.

The Capital Southwest Compensation Committee decided to grant Mr. Armes and Ms. Tacke a mix of Capital Southwest equity and cash awards consisting of (1) options, (2) restricted stock awards, and (3) a cash award. The Capital Southwest Compensation Committee granted option awards up to the amount it understood to be available for grant under the 2009 Stock Incentive Plan on the grant date. The Capital Southwest Compensation Committee chose to grant the available options before granting restricted stock awards because the value of the options most directly linked to the accretion to shareholders from the grant date through the date of the Share Distribution. The Capital Southwest Compensation Committee then granted restricted stock awards in the amount it understood to be available for grant under the 2010 Stock Incentive Plan on the grant

date. The Capital Southwest Compensation Committee designed the restricted stock awards to be subject to reduction if the value of the restricted stock awards plus the value of the options granted under the Share Distribution Executive Compensation Plan exceeds six percent of the accretion in aggregate value of the shares of Capital Southwest and CSWI from the grant date through the Determination Date. The Capital Southwest Compensation Committee chose to grant the available equity awards before granting any cash component to reflect that these awards are tied to value accreted to shareholders through the Share Distribution. Lastly, the Capital Southwest Compensation Committee granted a cash award that will be used in the event of any shortfall between (1) the value of the options and restricted stock awards and (2) six percent of the accretion in aggregate value of the shares of Capital Southwest and CSWI from the grant date of the options and restricted stock awards through the Determination Date. For additional information related to the awards granted under the Share Distribution Executive Compensation Plan, see "*Share Distribution-Related Compensation*" below.

Cash Incentive Awards

The Capital Southwest Compensation Committee uses Capital Southwest's Cash Incentive Awards as a way to motivate its executives to increase the value of Capital Southwest as reflected by Capital Southwest's NAV, without the dilution that accompanies the use of stock options or restricted stock awards. Historically, Cash Incentive Awards generally vest on the fifth anniversary of the award date, providing a meaningful retention device. The Capital Southwest Compensation Committee generally sets the baseline for measuring increases in NAV at Capital Southwest's most recent quarterly NAV per share at the time of issuance, requiring sustained asset value appreciation for the awards to provide a meaningful return. Upon exercise of a Cash Incentive Award, Capital Southwest pays the recipient a cash payment in an amount equal to (1) current NAV per share minus the baseline NAV per share, multiplied by (2) the number of units subject to such Cash Incentive Award. The Capital Southwest Compensation Committee did not make any Cash Incentive Awards during its fiscal year 2015.

Because the Share Distribution will significantly affect the NAV performance metrics used for the Cash Incentive Awards, Capital Southwest will use commercially reasonable efforts to enter into an agreement with each holder of a Cash Incentive Award as of the Distribution Date to cause the value of such award to be determined based upon NAV calculated as of the last day of the fiscal quarter ending immediately prior to the Distribution Date. Such Cash Incentive Awards shall continue to be otherwise subject to substantially the same terms and conditions after the Distribution Date as applied to such awards immediately prior to the Distribution Date. Capital Southwest will use commercially reasonable efforts to enter into a new incentive agreement with the holders of each such Cash Incentive Award. Such new awards shall remain subject to substantially the same terms and conditions after the Distribution Date as applied to the Cash Incentive Awards immediately prior to the Distribution Date.

Other Compensation

ESOP

The Capital Southwest NEOs participate in the ESOP as an additional way to align the compensation and interests of employees with the interests of shareholders. Employees who have completed one year of credited service are generally eligible to participate in the ESOP. Capital Southwest makes discretionary contributions to the ESOP within limits established by the Code. Funds contributed to the trust established under the ESOP were applied by the trustees to the purchase of Capital Southwest common stock. A participant's interest in contributions to the ESOP fully vests after three years of credited service, and vested interests are distributed to a participant after the ESOP accounts have been adjusted for the plan year which includes the participant's retirement, death or total disability, or after a one year break in service resulting from termination of employment for any other reason, upon the participant's election. Thus, the ESOP rewards long-term employees, aligning their interests with those of Capital Southwest's shareholders.

Historically, the ESOP provided a significant equity incentive to which the Capital Southwest Compensation Committee would authorize a contribution equivalent to 10% of each participating employee's covered compensation for the fiscal year, subject to limits imposed by the Code. Capital Southwest's ESOP contribution was set at 10%, which the Capital Southwest Board and Compensation Committee determined to be appropriate to motivate and retain employees. In order to meet the Code nondiscrimination requirements, Capital Southwest calculated the contributions as part of each of Capital Southwest's wholly owned portfolio companies' ESOP percentages and matched the contribution percentage to the highest wholly owned portfolio company's percentage. To the extent their percentages fell below Capital Southwest's 10% contribution amount, Capital Southwest's employees were granted an ESOP contribution at the same level as contributed at the wholly owned portfolio company level, and a cash payment for the difference. Based on earnings results for each of the wholly owned portfolio companies in which Capital Southwest's NEOs participate, a 10% ESOP contribution was made for the fiscal year ended March 31, 2015. Mr. Armes and Ms. Tacke were eligible to participate in the ESOP in fiscal year 2015.

Retirement Plans

Capital Southwest maintains the Retirement Plan for Capital Southwest's employees and employees of certain of the CSWI Businesses. Capital Southwest also maintains the Restoration Plan that provides benefits to the participants in the Retirement Plan to fulfill the intent of the Retirement Plan without regard to the limitations imposed by the Code. The Restoration Plan is unfunded and non-qualified.

The retirement benefits payable to Capital Southwest's NEOs under the Retirement Plan and the Restoration Plan depends on the participant's years of service under Capital Southwest's plan and their final average monthly compensation determined by averaging the five consecutive years of highest compensation prior to retirement. For pension calculation purposes, earnings include salaries and annual cash bonuses reported in the Summary Compensation Table. Mr. Armes and Ms. Tacke were eligible to participate in both the Retirement Plan and Restoration Plan in fiscal year 2015.

Potential Payments upon Change in Control or Termination of Employment

Capital Southwest offers severance and change-in-control benefits under its long-term incentive plans to motivate executives to focus on transactions that are likely in the best interests of Capital Southwest shareholders, even though such transactions may result in a loss of employment for the executives. Capital Southwest believes its programs are consistent with the practices of its selected peer group of companies and therefore also serve to attract and retain its executives. In addition, as part of its negotiations with Mr. Mudd and to motivate him to join Capital Southwest at a time when Capital Southwest specifically motivated its executives to focus on a "trigger event" (the Share Distribution) the Capital Southwest Compensation Committee approved severance rights for Mr. Mudd.

Share Distribution-Related Compensation

If the Share Distribution is consummated, Mr. Armes, Ms. Tacke and Bowen S. Diehl (Capital Southwest's current Chief Investment Officer who, if the Share Distribution is consummated, is anticipated to become Capital Southwest's Chief Executive Officer) will each be entitled to certain stock options, restricted stock and cash awards granted under the Share Distribution Executive Compensation Plan. Under this plan, Ms. Tacke and Messrs. Armes and Diehl will share in a payout equal to six percent of the accretion in aggregate value of the shares of Capital Southwest and CSWI from the grant date through the Determination Date. The Determination Date value accretion will equal the excess of the aggregate value of the then outstanding Capital Southwest and CSWI shares (together with interim dividends paid on the Capital Southwest shares over the aggregate value of Capital Southwest's shares on the grant date ($557,353,318, based on a grant date closing price of $36.16 per share)).

The Capital Southwest Compensation Committee granted options to purchase 86,333 shares of Capital Southwest common stock to each of Mr. Armes and Ms. Tacke and options to purchase 86,334 shares of Capital

Southwest common stock to Mr. Diehl. Capital Southwest also granted 42,000 shares of restricted stock to each of Messrs. Armes and Diehl and 43,000 shares of restricted stock to Ms. Tacke. The Compensation Committee granted a cash award to Messrs. Armes and Diehl and Ms. Tacke that will be used in the event of any shortfall between (1) the value of the options and restricted stock awards and (2) six percent of the accretion in aggregate value of shares of Capital Southwest common stock and CSWI common stock from the grant date of such awards through the Determination Date. In the event the total awards granted to Messrs. Armes and Diehl and Ms. Tacke under the Share Distribution Executive Compensation Plan are valued on the Determination Date at more than six percent of the accretion in aggregate value of shares of Capital Southwest common stock and CSWI common stock from the grant date through the Determination Date, the total awards granted will be reduced to equal such six percent accretion in aggregate value by first reducing the cash incentive awards and then reducing the restricted stock awards, to the extent necessary.

Any payments under this plan that are less than $22.5 million in the aggregate will be divided evenly among Ms. Tacke and Messrs. Armes and Diehl. Any payments in excess of $22.5 million will be allocated as follows: Mr. Armes, 50%; Ms. Tacke, 25%; and Mr. Diehl, 25%. The allocation of this incentive compensation opportunity was made by the Capital Southwest Board at the recommendation of Mr. Armes. The awards will vest and become payable after the completion of a transformative transaction, with one-third vesting on the Determination Date, one-third on the first anniversary of the Determination Date and one-third on the second anniversary of the Determination Date.

The equity awards payable under the Share Distribution Executive Compensation Plan will include both Capital Southwest and CSWI stock options and restricted shares. See "*The Share Distribution—Treatment of Stock-Based Awards*." The cash awards will be payable by Capital Southwest. The Capital Southwest options and restricted stock awards will be payable by Capital Southwest, and the CSWI options and restricted stock awards will be payable by CSWI. We anticipate that the CSWI Compensation Committee will consider these payments when setting the compensation of our NEOs who also receive payments under that plan. Capital Southwest, however, reserves the right, in its sole discretion, to terminate the cash incentive award or reduce the amount payable thereunder at any time prior to the Determination Date.

Accounting for Stock-Based Compensation

Generally, the Capital Southwest Compensation Committee was made aware of the tax and accounting treatments of various compensation alternatives. ASC 718, *Compensation—Stock Compensation* ("**ASC 718**") requires Capital Southwest to record the fair value of equity awards on the date of grant as a component of equity. Capital Southwest accounted for stock option grants in accordance with the provisions of ASC 718, which requires that we determine the fair value of all share-based payments to employees, including the fair value of grants of employee stock options, and record these amounts as an expense in the statement of operations over the vesting period with a corresponding increase to our additional paid-in capital. The increase to Capital Southwest's operating expense was offset by the increase to Capital Southwest's additional paid-in capital, resulting in no impact on Capital Southwest's NAV. If and when the options were exercised, the NAV per share would decrease if the NAV at the time of exercise is higher than the exercise price, and increase if the NAV per share at the time of exercise is lower than the exercise price. As a result, although Capital Southwest considered the accounting treatment when granting awards, Capital Southwest did not consider the accounting treatment to be a dominant factor in the form and/or design of awards.

Capital Southwest Shareholder Advisory Vote on Executive Compensation

At Capital Southwest's 2014 annual meeting of shareholders, Capital Southwest shareholders approved an advisory vote with 95% of the votes cast in favor of Capital Southwest's compensation philosophy, policies and procedures and the 2014 fiscal year compensation the NEOs. The Capital Southwest Compensation Committee considered the results of that vote as an affirmation of Capital Southwest's executive compensation decisions and policies.

Executive Compensation Tables

Summary of Executive Compensation

The following table presents, for each of the fiscal years ended March 31, 2015, 2014 and 2013, summary information regarding the total compensation awarded to, earned by or paid to the NEOs of Capital Southwest that we expect to be our NEOs by Capital Southwest.

Summary Compensation Table

Name	Fiscal Year	Salary	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings(3)	All Other Compensation	Total
Joseph B. Armes(4)	2015	$447,250	$637,980	$499,868	$ 679,500	$ 130,969	$ 48,025(7)	$2,443,592
President, Chief Executive Officer and Chairman of Capital Southwest	2014	340,417	185,100	354,600	878,705	—	7,625	1,766,447
Christopher J. Mudd(5)	2015	$ 65,753	$ —	$ —	$ 68,750	$ —	$ 10,344(9)	$ 144,847
Senior Vice President, Operations, of Capital Southwest								
Kelly Tacke(6)	2015	$253,750	$653,170	$499,868	$ 255,000	$ 73,592	$ 37,425(8)	$1,772,805
Chief Financial Officer, Chief Compliance Officer, Secretary, Treasurer and Senior Vice President of Capital Southwest	2014	93,750	134,080	209,250	254,902	—	—	691,982

(1) These amounts represent the grant date fair value of restricted stock awards determined in accordance with ASC 718 based on the closing price of Capital Southwest common stock on the date of grant for 2014 awards. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The amounts do not correspond to the actual value that will be recognized by the NEOs upon vesting dates of such grants. The 2015 restricted stock awards held by the recipient are subject to reduction under the Share Distribution Executive Compensation Plan. Monte Carlo simulation was utilized to develop the grant date fair value for 2015 restricted stock awards. See Note 7 of the consolidated financial statements in Capital Southwest's Annual Report for the year ended March 31, 2015 regarding assumptions underlying valuation of equity awards.

(2) These amounts represent the grant date fair value of stock option awards using Black-Scholes pricing model determined in accordance with ASC 718 based on the closing price of our common stock on the date of grant. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The amounts do not correspond to the actual value that will be recognized by the NEOs upon vesting dates of such grants. See Note 6 of the consolidated financial statements in Capital Southwest's Annual Report for the year ended March 31, 2015 regarding assumptions underlying the valuation of equity awards.

(3) Amounts shown reflect the aggregate change during the year in actuarial present value of accumulated benefit under all pension plans (including the Restoration Plan). See Note 9 of the consolidated financial statements in Capital Southwest's Annual Report for the year ended March 31, 2015 regarding assumptions used in determining these amounts.

(4) Effective June 17, 2013, Mr. Armes was named by the Capital Southwest Board as President and Chief Executive Officer. His compensation reflects partial year salary and bonus from June 17, 2013 to March 31, 2014 for fiscal year 2014.

(5) Effective January 6, 2015, Mr. Mudd was named by the Capital Southwest Board as Senior Vice President, Operations. His compensation reflects partial year salary from January 6, 2015 to March 31, 2015.

(6) Effective November 18, 2013, Ms. Tacke joined Capital Southwest as Senior Vice President, Chief Financial Officer, Chief Compliance Officer, Secretary and Treasurer. Her compensation reflects partial year salary and bonus from November 18, 2013 to March 31, 2014 for fiscal year 2014.

(7) "All Other Compensation" for Mr. Armes includes an ESOP contribution of $26,000 made by Capital Southwest, $900 of dividends received on unvested restricted stock, $18,875 for a discretionary employee bonus paid each December on the same terms to all employees and a $2,250 automobile allowance for the fiscal year ended March 31, 2015.

(8) "All Other Compensation" for Ms. Tacke includes an ESOP contribution of $26,000 made by Capital Southwest, $10,625 for a discretionary employee bonus paid each December on the same terms to all employees and $800 of dividends received on unvested restricted stock.
(9) "All Other Compensation" for Mr. Mudd includes a reimbursement of $10,344 for temporary living expenses incurred as of March 31, 2015.

Severance Agreement with Mr. Mudd

In connection with Mr. Mudd's acceptance of employment by Capital Southwest, Mr. Mudd and Capital Southwest entered into a Severance Agreement dated March 1, 2015 (the "**Severance Agreement**"). The Severance Agreement provides that Mr. Mudd remains an at-will employee and may be terminated at any time with or without notice and with or without "cause," as that term is defined in the Severance Agreement. In the event that Mr. Mudd is terminated without "cause," Mr. Mudd is eligible to receive: (1) all accrued obligations in a lump sum in cash within 30 days of his termination, consisting of (a) current base salary through the date of his termination, (b) the amount of any bonus, incentive compensation, deferred compensation and other cash compensation earned as of the date of his termination, (c) any expense reimbursements and other cash entitlements accrued as of the date of his termination that are submitted within 90 days of his termination; and (2) a lump sum payment equal to one year of annual base salary (excluding any bonuses, incentives, perquisites or other forms of compensation Mr. Mudd receives) (the "**Lump Sum Payment**"). The Lump Sum Payment is payable within 60 days of Mr. Mudd's termination date, subject to his execution and non-revocation of a separation agreement.

The Severance Agreement defines "cause" to mean: (1) violation of any standard, written, workplace security, administrative, safety or other policy or procedure concerning workplace behavior, such standard to be determined by Capital Southwest in good faith and acting with reasonable discretion; (2) a breach of Mr. Mudd's fiduciary duty to Capital Southwest; (3) failure to follow the lawful instructions of Mr. Mudd's superiors or their designees; (4) arrest, conviction or entering of a plea of nolo contendere (no contest) of a felony or any crime involving financial impropriety or moral turpitude; (5) fraud, embezzlement or other non-de minimis misappropriation of funds or property of Capital Southwest; (6) disclosure of Capital Southwest's confidential or proprietary information other than in the proper course of Mr. Mudd's duties; (7) Mr. Mudd's disparagement of Capital Southwest or its senior management; (8) Mr. Mudd's death or disability (as defined in Capital Southwest's long term disability insurance policy); (9) gross neglect of duties; or (10) conduct that Capital Southwest in its reasonable judgment determines materially injurious to the reputation and/or operations of Capital Southwest, or that has a material adverse effect on any of the assets, liabilities, business, reputation or prospects of Capital Southwest.

Capital Southwest Grants of Plan-Based Awards for NEOs

The following table sets forth certain information with respect to each Capital Southwest grant of a plan-based award to our named executive officers in the fiscal year ended March 31, 2015.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Capital Southwest Stock Awards: Number of Shares of Stock	Capital Southwest Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (per share)	Grant Date Fair Value of Stock and Option Awards
		Threshold ($)	Target ($)	Maximum ($)				
Joseph B. Armes	7/21/2014	—	679,500(1)	—	—	—	—	—
	8/28/2014	—	—	—	42,000	—	—	$ 637,980(2)
	8/28/2014	—	—	—	—	86,333	$ 36.60	$ 499,868(3)
Christopher J. Mudd	1/6/2015	—	68,750(1)	—	—	—	—	—
Kelly Tacke	7/21/2014	—	255,000(1)	—	—	—	—	—
	8/28/2014	—	—	—	43,000	—	—	$ 653,170(2)
	8/28/2014	—	—	—	—	86,333	$ 36.60	$ 499,868(3)

(1) The non-equity incentive plan awards for fiscal year 2015 did not have a threshold or maximum levels for the award.
(2) The 2015 restricted stock awards are subject to reduction under the Share Distribution Executive Compensation Plan. Monte Carlo simulation was utilized to develop the grant date fair value for 2015 restricted stock awards.
(3) These amounts represent the grant date fair value of stock option awards using Black-Scholes pricing model in accordance with ASC 718 based on the closing price of our common stock on the date of grant.

If the Share Distribution is consummated, Mr. Armes and Ms. Tacke will each be entitled to certain stock options, restricted stock and cash awards granted under the Share Distribution Executive Compensation Plan. For a more detailed description of the Share Distribution Executive Compensation Plan, see "*Compensation of Executive Officers—Share Distribution-Related Compensation*."

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information with respect to the outstanding Capital Southwest equity awards held by the NEOs as of March 31, 2015.

	Option Awards				Stock Awards	
Name	Number of Capital Southwest securities underlying unexercised options (#) exercisable	Number of Capital Southwest securities underlying unexercised options (#) unexercisable	Option exercise price(1)	Option expiration date	Number of Capital Southwest shares of stock that have not vested(2)	Market value of Capital Southwest shares of stock that have not vested(3)
Joseph B. Armes	6,000	24,000	$ 37.02	7/15/2023	46,000	$ 2,135,320
	—	86,333	36.60	8/28/2024		
Christopher J. Mudd	—	—	—	—	—	—
Kelly Tacke	5,000	20,000	33.52	1/20/2024	46,200	2,144,604
	—	86,333	36.60	8/28/2024		

(1) Represents the closing price on the date of grant.
(2) With respect to Mr. Armes, 1,000 shares of restricted stock will vest on July 15, 2015 and on each of the next three anniversaries. With respect to Ms. Tacke, 800 shares of restricted stock will vest annually on November 18, 2015 and on each of the next three anniversaries. In addition, 42,000 shares for Mr. Armes and 43,000 shares for Ms. Tacke will vest one-third on the 90th day following a transformative transaction, one-third on the first anniversary of the transformative transaction and one-third on the second anniversary of the transformative transaction.
(3) The value of the non-vested restricted stock was computed by multiplying the number of non-vested shares of restricted stock by $46.42, the closing stock price on March 31, 2015, the last trading day of Capital Southwest's 2015 fiscal year.

Capital Southwest Option Exercises and Stock Vested

The following table provides information regarding the vesting of Capital Southwest restricted stock held by each of the NEOs for the fiscal year ended March 31, 2015.

	Option Awards		Stock Awards	
	Number of Capital Southwest Shares Acquired on Exercise	Value Realized on Exercise	Number of Capital Southwest Shares Acquired on Vesting	Value Realized on Vesting(1)
Joseph B. Armes	—	—	1,000	$ 35,960
Christopher J. Mudd	—	—	—	—
Kelly Tacke	—	—	800	$ 32,336

(1) The value realized equals the number of shares multiplied by closing price on the vesting date.

Capital Southwest Pension Benefits

The following table sets forth information about the Capital Southwest pension benefits attributable to the NEOs as of March 31, 2015, and any pension benefit payments to them during the year ended March 31, 2015. Mr. Mudd was not eligible to participate in either the Retirement Plan or Restoration Plan in the fiscal year ended March 31, 2015.

Name	Plan Name	Number of Years Credited Service	Present Value Of Accumulated Benefits as of 3/31/15	Payments During Last Fiscal Year ($)
Joseph B. Armes	Retirement Plan	1.750	$ 79,260	—
	Restoration Plan	1.750	$ 51,709	—
Christopher J. Mudd	—	—	—	—
Kelly Tacke	Retirement Plan	1.333	$ 60,458	—
	Restoration Plan	1.333	$ 13,134	—

The Retirement Plan is a non-contributory defined benefit pension plan providing annual retirement benefits to eligible employees. Capital Southwest assumes that retirement occurs at age 65 and that benefits are payable only during the employee's lifetime. The amount of the monthly retirement benefit payable beginning at age 65 is calculated as follows: (1) 1.2% of the final average monthly compensation in the five successive calendar years out of the last ten completed calendar years that gives the highest average; (2) multiplied by years of credited service (not in excess of 40 years); and (3) plus 0.65% of that portion of the final average monthly compensation which exceeds Social Security covered compensation in effect on the date of retirement times the employee's credited service (not in excess of 35 years).

Benefits provided under the Retirement Plan are based on compensation up to a maximum annual limit under the Code (which was $260,000 calendar year 2014). In addition, benefits provided under the Retirement Plan may not exceed a benefit annual limit under the Code (which was $210,000 payable as a single life annuity beginning at normal retirement age in calendar year 2014). Benefits under the Restoration Plan provide for the payment to participating employees, upon the later to occur of the participant's separation from service with the applicable CSWI Business or attainment of age 55, of the difference between the maximum annual payment permissible under the Retirement Plan pursuant to limitations under the Code and the amount which would otherwise have been payable under the Retirement Plan.

The actuarial present value of the accumulated benefit obligation to each NEO was determined based on the mortality table and discount rate assumptions utilized in our audited financial statements for the year ended March 31, 2015 and other respective measurement dates for previous years.

None of the NEOs is currently eligible for early retirement.

Potential Payments upon Termination or Change in Control

The following table quantifies potential compensation that would have become payable to each of the NEOs under severance agreements, incentive compensation award agreements and Capital Southwest plans and policies (as in effect on March 31, 2015) if their employment with Capital Southwest had terminated on March 31, 2015, given the NEO's base salary on that date and the closing price of our common stock on March 31, 2015. In addition, the table quantifies the compensation that would have become payable to each of our NEOs assuming that a change in control of Capital Southwest had occurred on March 31, 2015, and determining any amounts that would be payable under the employment agreements in effect as of that date.

	Cash Payments	Acceleration of Equity Awards	Total
Joseph B. Armes			
Termination for Cause	$ —	$ —	$ —
Termination without Cause	—	—	—
Death or Disability	222,698	1,073,390	1,296,088
Change in Control	—	1,073,390	1,073,390
Christopher J. Mudd			
Termination for Cause	—	—	—
Termination without Cause	275,000	—	275,000
Death or Disability	275,000	—	275,000
Change in Control	—	—	—
Kelly Tacke			
Termination for Cause	—	—	—
Termination without Cause	—	—	—
Death or Disability	25,813	1,105,790	1,131,603
Change in Control	—	1,105,790	1,105,790

SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this Information Statement, all outstanding shares of our common stock are beneficially owned by Capital Southwest. After the Share Distribution, Capital Southwest will not own any shares of our common stock.

Security Ownership of Directors and Named Executive Officers

The following table provides information with respect to the anticipated beneficial ownership of our common stock following the Share Distribution by:

- each person we expect will be a director of CSWI following the Share Distribution;
- each NEO; and
- all of our expected directors and executive officers following the Share Distribution as a group.

Except as otherwise noted below, we based the share amounts on each person's beneficial ownership of Capital Southwest common stock on [●], 2015, giving effect to a distribution ratio of one share of our common stock for every share of Capital Southwest common stock held by such person. As of [●], 2015, there were approximately [●] shares of Capital Southwest common stock outstanding.

To the extent our directors and executive officers own Capital Southwest common stock at the Record Date, they will participate in the distribution on the same terms as other holders of Capital Southwest common stock. The beneficial owners listed in the table below may have also been granted stock-based awards whose value is derived from the value of Capital Southwest's common stock, including options and RSUs. In connection with the Share Distribution, Capital Southwest share based awards held by our employees (and any employees of Capital Southwest that will become our employee in connection with the Share Distribution) will become awards based in whole or in part on our common stock. These stock-based awards are not shown in the table because in connection with the Share Distribution the number of shares underlying such awards will be adjusted in the case of options, based on a Black-Scholes value of the option, and in the case of RSUs, the trading price of our common stock on the Distribution Date. Therefore we cannot estimate the number of shares of our common stock that, immediately after the Share Distribution, each person will be entitled to acquire within 60 days. See "*The Share Distribution—Treatment of Stock-Based Awards*."

Except as otherwise noted in the footnotes below, each person or entity identified in the table has sole voting and investment power with respect to the securities they hold.

Name and address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percent of Class
Joseph B. Armes	67,502(2)	**[●]**%
Michael Gambrell	—	*
Linda Livingstone	—	*
William F. Quinn	—	*
Robert Swartz	1,001	[●]%
Christopher J. Mudd	—	*
Kelly Tacke	52,000(3)	**[●]**%
All directors and executive officers as a group (7 persons)	120,503(2)(3)	**[●]**%

* Less than one percent.

(1) Unless otherwise indicated, the address of each of the persons whose name appears in the table above is: c/o Capital Southwest Corporation, 5400 Lyndon B. Johnson Freeway, Suite 1300, Dallas, Texas 75240.

(2) Mr. Armes is a trustee of certain trusts pursuant to ESOPs for our employees and employees of certain of our wholly owned portfolio companies owning 893,651 shares (5.7% of our outstanding common stock) on June 12, 2015. Voting rights on such shares were passed through to the ESOP participants, who are entitled

to vote the shares in their individual accounts by July 31, 2015. As a trustee of the ESOPs, Mr. Armes has voting power with respect to the shares not voted by the ESOP participants. Mr. Armes and Ms. Tacke have joint voting power of 238,252 shares owned by a trust pursuant to a pension plan for our employees and employees of certain of our wholly owned portfolio companies. Accordingly, Mr. Armes has voting power with respect to aforementioned 238,252 shares, representing 1.5% of our outstanding common stock. Mr. Armes disclaims beneficial ownership of the common stock held by the ESOPs and pension plan and these shares have been excluded from the amount disclosed above. In addition, Mr. Armes has voting power with respect to 46,000 shares of unvested restricted shares, 1,000 shares of common stock and 8,502 shares of common stock held by JBA Family Partners, L.P., a limited partnership of which he and his spouse are 50% owners of the general partner. Mr. Armes disclaims beneficial ownership of the shares held by this partnership except to the extent of his pecuniary interest therein. Lastly, 12,000 shares of his stock options granted under the 2009 Stock Incentive Plan will be exercisable as of [●], 2015.

(3) Ms. Tacke and Mr. Armes have joint voting power of 238,252 shares owned by a trust pursuant to a pension plan for our employees and certain of our wholly owned portfolio companies. Accordingly, Ms. Tacke has voting power with respect to 238,252 shares, representing 1.5% of our outstanding common stock. Ms. Tacke disclaims beneficial ownership of the common stock held by the pension plan and these shares have been excluded from the amount disclosed above. In addition, she has voting power with respect to 46,200 shares of unvested restricted shares and 800 shares of common stock. Lastly, 5,000 of Ms. Tacke's stock options granted under the 2009 Stock Incentive Plan will be exercisable as of [●], 2015.

Security Ownership by Certain Beneficial Owners

After the Share Distribution, Capital Southwest will not own any shares of our common stock. The following table provides information with respect to the anticipated beneficial ownership of our common stock following the Share Distribution by each person who we believe (based on the assumptions described below) will beneficially own more than 5% of our outstanding shares of common stock.

Unless otherwise indicated, the information regarding beneficial ownership of our common stock by the entities identified below is included in reliance on a report filed with the SEC by such person or entity, except that percentages are based upon CSWI's calculations made in reliance upon the number of Capital Southwest shares reported to be beneficially owned by such person or entity in such report and the number of shares of common stock outstanding on [●], 2015.

Name and address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Zuckerman Investment Group(1) 155 N. Wacker Drive, Suite 1700 Chicago, IL 60606	1,458,094	**[●]**%
Moab Capital Partners(2) 15 East 62nd Street New York, NY 10065	981,065	**[●]**%
First Manhattan Co.(3) 399 Park Avenue New York, NY 10022	947,026	**[●]**%
Piper Jaffray Companies(4) 800 Nicollet Mall Suite 800 Minneapolis, MN 55402	917,076	**[●]**%

(1) Based on information set forth in a Schedule 13G relating to Capital Southwest filed with the SEC on March 23, 2015. Zukerman Investment Group, LLC, Sherwin A. Zuckerman and Daniel R. Zuckerman will beneficially own and have shared voting and dispositive power with respect to 1,458,094 shares of CSWI common stock.

(2) Based on information set forth in a Schedule 13G relating to Capital Southwest filed with the SEC on January 26, 2015. Moab Partners, L.P. will beneficially own and have sole voting and dispositive power with respect to 957,625 shares of CSWI common stock. Moab Capital Partners, LLC, in its capacity as investment adviser to Moab Partners and a separate account, and Mr. Rothenberg as owner and managing member of Moab Capital Partners will beneficially own and have sole voting and dispositive power with respect to 981,065 shares of CSWI common stock.

(3) Based on information set forth in a Schedule 13G relating to Capital Southwest filed with the SEC on February 11, 2015. First Manhattan Co. will beneficially own and have shared dispositive power with respect to 947,026 shares of CSWI common stock. First Manhattan will have shared voting power with respect to 941,526 shares of CSWI common stock.

(4) Based on information set forth in a Schedule 13G relating to Capital Southwest filed with the SEC on February 17, 2015. Piper Jaffray Companies will beneficially own and have sole dispositive power with respect to 917,076 shares of CSWI common stock. Piper Jaffray will have sole voting power with respect to 637,380 shares of CSWI common stock.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements between Capital Southwest and CSWI Relating to the Share Distribution

Following the Share Distribution, CSWI and Capital Southwest will operate independently and neither will have any ownership interest in the other. In order to govern certain ongoing relationships between Capital Southwest and us after the Share Distribution and to provide mechanisms for an orderly transition, we and Capital Southwest intend to enter into agreements pursuant to which certain services and rights will be provided for following the Share Distribution, and we and Capital Southwest will indemnify each other against certain liabilities arising from their respective businesses, the services that will be provided under such agreements and the Share Distribution. The following is a summary of the terms of the material agreements we expect to enter into with Capital Southwest.

This summary does not purport to be complete and may not contain all of the information about these agreements that is important to you. This summary is subject to, and is qualified in its entirety by reference to, the agreements described below, the form of each of which will be an exhibit to the Registration Statement on Form 10 of which this Information Statement is a part. You are encouraged to read each of these agreements carefully and in their entirety, as they are the primary legal documents governing the relationship between us and Capital Southwest following the Share Distribution.

Except for matters covered by the Distribution Agreement, the Tax Matters Agreement, the Employee Matters Agreement and the other agreements we intend to enter into with Capital Southwest in connection with the Share Distribution or other transactions entered into in the ordinary course of business, any and all agreements, arrangements, commitments and understandings between us and our subsidiaries and other affiliates, on the one hand, and Capital Southwest and its subsidiaries and other affiliates, on the other hand, will terminate as of the Distribution Date.

We do not expect that any material changes will be made to the Distribution Agreement or any of the ancillary agreements following distribution of the Information Statement. In the event, however, that any material change is made to the Distribution Agreement or any ancillary agreement following distribution of the Information Statement, the parties will disclose such change in accordance with applicable law, including, for example, by mailing a supplement to shareholders or by filing a Form 8-K.

Distribution Agreement

We intend to enter into a distribution agreement with Capital Southwest prior to consummation of the Share Distribution (the "**Distribution Agreement**"). The Distribution Agreement will set forth our agreement with Capital Southwest regarding the principal transactions necessary to separate us from Capital Southwest. It also will set forth other agreements that govern certain aspects of our relationship with Capital Southwest after consummation of the Share Distribution and will provide certain indemnities to Capital Southwest related to the Share Distribution and our business.

In general, the Distribution Agreement does not contain any representations or warranties by either us or Capital Southwest. Accordingly neither we nor Capital Southwest will make any representation or warranty under the Distribution Agreement regarding the transactions contemplated by the Distribution Agreement or our respective businesses, assets, liabilities, condition or prospects. The term of the Distribution Agreement is perpetual, unless the agreement is terminated by mutual consent of both parties.

Distribution. On the Distribution Date, Capital Southwest will distribute to its shareholders one share of our common stock for every share of Capital Southwest common stock held by its shareholders.

Transfer of CSWI Businesses. The Distribution Agreement will provide for the transfer to CSWI, prior to the Distribution Date, of Capital Southwest's equity interests in RectorSeal, Whitmore, Jet-Lube, Balco, Strathmore, Smoke Guard and CapStar.

Transfer of Cash. The Distribution Agreement will provide for the transfer, immediately prior to the Share Distribution, of $**[●]** in cash from Capital Southwest to us, as determined by the Capital Southwest Board, taking into consideration a variety of factors, including the Share Distribution-related executive compensation that will be payable to Mr. Armes and Ms. Tacke (which is described under "*Compensation of Executive Officers—Share Distribution-Related Compensation*."

Additional Transfers of Assets. The Distribution Agreement also identifies certain ancillary transfers of assets at a corporate level that are necessary in connection with the Share Distribution, including certain trademarks that will be used in the CSWI Businesses following the Share Distribution.

Assumption of Liabilities. The Distribution Agreement will provide for the assumption by CSWI, prior to the Distribution Date, of certain liabilities of Capital Southwest, including liabilities arising out of the ownership or operation of the CSWI Businesses as conducted at any time prior to, on or after the Distribution Date and costs relating to the incorporation of CSWI and the post-Share Distribution operations of CSWI as a holding company for the CSWI Businesses.

Termination of Management Agreements. The Distribution Agreement will provide for the termination of certain management agreements between Capital Southwest and the CSWI's executive officers.

Conditions. The Distribution Agreement will also provide that several conditions must be satisfied or waived by Capital Southwest in its sole and absolute discretion before the Share Distribution can occur. For further information about these conditions, see "*The Share Distribution—Conditions to the Share Distribution*."

Release of Claims. We will agree to broad releases pursuant to which we will release Capital Southwest and its affiliates, successors and assigns from, and indemnify and hold harmless all such persons against and from, any claims against any of them that arise out of or relate to the management of our business, certain events that took place prior to the Share Distribution, the Share Distribution, the terms of the Distribution Agreement, the Tax Matters Agreement, the Employee Matters Agreement and the other agreements being entered into in connection with the Share Distribution and any other decision made or action taken relating to us. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the Share Distribution, including, but not limited to, the Distribution Agreement, the Tax Matters Agreement and the Employee Matters Agreement.

Indemnification. We and Capital Southwest will agree to indemnify each other and each of our respective affiliates and representatives, and each of the heirs, executors, successors and assigns of such representatives against certain liabilities in connection with our respective businesses and any breach by such company of the Distribution Agreement. These liabilities include all liabilities arising out of the ownership or operation of any business of Capital Southwest, other than the CSWI Businesses, as conducted at any time prior to, on or after the Distribution Date.

Access to Information; Confidentiality. We and Capital Southwest will allow each other and our respective representatives reasonable access to all records in our or their possession relating to the business and affairs of the other party, including for audit, accounting, litigation, income taxes, financial reporting and regulatory compliance purposes. Subject to limited exceptions, we and Capital Southwest and our representatives are required to hold confidential all information in our or their possession concerning the other party.

Third-Party Beneficiaries. We and Capital Southwest will agree that each party identified as an indemnitee in the Distribution Agreement who is not a party to the agreement is an intended third-party beneficiary of the indemnification provisions.

Further Assurances. We and Capital Southwest will agree to take all actions reasonably necessary or desirable to consummate and make effective the transactions contemplated by the Distribution Agreement and the ancillary agreements related thereto, including using commercially reasonable efforts to promptly obtain all consents and approvals, to enter into all agreements and to make all filings and applications that may be required for consummation of such transactions.

Costs of the Share Distribution. Except as otherwise expressly set forth in the Distribution Agreement or any other agreement between us and Capital Southwest, all costs and expenses incurred on or prior to the Distribution Date (whether or not paid on or prior to the Distribution Date) in connection with the preparation, execution, delivery, printing and implementation of the Distribution Agreement, the Share Distribution, and the consummation of the transactions contemplated by the Distribution Agreement, will be charged to and paid by Capital Southwest. Following the Distribution Date, each party will be responsible for its own costs and expenses.

Termination. The Distribution Agreement will provide that it may be terminated by Capital Southwest at any time prior to the Share Distribution in the sole discretion of Capital Southwest without the approval of us or the shareholders of Capital Southwest. In the event of such termination, neither we nor Capital Southwest will have any liability of any kind to the other party.

Tax Matters Agreement

We intend to enter into a tax matters agreement with Capital Southwest prior to the Distribution Date (the "**Tax Matters Agreement**"). The Tax Matters Agreement will generally govern our and Capital Southwest's respective rights, responsibilities and obligations with respect to taxes in connection with the Share Distribution. The Tax Matters Agreement will provide that we will be liable for taxes incurred by Capital Southwest as a result of our taking or failing to take certain actions that result in the Share Distribution failing to meet the requirements of a tax-free distribution under the Code. The Tax Matters Agreement will also restrict our and Capital Southwest's ability to take actions that could cause the Share Distribution to fail to meet the requirements of a tax-free distribution under the Code. These restrictions may prevent us and Capital Southwest from entering into transactions that might be advantageous to us or our stockholders. The term of the Tax Matters Agreement is perpetual, unless the agreement is terminated by mutual consent of both parties.

Employee Matters Agreement

We intend to enter into an employee matters agreement with Capital Southwest prior to the Distribution Date (the "**Employee Matters Agreement**"). The Employee Matters Agreement will allocate liabilities and responsibilities between us and Capital Southwest relating to employee compensation and benefit plans and programs, including the treatment of certain employment agreements, outstanding annual and long-term incentive awards, and health and welfare benefit obligations and provide for the cooperation between us and Capital Southwest in the sharing of employee information.

In general, following the Share Distribution, we will be responsible for all employment and benefit-related obligations and liabilities related to those individuals employed by the CSWI Businesses prior to the Share Distribution (the "**CSWI Employees**") and those individuals whose employment will be transferred to us in connection with the Share Distribution (the "**Transferring Employees**"). In general, Capital Southwest will be responsible for any employment and benefit-related obligations and liabilities of any employees who continue to be employees of Capital Southwest following the Share Distribution (the "**Capital Southwest Employees**"). The term of the Employee Matters Agreement is perpetual, unless the agreement is terminated by mutual consent of both parties.

Specific provisions of the Employee Matters Agreement include the following:

Equity Awards. The Employee Matters Agreement provides for adjustments to outstanding equity awards, which are more fully described under "*The Share Distribution—Treatment of Stock-Based Awards*."

Retirement Plan. As of the Distribution Date, CSWI shall take all actions necessary to assume sponsorship of the Retirement Plan and be substituted as the party to any trust and/or custodian agreement related thereto. Prior to the Distribution Date, Capital Southwest shall take all actions necessary to transfer the sponsorship of the Retirement Plan to CSWI, to be effective as of the Distribution Date.

Restoration Plan. Capital Southwest shall retain sponsorship of the Restoration Plan on and after the Distribution Date. All CSWI Employees and all Transferring Employees shall cease active participation in the Restoration Plan effective as of the Distribution Date. CSWI shall take all actions necessary to establish a non-qualified deferred compensation plan containing substantially the same terms as the Restoration Plan, effective as of the Distribution Date (the "**CSWI Restoration Plan**"). All liabilities with respect to benefits accrued under the Restoration Plan on behalf of CSWI Employees and the Transferring Employees shall be transferred to the CSWI Restoration Plan and assumed or retained, as applicable, by CSWI. All CSWI Employees and all Transferring Employees who participated in the Restoration Plan immediately prior to the Distribution Date shall become active participants in the CSWI Restoration Plan effective on the Distribution Date. Capital Southwest shall retain all liabilities with respect to benefits accrued under the Restoration Plan on behalf of Capital Southwest Employees and all former employees.

ESOP. The CSWI Businesses shall retain sponsorship of the ESOP and shall continue to be a party to any trust and/or custodian agreement related thereto. As soon as administratively practicable following the Distribution Date, CSWI shall cause a transfer of plan assets of the Capital Southwest Employees who have an account balance under the ESOP as of the Distribution Date, valued as of the date such assets are transferred, from the trust maintained with respect to the ESOP to the trust maintained with respect to the qualified 401(k) plan sponsored by Capital Southwest (the "**Capital Southwest 401(k) Plan**"), and Capital Southwest will cause the trust maintained with respect to the Capital Southwest 401(k) Plan to accept such transfer of assets. Effective as of the Distribution Date, Capital Southwest Employees shall cease participation in the ESOP.

401(k) Plans. After the Distribution Date, the CSWI Businesses shall retain sponsorship of the qualified 401(k) plans the entities sponsor prior to the Distribution Date and shall continue to be a party to any trust and/or custodian agreement related thereto, and Capital Southwest shall retain sponsorship of the Capital Southwest 401(k) Plan and shall continue to be a party to any trust and/or custodian agreement related thereto.

Cash Incentive Awards. Capital Southwest will use commercially reasonable efforts to enter into an agreement with each holder of a Cash Incentive Award as of the Distribution Date to cause the value of such award to be determined based upon NAV calculated as of the last day of the fiscal quarter ending immediately prior to the Distribution Date. Such Cash Incentive Awards shall continue to be otherwise subject to substantially the same terms and conditions after the Distribution Date as applied to such awards immediately prior to the Distribution Date. Capital Southwest and CSWI will use commercially reasonable efforts to enter into a new incentive agreement with the holders of each such Cash Incentive Award. Such new awards shall remain subject to substantially the same terms and conditions after the Distribution Date as applied to the Cash Incentive Awards immediately prior to the Distribution Date.

Health and Welfare Benefit Plans. Effective as of the Distribution Date, Capital Southwest shall cause the sponsorship of certain health and welfare benefit plans to be transferred to CSWI and all related insurance policies to be assigned to CSWI. CSWI shall take all actions necessary to assume sponsorship of such plans and insurance policies. During the period commencing on the Distribution Date and continuing through December 31, 2015, Capital Southwest Employees shall continue to participate in the health and welfare plans assumed and sponsored by CSWI. Capital Southwest shall establish its own health and welfare benefit plans effective as of January 1, 2016, and Capital Southwest Employees shall cease participation in the health and welfare benefit plans assumed and sponsored by CSWI on that date.

Share Distribution Executive Compensation Plan. Capital Southwest shall retain all liabilities with respect to the cash incentive awards granted under the Share Distribution Executive Compensation Plan. Capital Southwest shall pay such cash incentive awards at the time and manner provided under the terms of the Share Distribution Executive Compensation Plan.

Sublease

We intend to enter into a sublease with Capital Southwest prior to the Distribution Date (the "**Sublease**"). The Sublease will provide for the sublease by CSWI of office space from Capital Southwest at Capital Southwest's headquarters, beginning upon consummation of the Share Distribution. The office space will be used as our corporate headquarters.

The Sublease provides for a term that extends until February 28, 2022, which is the same date that Capital Southwest's prime lease terminates. Pursuant to the Sublease, CSWI will pay rent to Capital Southwest and reimburse Capital Southwest for certain shared services based on the proportionate share of employees occupying the subleased premises compared to the total number of CSWI and Capital Southwest employees occupying the entire premises. In addition, the terms of the Sublease require each of CSWI and Capital Southwest to indemnify the other for liabilities based upon the use of the premises, any breaches or defaults under the Sublease and any negligent acts and omissions of each of CSWI or Capital Southwest or their respective employees, agents, contractors, licensees or invitees.

Other Agreements

We may also enter into certain other agreements with Capital Southwest as are necessary to consummate the Share Distribution, which will govern certain ongoing relationships between us and Capital Southwest.

Indemnification Agreements

We expect to enter into an indemnification agreement with each of our executive officers and directors that provides, in general, that we will indemnify them to the fullest extent permitted by law in connection with their service to us or on our behalf.

Management Fee Arrangements with Capital Southwest

Pursuant to certain arrangements with its operating company subsidiaries, Capital Southwest received $0.5 million in management fees from the CSWI Businesses in the fiscal year ended March 31, 2015. These arrangements will be terminated effective as of the Distribution Date.

Review and Approval of Related Person Transactions

Our Chief Executive Officer is responsible for reviewing and approving all material transactions with any related party. If there is a related party transaction involving our Chief Executive Officer, the entire CSWI Board will review and approve the transaction. Related parties include any of our directors or executive officers, certain of our stockholders and their immediate family members.

To identify related party transactions, each year, in addition to the ongoing reporting obligations of our related parties, we submit and require our directors and executive officers to complete Director and Officer Questionnaires identifying any transactions with us in which the executive officer or director or their family members have an interest. We review related party transactions due to the potential for a conflict of interest. A conflict of interest occurs when an individual's private interest interferes with the interests of CSWI as a whole. Our Code of Conduct and Ethics, which is signed by all employees and directors on an annual basis, requires all directors, officers and employees who have a conflict of interest to immediately notify our Chief Executive Officer or Secretary. If there were any actions or relationships that might give rise to a conflict of interest, such actions or relationships would be reviewed and pre-approved by the CSWI Board.

We expect our directors, officers and employees to act and make decisions that are in our best interests and encourage them to avoid situations which present a conflict between our interests and their own personal

interests. Our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to CSWI in an objective and fair manner. A copy of our Code of Conduct and Ethics will be mailed to shareholders upon request to CSWI at 5400 Lyndon B. Johnson Freeway, Dallas, Texas 75240, Attn: Chief Financial Officer. Additionally, a copy is available on the Internet at our website (www.cswindustrials.com/investor-relations/governace.htm).

Transactions with Related Persons

Other than compensation agreements and other arrangements described under the sections titled "*Compensation of Directors*," "*Compensation of Executive Officers*" "*—Agreements between Capital Southwest and CSWI Relating to the Share Distribution*," there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we have been or will be a participant:

- in which the amount involved exceeded or will exceed $120,000; and
- in which any director, nominee, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

DESCRIPTION OF OUR CAPITAL STOCK

Prior to the Share Distribution, the CSWI Board and Capital Southwest, as our sole stockholder, will approve and adopt our amended and restated certificate of incorporation and bylaws. The description of selected provisions of our amended and restated certificate of incorporation and bylaws appearing below is only a summary and is qualified in its entirety by reference to the amended and restated certificate of incorporation and bylaws, the forms of which are filed as exhibits to our Registration Statement on Form 10, of which this Information Statement forms a part.

Authorized Capital Stock

Our authorized capital stock will consist of:

- [●] million shares of common stock, par value $.01 per share; and
- [●] million shares of preferred stock, par value $.01 per share, issuable in series.

Immediately following the Share Distribution, no shares of our preferred stock will be issued and outstanding.

Common Stock

Immediately following the Share Distribution, we expect that [●] million shares of our common stock will be issued and outstanding, based on the distribution of one share of our common stock for each share of Capital Southwest common stock outstanding on the Record Date and the number of shares of Capital Southwest common stock that we expect will be outstanding on that date.

Dividend Rights. Subject to the rights, if any, of the holders of any outstanding series of our preferred stock, holders of our common stock will be entitled to receive dividends out of any of our funds legally available when, as and if declared by the CSWI Board.

Voting Rights. Each holder of our common stock is entitled to one vote per share on all matters on which stockholders are generally entitled to vote. Our amended and restated certificate of incorporation does not provide for cumulative voting in the election of directors.

Liquidation. If we liquidate, dissolve or wind up our affairs, holders of our common stock will be entitled to share proportionately in our assets available for distribution to stockholders, subject to the rights, if any, of the holders of any outstanding series of our preferred stock.

Other Rights. The holders of our common stock have no preemptive rights and no rights to convert their common stock into any other securities, and our common stock is not subject to any redemption or sinking fund provisions.

Preferred Stock

Under our amended and restated certificate of incorporation, the CSWI Board may issue our preferred stock in one or more series, and may establish from time to time the number of shares to be included in such series and may fix the designation, powers, privileges, preferences and relative participating, optional or other rights, including dividend rights, voting rights, conversion or exchange rights, terms of redemption and liquidation preferences, of the shares of each such series and any qualifications, limitations or restrictions thereof. Immediately following the Share Distribution, no shares of our preferred stock will be issued and outstanding.

Delaware Takeover Law

Subject to certain exceptions, Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation from engaging in a broad range of "business combination" transactions with any "interested stockholder" (defined generally as a person owning 15% or more of the corporation's outstanding voting stock and any affiliate or associate of such person) during a period of three years following the date that such person became an interested stockholder, unless:

- before that person became an interested stockholder, the board of directors of the corporation approved the transaction in which that person became an interested stockholder or approved the business combination;
- on completion of the transaction that resulted in that person's becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than stock held by (1) directors who are also officers of the corporation or (2) any employee stock plan that does not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- following the transaction in which that person became an interested stockholder, both the board of directors of the corporation and the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by that person approve the business combination.

Section 203 of the Delaware General Corporation Law permits corporations to include an election not to be governed by that provision by so providing in an amendment to the corporation's certificate of incorporation or bylaws approved by the affirmative vote of holders of a majority of the corporation's shares entitled to vote on such action. We have not made that election and will accordingly be governed by Section 203 of the Delaware General Corporation Law.

Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws

The provisions of our certificate of incorporation and bylaws discussed below may have the effect, either alone or in combination with Section 203 of the Delaware General Corporation Law, of making more difficult or discouraging a tender offer, proxy contest, merger or other takeover attempt that the CSWI Board opposes, but that a stockholder might consider to be in its best interest.

These provisions are intended to discourage certain types of coercive takeover practices and takeover bids that the CSWI Board may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with the CSWI Board. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited acquisition proposal outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms. These provisions may also have the effect of preventing changes in our management.

Issuance of Undesignated Preferred Stock. As discussed above under "*—Preferred Stock*," the CSWI Board will have the ability to designate and issue preferred stock with voting or other rights or preferences, which could deter hostile takeovers or delay changes in our control or management.

*Classified Board of Directors***.** The CSWI Board will be divided into three classes that will be, as nearly as possible, of equal size. The initial terms of the Class I, Class II and Class III directors will expire at the annual meeting in 2016, 2017 and 2018, respectively, and in each case, when a successor has been duly appointed and qualified. Upon the expiration of each initial term, directors will subsequently serve three-year terms if re-nominated and reelected. Under this classified board structure, it would take at least two annual elections of directors for any individual or group to gain control of the CSWI Board, thereby making it more difficult for stockholders to replace a majority of the directors. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of us.

Number of Directors; Filling Vacancies; Removal. Our amended and restated certificate of incorporation and bylaws will provide that our business and affairs will be managed by the CSWI Board and that the CSWI Board will consist of not less than three nor more than nine members, with the number of directors within these limits to be fixed exclusively by the CSWI Board. In addition, our amended and restated certificate of incorporation and bylaws will provide that any board vacancy, including a vacancy resulting from an increase in the number of directors, may be filled solely by the affirmative vote of a majority of the remaining directors then in office and entitled to vote, even though that may be less than a quorum of the CSWI Board. Delaware statutory law provides that, if a Delaware corporation has a classified board, as we will have, its directors may only be removed for cause. Our amended and restated certificate of incorporation and bylaws will also expressly provide that our directors may only be removed for cause. These provisions will prevent stockholders from seeking to remove incumbent directors without cause and filling the resulting vacancies with their own nominees.

No Cumulative Voting. Delaware law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless the corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on the CSWI Board as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to secure a seat on the CSWI Board and thereby influence the CSWI Board's decision regarding a takeover.

Special Meetings. Our amended and restated certificate of incorporation and bylaws will provide that special meetings of our stockholders may only be called by our chairman of the board, chief executive officer or a majority of the CSWI Board. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or holders controlling a majority of our capital stock to take any action, including the removal of directors. Our amended and restated certificate of incorporation and bylaws will limit the business that may be conducted at an annual or special meeting of stockholders to those matters properly brought before the meeting. These provisions will make it more difficult for stockholders to take an action opposed by the CSWI Board.

No Stockholder Action by Written Consent. Our amended and restated certificate of incorporation and bylaws will require that all actions to be taken by stockholders must be taken at a duly called annual or special meeting, and stockholders will not be permitted to act by written consent. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the bylaws, remove directors or take other actions without holding a meeting of stockholders called in accordance with the bylaws. These provisions will make it more difficult for stockholders to take an action opposed by the CSWI Board.

Amendments to Our Certificate of Incorporation. Our amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least two-thirds of the total voting power of the outstanding shares of our common stock entitled to vote, voting as a single class, will be required to amend or repeal, or adopt, any provision inconsistent with certain provisions in our amended and restated certificate of incorporation, including those provisions providing for a classified board, provisions regarding the filling of vacancies on the CSWI Board and provisions providing for the removal of directors. These provisions will make it more difficult for stockholders to make changes to our certificate of incorporation that are opposed by the CSWI Board.

Amendments to Our Bylaws. Our amended and restated bylaws will provide that, notwithstanding any other provision of our amended and restated certificate of incorporation or bylaws, the affirmative vote of the holders of at least two-thirds of the total voting power of the outstanding shares of our common stock entitled to vote, voting as a single class, will be required to amend or repeal, or adopt, any provisions in our bylaws. These provisions will make it more difficult for stockholders to make changes to our bylaws that are opposed by the CSWI Board.

Requirements for Advance Notification of Stockholder Nomination and Proposals. Under our amended and restated bylaws, stockholders of record will be able to nominate persons for election to the CSWI Board or bring

other business constituting a proper matter for stockholder action at annual meetings only by providing proper notice to our secretary. Proper notice must be generally received not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year (or, in some cases, prior to the tenth day following the announcement of the meeting) and must include, among other information, the name and address of the stockholder giving the notice, certain information relating to each person whom such stockholder proposes to nominate for election as a director and a brief description of any business such stockholder proposes to bring before the meeting.

Contests for the election of directors or the consideration of stockholder proposals will be precluded if the proper procedures are not followed. Third parties may therefore be discouraged from conducting a solicitation of proxies to elect their own slate of directors or to approve their own proposals. Nothing in our amended and restated bylaws will be deemed to affect any rights of stockholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Exclusive Jurisdiction for Certain Actions. Our amended and restated bylaws require, to the fullest extent permitted by law, that derivative actions brought in our name, actions against our directors, officers and employees for breach of fiduciary duty and other similar actions be brought only in the Court of Chancery in the State of Delaware, unless we otherwise consent. 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.

Sale of Unregistered Securities

On November 6, 2014, we issued 100 shares of our common stock to Capital Southwest in connection with our formation pursuant to Section 4(2) of the Securities Act. We did not register the issuance of these shares under the Securities Act because such issuance did not constitute a public offering.

INDEMNIFICATION AND LIMITATION OF LIABILITY OF DIRECTORS AND OFFICERS

Indemnification

Under Delaware law, a corporation may indemnify any individual who is made a party or threatened to be made a party to any proceeding, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding if (1) he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (2) in the case of a criminal proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful. A corporation may indemnify any individual who is made a party or threatened to be made a party to any action or suit brought by or in the right of the corporation by reason of the fact that he or she was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses actually and reasonably incurred in connection with such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, provided that such indemnification will be denied if the individual is found liable to the corporation, unless, in such a case, the court determines the person is nonetheless entitled to indemnification for such expenses. A corporation must indemnify a present or former director or officer who successfully defends himself or herself in a proceeding to which he or she was a party because he or she was a director or officer of the corporation against expenses actually and reasonably incurred by him or her. Expenses incurred by a director or officer in defending civil or criminal proceedings may be paid by the corporation in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The Delaware law regarding indemnification and expense advancement is not exclusive of any other rights which may be granted by our certificate of incorporation or bylaws, a vote of shareholders or disinterested directors, agreement or otherwise.

Our amended and restated certificate of incorporation will require that we indemnify our directors and officer to the fullest extent permitted under Delaware law. In addition, our amended and restated certificate of incorporation will provide that all reasonable expenses incurred by or on behalf of a director or officer in connection with any investigation, claim, action, suit or proceeding will be advanced to the director or officer by us upon the request of the director or officer, which request, if required by law, will include an undertaking by or on behalf of the director or officer to repay the amounts advanced if ultimately it is determined that the director or officer was not entitled to be indemnified against the expenses.

The indemnification rights to be provided in our amended and restated certificate of incorporation will not be exclusive of any other right to which persons seeking indemnification may otherwise be entitled. We expect to enter into indemnification agreements with each of our directors providing, in general, that we will indemnify them to the fullest extent permitted by law in connection with their service to us or on our behalf.

As permitted by Delaware law, our amended and restated certificate of incorporation will authorize us to purchase and maintain insurance to protect any director, officer, employee or agent against claims and liabilities that such persons may incur in such capacities. We intend to purchase director and officer liability insurance.

Limitation of Liability

Delaware law authorizes Delaware corporations to limit or eliminate the personal liability of their directors to the corporation and its stockholders for monetary damages for breach of a director’s fiduciary duty of care, except for liability:

- for any breach of the director’s duty of loyalty to the corporation or its stockholders;

- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; and
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation will provide for exculpation of our directors from liability for monetary damages for breach of fiduciary duties to the fullest extent permitted by Delaware law.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws could have the effect of reducing the likelihood of derivative litigation against our directors and may discourage or deter us or our stockholders from bringing a lawsuit against our directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our stockholders. Further, a stockholder's investment may be adversely affected to the extent that we are required to indemnify our directors and officers against defense costs and the costs of settlements and damage awards.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this Information Statement. This Information Statement is a part of, but does not contain all of the information set forth in, the Registration Statement and the exhibits and schedules to the Registration Statement. For further information with respect to our company and our common stock, please refer to the Registration Statement, including its exhibits and schedules. Statements made in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document. You may review a copy of the Registration Statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, as well as on the Internet website maintained by the SEC at www.sec.gov. Please call the SEC at 1-800-SEC-0330 for more information on the public reference room. Information contained on any website referenced in this Information Statement does not and will not constitute a part of this Information Statement or the Registration Statement on Form 10 of which this Information Statement is a part.

As a result of the Share Distribution, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC. Following the distribution, we plan to make our filings with the SEC available free of charge on our website at www.cswindustrials.com. The information contained or accessible from our website is not incorporated by reference into this information statement.

You may request a copy of any of our filings with the SEC at no cost, by writing or telephoning us at the following address:

Investor Relations
CSW Industrials, Inc.
5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240
Telephone: 972-233-8242

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed thereto, by an independent registered public accounting firm.

You should rely only on the information contained in this Information Statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this Information Statement.

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for an information statement with respect to two or more stockholders sharing the same address by delivering a single information statement addressed to those stockholders or by sending separate information statements for each household account in a single envelope. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. Unless contrary instructions have been received from one or more of the affected stockholders, only one copy of this Information Statement will be delivered to those multiple stockholders sharing an address. If, at any time, a stockholder no longer wishes to participate in "householding" and would prefer to receive separate copies of the Information Statement, the stockholder should notify his or her intermediary or, if shares are registered in the stockholder's name, should contact us at CSW Industrials, Inc., Attention: Investor Relations, 5400 Lyndon B. Johnson Freeway, Suite 1300, Dallas, Texas 75240, Telephone: 972-233-8242, Email: investor.relations@cswindustrials.com. Any stockholder who currently receives multiple copies of the Information Statement at his or her address and would like to request "householding" of communications should contact his or her intermediary or, if shares are registered in the stockholder's name, should contact us at the address, telephone number or e-mail address provided above. Additionally, we will deliver, promptly upon written or oral request directed to the address, telephone number or e-mail address above, a separate copy of this Information Statement to any stockholders sharing an address to which only one copy was mailed.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Capital Southwest Corporation

We have audited the accompanying combined balance sheets of the CSWI Businesses (as defined in Note 1), as of March 31, 2015 and 2014, and the related combined statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2015. These financial statements are the responsibility of the CSWI Businesses' management. Our responsibility is to express an opinion on these 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. We were not engaged to perform an audit of the CSWI Businesses' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CSWI Businesses' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the CSWI Businesses as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Dallas, Texas
June 16, 2015

CSWI BUSINESSES

COMBINED BALANCE SHEETS
(In thousands)

	March 31, 2015	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,448	$ 15,411
Restricted cash	2,385	2,096
Bank time deposits	9,248	14,264
Accounts receivable, net of allowance of $1,692 and $306, respectively	50,801	50,132
Inventories	45,315	39,111
Income tax receivable	1,408	1,383
Deferred income taxes	2,713	2,447
Prepaid expenses and other current assets	2,691	4,108
Total current assets	135,009	128,952
Property, plant and equipment, net	56,837	59,468
Goodwill	40,645	35,318
Intangible assets, net	40,997	41,315
Deferred income taxes	2,938	—
Property held for investment	9,300	11,862
Other assets	795	905
Total assets	$ 286,521	$ 277,820
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 25,057	$ 24,304
Current portion of long-term debt	13,561	13,764
Total current liabilities	38,618	38,068
Deferred income taxes	—	1,478
Long-term debt	13,143	31,333
Retirement benefits payable	22,449	9,433
Other long-term liabilities	7,710	1,322
Total liabilities	81,920	81,634
Equity:		
Common stock	12	12
Preferred stock	1,000	1,000
Additional paid in capital	7,810	7,810
Treasury stock, at cost	(2,712)	(2,506)
Retained earnings	208,784	187,373
Accumulated other comprehensive income (loss)	(10,293)	2,497
Total equity	204,601	196,186
Total liabilities and equity	$ 286,521	$ 277,820

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

CSWI BUSINESSES

COMBINED STATEMENTS OF OPERATIONS
(In thousands)

	Fiscal Years Ended March 31		
	2015	2014	2013
Net revenues	$ 261,834	$ 231,713	$ 199,094
Cost of revenues	135,409	119,627	104,512
Gross profit	126,425	112,086	94,582
Expenses:			
General and administrative expenses[a]	35,508	29,450	24,699
Selling and distribution expenses	40,485	37,924	33,314
Research and development expenses	5,688	5,490	4,322
Impairment loss	710	1,309	—
Total expenses	82,391	74,173	62,335
Operating income	44,034	37,913	32,247
Interest income	404	434	589
Interest expense	(1,015)	(565)	(515)
Other income (expenses)	1,505	(256)	899
Income before income taxes	44,928	37,526	33,220
Provision for income taxes	15,223	12,794	10,707
Income from continuing operations	29,705	24,732	22,513
Loss on disposal of operation, net of income tax benefit of $496	—	—	(1,326)
Income from discontinued operations, net of income taxes of $275	—	—	511
Net loss on discontinued operations, net of income taxes	—	—	(815)
Net income	$ 29,705	$ 24,732	$ 21,698

(a) Includes related party management fees of $0.5 million for each of the three years ended March 31, 2015, 2014, and 2013, respectively.

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

CSWI BUSINESSES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Fiscal Years Ended March 31,		
	2015	2014	2013
Net income	$ 29,705	$24,732	$21,698
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	(5,277)	363	(1,295)
Interest rate swap valuation adjustments	(1,206)	—	—
Defined benefit plan adjustments	(6,307)	3,220	2,036
Other comprehensive income (loss), net of tax	(12,790)	3,583	741
Comprehensive income	$ 16,915	$28,315	$22,439

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

CSWI BUSINESSES

COMBINED STATEMENTS OF EQUITY
FISCAL YEARS ENDED MARCH 31, 2015, 2014 and 2013
(In thousands)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, April 1, 2012	**$ 12**	**$ —**	**$ 7,810**	**$(2,506)**	**$156,540**	**$ (1,827)**	**$160,029**
Net income	—	—	—	—	21,698	—	21,698
Other comprehensive income (loss), net of tax	—	—	—	—	—	741	741
Capital contribution	—	1,000	—	—	—	—	1,000
Dividends	—	—	—	—	(6,946)	—	(6,946)
Balance, March 31, 2013	**$ 12**	**$ 1,000**	**$ 7,810**	**$(2,506)**	**$171,292**	**$ (1,086)**	**$176,522**
Net income	—	—	—	—	24,732	—	24,732
Other comprehensive income (loss), net of tax	—	—	—	—	—	3,583	3,583
Dividends	—	—	—	—	(8,651)	—	(8,651)
Balance, March 31, 2014	**$ 12**	**$ 1,000**	**$ 7,810**	**$(2,506)**	**$187,373**	**$ 2,497**	**$196,186**
Net income	—	—	—	—	29,705	—	29,705
Other comprehensive income (loss), net of tax	—	—	—	—	—	(12,790)	(12,790)
Purchase treasury stock	—	—	—	(206)	—	—	(206)
Dividends	—	—	—	—	(8,294)	—	(8,294)
Balance, March 31, 2015	**$ 12**	**$ 1,000**	**$ 7,810**	**$(2,712)**	**$208,784**	**$ (10,293)**	**$204,601**

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

CSWI BUSINESSES

COMBINED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Years Ended March 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 29,705	$ 24,732	$ 21,698
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash items	6,618	12,894	10,331
Changes in operating assets and liabilities, net of effect of acquisitions:			
Trade and other receivables	(37)	(9,964)	(4,714)
Inventories	(6,655)	(6,764)	(2,873)
Prepaid expenses and other assets	4,460	1,324	(3,334)
Accounts payable and accrued expenses	1,086	(850)	7,135
Other long-term liabilities	291	257	(437)
Net cash provided by operating activities	35,468	21,629	27,806
Cash flows from investing activities:			
Purchases of property, plant and equipment	(8,672)	(15,042)	(15,504)
Proceeds from sale (purchases) of assets held for investment	3,494	1,740	(2,837)
Proceeds from sale of assets	6,393	5	13,188
Net change in bank time deposits and restricted cash	3,353	(2,013)	(2,585)
Cash paid for acquisitions	(7,193)	(24,632)	(26,354)
Net cash used in investing activities	(2,625)	(39,942)	(34,092)
Cash flows from financing activities:			
Borrowings on long-term debt	12,229	37,217	26,748
Repayments on long-term debt	(30,622)	(15,467)	(9,500)
Cash paid for deferred financing costs	—	(30)	—
Purchase of treasury stock	(206)	—	—
Capital contribution	—	—	1,000
Dividends paid	(8,294)	(8,651)	(6,946)
Net cash (used in) provided by financing activities	(26,893)	13,069	11,302
Effect of exchange rate changes on cash and cash equivalents	(913)	(704)	(9)
Net increase (decrease) in cash and cash equivalents	5,037	(5,948)	5,007
Cash and cash equivalents, beginning of year	15,411	21,359	16,352
Cash and cash equivalents, end of year	$ 20,448	$ 15,411	$ 21,359
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ 1,053	$ 742	$ 366
Cash paid during the year for income taxes	$ 16,721	$ 12,781	$ 10,269

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

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Share Distribution

On December 2, 2014, Capital Southwest Corporation ("**Capital Southwest**") announced its plan to spin-off certain of its industrial products, coatings, sealants and adhesives and specialty chemicals businesses by means of a distribution of the outstanding shares of common stock of CSW Industrials, Inc. ("**CSWI**") on a *pro rata* basis to holders of Capital Southwest common stock. This distribution is referred to as the "**Share Distribution**." Immediately after the Share Distribution, CSWI will be an independent, publicly traded company and all outstanding shares of common stock of CSWI will be held by Capital Southwest stockholders.

CSWI is currently a wholly-owned subsidiary of Capital Southwest. CSWI was formed solely to effect the Share Distribution. To date, CSWI has not conducted any material activities or operations. Prior to the Share Distribution, Capital Southwest will contribute to CSWI all of the outstanding capital stock of The RectorSeal Corporation ("**RectorSeal**"), The Whitmore Manufacturing Company ("**Whitmore**"), Jet-Lube, Inc. ("**Jet-Lube**"), Balco, Inc. ("**Balco**"), and Smoke Guard, Inc. ("**Smoke Guard**"). Capital Southwest will also contribute to CSWI, prior to the Share Distribution, all of the outstanding capital stock of CapStar Holdings Corporation ("**CapStar**"), a real estate holdings company whose operations are not material to either Capital Southwest or CSWI. RectorSeal, Whitmore, Jet-Lube, Balco, Smoke Guard and CapStar are collectively referred to in these combined financial statements as the "**CSWI Businesses**."

Company Background

The following is a brief description of the CSWI Businesses that were owned by Capital Southwest as of March 31, 2015:

- *RectorSeal*. RectorSeal formulates and manufactures specialty chemical products including pipe thread sealants, firestop sealants, plastic solvent cements and other formulations for plumbing, HVAC, refrigeration, electrical and industrial applications, electrical control and measurement devices, and accessories for ductless mini-split HVAC systems. RectorSeal also makes specialty tools for tradesmen and innovative systems for containing flames and smoke from building fires. These products are distributed both domestically and internationally through an extensive distribution network serving the plumbing, industrial, HVAC and refrigeration, construction, electrical and hardware markets. Portions of RectorSeal's operating results are included in each of our three business segments.
- *Whitmore*. Whitmore manufactures high performance, specialty lubricants for heavy equipment used in surface mining, railroad and other industries and has operations in the U.S., Canada and the U.K. Whitmore also manufactures lubrication equipment, specifically for rail applications, and lubrication-centric reliability solutions for a wide variety of industries. In addition, Whitmore produces water-based coatings for the automotive and primary metals industries. Portions of Whitmore's operating results are included in each of our three business segments.
- *Jet-Lube*. Jet-Lube is a world leader in anti-seize compounds, thread sealants and specialty lubrication products and greases for the energy industry. Jet-Lube serves customers worldwide in a wide variety of industries, including oil and gas, water well, mining, manufacturing, electric utility, food processing and agriculture, water utility, construction, transportation, valve maintenance, forestry, groundwater, military, HVAC and plumbing. Portions of Jet-Lube's operating results are included in both our Coatings, Sealants and Adhesives and our Specialty Chemicals segments.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

- *Balco*. Balco is engaged in the fabrication of aluminum and plastic extrusions and other materials related to safety, slip resistance and emergency egress for products used by the commercial building industry worldwide. Balco's operating results are included in our Industrial Products segment.
- *Smoke Guard*. Smoke Guard manufactures certified custom safety products for the commercial construction market and other markets requiring smoke and fire protection. Smoke Guard's proprietary technologies control the movement of smoke and are sold through exclusive distributors primarily in the U.S. Smoke Guard's operating results are included in our Industrial Products segment.
- *CapStar*. CapStar acquires, holds and manages certain real estate and other assets. The operations of CapStar are not material to the CSWI Businesses.

The CSWI Businesses operate in three business segments: Industrial Products; Coatings, Sealants and Adhesives; and Specialty Chemicals.

Basis of Presentation

The combined financial statements have been prepared on a stand-alone basis and are derived from the underlying accounting records of the financial statements of the CSWI Businesses. The combined financial statements reflect the historical results of operations, financial position, and cash flows of the CSWI Businesses in conformity with U.S. generally accepted accounting principles ("**US GAAP**").

The combined financial statements include all revenues, costs, assets, and liabilities directly attributable to the CSWI Businesses. Management believes the assumptions underlying such financial statements are reasonable. However, the combined financial statements may not include all of the expenses that would have been incurred had the CSWI Businesses been stand-alone during the periods presented and may not reflect the CSWI Businesses' combined results of operations, financial position, and cash flows as a stand-alone company during the periods presented. All significant intercompany balances and transactions have been eliminated in combination.

Segment Reporting

The CSWI Businesses comply with the reporting requirements of Accounting Standards Codification ("**ASC**") Topic 280, Segment Reporting ("**ASC 280**"). Management measures and reviews segment performance for internal reporting purposes in accordance with the "management approach" defined in ASC 280.

During the fiscal years ended March 31, 2015, 2014 and 2013, the CSWI Businesses operated in three reportable business segments: Industrial Products, Coatings, Sealants and Adhesives and Specialty Chemicals. The products for all of these segments are distributed both domestically and internationally. The other segment information is included to reconcile segment data to the combined financial statements and includes assets and expenses primarily related to CapStar and corporate functions.

Use of Estimates

The preparation of these combined financial statements, in conformity with US GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the combined financial statements and the amount of revenues and expenses during the reporting periods. The accounting estimates and judgments outlined below are critical because they can materially affect the CSWI Businesses' operating results and financial condition, inasmuch as they require management to make subjective judgments. Many of these estimates include determinations of fair value. Management makes these estimates using the best information available at the time

the estimates are made. Actual results could differ materially from those estimates, and as a result, the accuracy of these estimates and the likelihood of future changes depend on a range of possible outcomes and a number of underlying variables, some which are beyond the CSWI Businesses' control.

Functional Currency and Foreign Currency Translation and Transactions

Assets and liabilities of non-U.S. subsidiaries whose functional currency is not the U.S. dollar are translated at current exchange rates at the end of the period presented. Revenue and expense accounts are translated using an average rate for the period.

Translation gains and losses are not included in determining net income, but are reflected as a separate component of accumulated other comprehensive income (loss) within equity.

In addition, the CSWI Businesses have certain transactions that are settled in currencies other than the respective entity's functional currency. Changes in the functional currency value of these assets and liabilities create fluctuations that result in gains or losses. The CSWI Businesses generally record foreign currency transaction gains and losses, realized and unrealized, in other income (expenses), net in the combined statements of operations. The CSWI Businesses recorded net foreign currency transaction losses of $0.3 million, $0.2 million and $0.1 million in the fiscal years ended March 31, 2015, March 31, 2014 and March 31, 2013, respectively.

Business Combinations

The CSWI Businesses allocates the fair value of consideration transferred in a business combination to the estimated fair value at the acquisition date of the tangible and intangible assets acquired and liabilities assumed. Acquisition costs are expensed as incurred. Any residual consideration is recorded as goodwill. The fair value of consideration includes cash, equity securities, other assets and contingent consideration. The CSWI Businesses remeasure the fair value of contingent consideration at each reporting period and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in earnings. The CSWI Businesses' determination of the fair values of assets acquired and liabilities assumed requires the CSWI Businesses to make significant estimates, primarily with respect to intangible assets. These estimates can include, but are not limited to, cash flow projections for the acquired business, and the appropriate weighted-average cost of capital. The results of operations of the acquired business are included in the CSWI Businesses' combined results of operations from the date of the acquisition.

Cash and Cash Equivalents

The CSWI Businesses consider all highly liquid instruments purchased with original maturities of three months or less and money market accounts to be cash equivalents. The CSWI Businesses maintain its cash and cash equivalents at financial institutions for which the combined account balances in individual institutions may exceed Federal Deposit Insurance Corporation ("**FDIC**") insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The CSWI Businesses had deposits in domestic banks of $10.3 million and $8.7 million, of which $8.3 million and $6.5 million, at March 31, 2015 and 2014 respectively, were in excess of FDIC limits.

Cash and cash equivalent balances of $10.1 million and $6.7 million are held in foreign currencies in foreign banks at March 31, 2015 and 2014, respectively, of which $3.0 million exceeded insurance limits at March 31, 2015 and $4.2 million exceeded insurance limits at March 31, 2014.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

Restricted Cash and Bank Time Deposits

Restricted cash includes compensating cash balances related to certain credit facilities and cash held in escrow related to real estate sales. Bank time deposits generally consist of certificates of deposit with original maturities of twelve months or less. Restricted cash totaled $2.4 million and $2.1 million as of March 31, 2015 and March 31, 2014, respectively.

Bank Time Deposits

Bank time deposits include investments with maturities of over three months that are redeemable within one year of the fiscal year end without significant penalty to the CSWI Businesses. The CSWI Businesses' bank time deposits of $9.2 million and $14.3 million as of March 31, 2015 and 2014, respectively, are certificates of deposit. Of the $9.2 million of bank time deposits held at March 31, 2015, $6.5 million are fully insured by the province of Alberta, Canada or the Financial Services Compensation Scheme (U.K.).

Accounts Receivable

Accounts receivable reflects amounts billed to customers less trade discounts and an allowance for doubtful accounts. Management continually monitors accounts receivable from customers for collectability issues based on review of individual customer accounts, recent loss experience, current economic conditions and other pertinent factors.

The CSWI Businesses estimate a bad debt reserve under the allowance method. Using payment history in light of current economic conditions, management examines the status of customer accounts on the aged accounts receivable report. With this information, management estimates an appropriate allowance for doubtful accounts. Accounts receivable are written off when it is determined that the receivable will not be collected. Additions to bad debt reserves totaled $1.5 million, $0.1 million and $0.2 million for the fiscal years ended March 31, 2015, March 31, 2014 and March 31, 2013, respectively. Write-offs totaled approximately $0.1 million, $0 and $0.1 million for the fiscal years March 31, 2015, March 31, 2014 and March 31, 2013, respectively. Bad debt reserves were $1.7 million, $0.1 million and $0.2 million as of March 31, 2015, March 31, 2014 and March 31, 2013, respectively.

Inventories

Inventories are stated at the lower of cost or market and include raw materials, supplies, direct labor, and manufacturing overhead. Cost is determined using the last-in, first-out ("**LIFO**") method for valuing inventories of the CSWI Businesses' primary domestic operations. The CSWI Businesses' foreign subsidiaries use either the first-in, first out method or the weighted average cost method to value inventory. Foreign inventories represent approximately 10.1% and 11.9% of total inventories as of March 31, 2015 and March 31, 2014, respectively. A portion of foreign inventories is attributable to inventory consigned to third parties to be sold abroad.

Reserves are provided for slow-moving or excess and obsolete inventory based on the difference between the cost of the inventory and its net realizable value and by reviewing quantities on hand in comparison to historical and expected future usage. In estimating the reserve for excess or slow moving inventory, management considers factors such as product aging, current and future customer demand and market conditions.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the individual assets. Repairs and maintenance costs are expensed as incurred, and

significant improvements are capitalized and depreciated. When property, plant and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the determination of operating income. Interest on loans directly related to the construction and development of the CSWI Businesses' properties and facilities is capitalized until such time that the asset is substantially complete and ready for its intended use. The CSWI Businesses review property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of identifiable net assets acquired in a business combination. The CSWI Businesses test goodwill at least annually for impairment. The CSWI Businesses first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Qualitative assessments use an evaluation of events and circumstances such as macroeconomic conditions, industry and market considerations, cost factors, financial performance factors, entity specific events, and changes in carrying value to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill.

If a reporting unit fails the qualitative assessment, then valuation models and other relevant data are used to estimate the reporting unit's fair value. The valuation models require the input of subjective assumptions. The CSWI Businesses use an income approach for impairment testing of goodwill and indefinite lived intangible assets, using a discounted cash flow method. Estimates of future revenue and expense are made for five years, growth estimates are made to calculate terminal value, and a discount rate is used that approximates the CSWI Businesses' weighted average cost of capital. The CSWI Businesses perform qualitative or quantitative assessments to test asset carrying values for impairment at January 31, which is the annual impairment testing date. No impairment loss was recognized as a result of the impairment tests for the fiscal year ended March 31, 2015.

Intangible Assets

The CSWI Businesses have intangible assets consisting of patents, trademarks, customer lists, non-compete agreements and organization costs. Definite-lived intangible assets are assessed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. In addition, the CSWI Businesses have other trademarks and license agreements which are considered to have indefinite lives. The CSWI Businesses review these intangible assets at least annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Significant assumptions used in the impairment test include the discount rate, royalty rate, future projections and terminal value growth rate. These inputs are considered non-recurring level three inputs within the fair value hierarchy. An impairment loss would be recognized when estimated future cash flows are less than their carrying amount. The CSWI Businesses recorded an impairment of intangible assets of $0.7 million and $1.3 million for the fiscal years ended March 31, 2015 and March 31, 2014, respectively.

Property Held for Investment

One of the CSWI Businesses holds and manages certain excess non-operating properties. Properties are disposed of as opportunities arise to maximize value. Properties are valued as lower of cost or market.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

Fair Value Measurements

US GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lower priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2—Quoted prices for similar assets and liabilities in active markets; quoted prices included for identical or similar assets and liabilities that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. These are typically obtained from readily-available pricing sources for comparable instruments.

Level 3—Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own beliefs about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

"Fair Value Measurements," Note 12 identifies the CSWI Businesses' assets and liabilities that are required to be measured at fair value on a recurring basis and where it is classified within the fair value hierarchy. Management believes the carrying value of its financial instruments which include cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities and long-term debt approximate their respective fair values because of the short term maturities of those instruments.

Derivative Instruments and Hedge Accounting

The CSWI Businesses enter into derivative financial arrangements such as interest rate swaps to hedge interest rate risk associated with its long-term debt. The CSWI Businesses account for derivative financial instruments in accordance with ASC Topic 815, Derivatives and Hedging, and record all derivatives as either assets or liabilities on the combined balance sheet measured at estimated fair value. The recognition of these changes in fair value depends on the intended use of the derivatives and resulting designation. The CSWI Businesses record the changes in fair value of derivative instruments, which do not qualify and therefore are not designated for hedge accounting, in the combined statement of operations. If it is determined that they do qualify for hedge accounting treatment, the following is a summary of the impact on the CSWI Businesses' combined financial statements:

- For designated cash flow hedges, the effective portion of the changes in the fair value of derivatives is recorded in accumulated other comprehensive (loss) income and subsequently recorded in interest expense in the combined statement of operations at the time the hedged item affects earnings.
- For designated cash flow hedges, the ineffective portion of a hedged derivative instrument's change in fair value is immediately recognized in interest expense in the combined statement of operations.

Retirement Plans

Certain of the CSWI Businesses participate in a qualified defined benefit pension plan sponsored by Capital Southwest which covers substantially all of their domestic employees. Those CSWI Businesses record on their financial statements annual amounts relating to the defined benefit pension plan based on calculations which include various actuarial assumptions such as discount and mortality rates and assumed rates of return. Material changes in pension costs may occur in the future due to changes in the discount or mortality rate, changes in the expected long-term rate of return, changes in levels of contributions to the plans and other factors. The funded

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

status is the difference between the fair value of plan assets and the benefit obligation. The applicable CSWI Businesses recognize changes in the funded status of postretirement defined benefit plans in equity in the year in which the changes occur and measure postretirement defined benefit plan assets and obligations as of the date of the CSWI Businesses' fiscal year-end. The CSWI Businesses presently use March 31 as the measurement date for its defined benefit plan. The qualified defined benefit pension plan is closed to any employees hired or re-hired on or after January 1, 2015.

Certain of the CSWI Businesses participate in an unfunded retirement restoration plan which is a non-qualified plan that provides for the payment to participating employees, upon retirement, the difference between the maximum annual payment permissible under the qualified retirement plan pursuant to federal limitations and the amount which would otherwise have been payable under the qualified plan in the absence of those limitations.

A subsidiary of the CSWI Businesses has a 401 (k) plan covering substantially all of its employees. The subsidiary contributes to the plan at management's discretion.

A foreign subsidiary of the CSWI Businesses has a defined benefit pension plan covering substantially all of its employees. The plan is subject to actuarial revaluation every three years.

Equity

The CSWI Businesses' equity is comprised of common stock, preferred stock, treasury stock and retained earnings and accumulated other comprehensive income. Treasury stock is held by Balco, Inc. Shares issued for all years presented are as follows:

Company	Type of Stock	Shares Authorized	Shares Issued	Par Value Per share
Balco, Inc.	Common stock	1,939,080	445,000	$ .010
Balco, Inc.	Class B non-voting common stock	60,920	60,920	$ .010
CapStar Holdings Corporation	Common stock	4,000,000	500	$ .001
CapStar Holdings Corporation	Preferred stock	3,000,000	1,000,000	$ .001
The RectorSeal Corporation	Common stock	1,000,000	27,907	$ .010
The Whitmore Manufacturing Company	Common stock	1,000	80	$ .010

Revenue Recognition

The CSWI Businesses generally recognize revenue upon shipment of product, at which time title passes to the customer. Net revenues represent gross revenues invoiced to customers less certain related charges for contractual discounts or rebates. Shipping and handling fees billed to customers are included in net revenues, while other shipping and handling costs are expensed as incurred and included in selling and distribution expenses in the accompanying combined statements of operations.

Research and Development

Research and development costs are expensed when incurred. Research and development costs were $5.7 million, $5.5 million, and $4.3 million for the fiscal years ended March 31, 2015, March 31, 2014, and March 31, 2013, respectively.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

Income Taxes

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. 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 CSWI Businesses recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The CSWI Businesses did not recognize any uncertain tax positions as of or for the fiscal years ended March 31, 2015, March 31, 2014, or March 31, 2013. The CSWI Businesses' policy is to classify interest in the financial statements as interest expense and classify penalties as other expense.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standards to be Implemented

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which updated the guidance in ASC Topic 606, *Revenue Recognition*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies a performance obligation. The proposed effective date of ASU 2014-09 is annual reporting periods beginning after December 15, 2017, and the interim periods within that year. The CSWI Businesses are evaluating the impact that the adoption of ASU 2014-09 will have on the CSWI Businesses' combined financial statements.

The proposed new effective date guidance will allow early adoption for all entities as of the original effective date for public business entities, which was annual reporting periods beginning after December 15, 2016, and the interim periods within that year. Early adoption by public business entities was not permitted under the original effective date guidance.

3. BUSINESS COMBINATIONS

On January 2, 2015, one of the CSWI Businesses acquired selected assets and the SureSeal brand from SureSeal Manufacturing in Tacoma, Washington for $3.2 million with potential contingent consideration due in the future based on meeting certain financial metrics. SureSeal Manufacturing produces and distributes SureSeal waterless floor drain trap seals. The SureSeal product line will continue to be produced by the seller, renamed Specialty Plumbing Products, in its Tacoma production facilities. The excess of the purchase price over the fair value of the identifiable assets acquired was $4.6 million of which $4.5 million was allocated to goodwill and $0.1 million towards non-compete agreements. The identifiable assets included patents of $0.6 million, trademarks and names of $0.9 million, customer lists of $1.8 million and plant equipment of $0.2 million. Customer lists are being amortized over a 10-year period, the non-compete is being amortized over five years and the patents are being amortized over 15 years, while trademarks and goodwill are not being amortized. The

purchase was structured as an asset acquisition, and funded from borrowings of $2.9 million and $0.3 million from available cash. In addition, the CSWI Businesses are scheduled to pay the remainder of the purchase price with two future payments. The deferred payments are scheduled to be paid January 2, 2018 and January 2, 2021. As required by FASB ASC 805, Business Combinations ("**ASC 805**"), the CSWI Businesses remeasure the liability to equal current fair value at the end of each accounting period. As of March 31, 2015, the deferred payments are valued at $5.1 million and are included in other long-term liabilities. The valuation was based on level 3 inputs. Revenues for the period from acquisition through March 31, 2015 were approximately $0.5 million.

In January 2014, one of the CSWI Businesses acquired the assets of Resource Conservation Technologies, Inc. for $18.5 million to enhance product offerings to the HVAC market. The fair value of assets acquired include fixed assets of $0.1 million, a non-compete agreement of $0.1 million and other intangibles of $18.3 million. The fair value of identified intangible assets included customer lists of $5.8 million, trademarks of $1.7 million, patents of $2.3 million. The residual amount of $8.5 million was allocated to goodwill, all of which will be deductible for income tax purposes. Customer lists are being amortized over a 10-year period, the non-compete is being amortized over five years and the patents are being amortized over five to 16 years, while trademarks and goodwill are not being amortized. The purchase was structured as an acquisition, and funded from borrowings of $18.3 million with the remainder funded from available cash.

Subsequent to March 31, 2015, one of the CSWI Businesses acquired the assets of Strathmore Products, Inc. ("**Strathmore**"). For additional information regarding this acquisition, see "Subsequent Events," Note 23.

4. INVENTORIES

Inventories consist of the following:

	As of March 31, (In thousands)	
	2015	2014
Raw materials and supplies	$21,790	$22,043
Work in process	3,766	3,115
Finished goods	25,372	19,895
Total inventories	50,928	45,053
Less LIFO reserve	(5,456)	(5,740)
Less obsolescence reserve	(157)	(202)
Total inventories, net	$45,315	$39,111

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net, consist of the following:

	Estimated useful lives (years)	As of March 31, (In thousands) 2015	2014
Land improvements	5-40	$ 2,129	$ 2,487
Buildings and improvements	7-40	42,191	43,505
Plant, office and lab equipment	5-40	62,358	58,157
		106,678	104,149
Less: accumulated depreciation		(52,954)	(49,779)
		53,724	54,370
Land		1,242	1,481
Construction in progress		1,871	3,617
Property, plant and equipment, net		$ 56,837	$ 59,468

Depreciation of property, plant and equipment was $5.9 million, $5.2 million, and $3.9 million for the fiscal years ended March 31, 2015, 2014, and 2013, respectively. Of these amounts, cost of revenues includes $3.9 million, $3.5 million and $3.0 million for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

6. GOODWILL

Changes in the carrying amount of the CSWI Businesses' goodwill, in total and by reportable segment, for the fiscal years ended March 31, 2015 and 2014 were as follows:

(In thousands)	Total	Industrial Products	Coatings, Sealants and Adhesives	Specialty Chemicals
Balance at March 31, 2013	$24,414	$ 20,299	$ 921	$ 3,194
Goodwill—Resource Conservation Technologies	8,544	8,544	—	—
Goodwill—Foreign currency translation and other	2,360	2,153	(1)	208
Balance at March 31, 2014	$35,318	$ 30,996	$ 920	$ 3,402
Goodwill—SureSeal	4,502	4,502	—	—
Goodwill—Foreign currency translation and other	825	825		
Balance at March 31, 2015	$40,645	$ 36,323	$ 920	$ 3,402

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	As of March 31, (In thousands)	
	2015	2014
Intangible assets subject to amortization:		
Patents	$ 14,188	$ 13,663
Customer lists and amortized trademarks	37,034	34,936
Non-compete agreements	2,138	2,158
Other	513	596
	53,873	51,353
Less accumulated amortization	(20,881)	(16,691)
	32,992	34,662
Indefinite-lived intangible assets:		
Trademarks and license agreements	8,005	6,653
Total intangible assets, net	$ 40,997	$ 41,315

The following table shows the estimated future amortization for intangible assets for the next five years ending March 31:

(In thousands)	
2016	$4,418
2017	4,490
2018	4,406
2019	3,556
2020	3,299

8. ACCRUED EXPENSES

Accrued expenses consist of the following:

	As of March 31, (In thousands)	
	2015	2014
Salaries, vacation and related benefits	$ 7,684	$ 6,876
Pension and employee compensation plans	1,494	1,780
Rebates and marketing agreements	1,515	1,315
Commissions	1,157	1,199
Taxes	1,075	1,440
Other accrued expenses	2,301	2,869
Total accrued expenses	$15,226	$15,479

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

9. LONG-TERM DEBT

Debt consists of the following:

	As of March 31, (In thousands)	
	2015	2014
RectorSeal line of credit	$ 13,000	$ 20,600
Whitmore line of credit	—	4,333
Whitmore term loan	13,704	12,164
Whitmore acquisition term loan	—	8,000
	26,704	45,097
Less current portion	(13,561)	(13,764)
	$ 13,143	$ 31,333

Subsequent to March 31, 2015, one of the CSWI Businesses acquired the assets of Strathmore. In connection with this acquisition, one of the CSWI Businesses incurred $70.0 million of indebtedness to fund the acquisition. For additional information regarding the acquisition, see “Subsequent Events,” Note 23.

RectorSeal Line of Credit

As of March 31, 2015, RectorSeal had a $25.0 million secured line of credit with a bank available for acquisitions and general corporate purposes. The line of credit matures on July 31, 2015. Borrowings under the line of credit bear interest at a variable annual rate of either one month LIBOR plus 1.5% or 0.75% less than the bank floating rate. The line of credit is secured by accounts receivable, inventory, equipment, investments, and other assets of RectorSeal (excluding its subsidiaries). The agreement contains certain restrictive covenants requiring RectorSeal to maintain a minimum tangible net worth (excluding its subsidiaries). RectorSeal has been in compliance with all covenants as set forth in the loan agreement for the fiscal year ended March 31, 2015. As of March 31, 2015 and March 31, 2014, RectorSeal had $13.0 million and $20.6 million, respectively, in outstanding borrowings under the line of credit. As of March 31, 2015 and March 31, 2014, the weighted average interest rate on outstanding borrowings was 1.77%.

Whitmore Line of Credit

As of March 31, 2015, Whitmore had a $12.0 million secured line of credit with a bank available for general corporate purposes. The line of credit matures on March 31, 2019. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than the bank floating rate. As of March 31, 2014, Whitmore had outstanding borrowings of $4.3 million under the line of credit. Whitmore repaid the entire balance during the quarter ended December 31, 2014. As of March 31, 2015, Whitmore had no outstanding borrowings under the line of credit. As of March 31, 2015 and March 31, 2014, the interest rate on outstanding borrowings was 2.75%.

Whitmore Capital Expenditure Line of Credit

As of March 31, 2015, Whitmore had a $3.0 million secured line of credit with a bank available for the purchase of capital assets. The line of credit matured on March 31, 2015. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than the bank floating rate. As of March 31, 2015 and 2014, Whitmore had no outstanding borrowings under the line of credit.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

Whitmore Term Loan

As of March 31, 2015, Whitmore had a secured term loan outstanding related to a newly constructed warehouse and corporate office building and the remodel of an existing manufacturing and research and development facility. The term loan matures on July 31, 2029. Borrowings under the term loan bear interest at a variable annual rate equal to one month LIBOR plus 2.0%. As of March 31, 2015 and 2014, Whitmore had $13.7 million and $12.2 million, respectively, in outstanding borrowings under the term loan. Whitmore has entered into an interest rate swap agreement with respect to 100% of the outstanding principal amount to hedge against interest rate risk. As of March 31, 2015 and March 31, 2014, the interest rate on outstanding borrowings was 2.17% and 3.25%, respectively.

As of March 31, 2014, Whitmore had a term loan outstanding to support its acquisition of Oil Safe. Borrowings under the term loan bear interest at a variable annual rate of 0.5% less than the bank floating rate. As of March 31, 2014, Whitmore had an outstanding principal balance of $8.0 million under the term loan which was paid off in equal quarterly installments of $0.4 million starting in June 2014 and voluntarily paid in full in October 31, 2014 before the original maturity date of March 31, 2019. As of March 31, 2014, the interest rate on outstanding borrowings was 2.75%

The Whitmore lines of credit and term loan are secured by the Whitmore property referenced above and other assets of Whitmore. The agreement contains certain restrictive covenants requiring Whitmore to maintain a minimum fixed charge coverage ratio and a maximum leverage ratio. Whitmore has been in compliance with all covenants as set forth in the loan agreement for the fiscal year ended March 31, 2015.

Balco Line of Credit

As of March 31, 2015, Balco had a $1.5 million unsecured revolving line of credit with a bank available for working capital purposes. The line of credit matures on October 29, 2015. Borrowings under the line of credit bear interest at a variable annual rate of 0.5% less than prime, with a floor of 3.75%. The agreement does not contain any financial covenants. As of March 31, 2015 and 2014, Balco had no outstanding borrowings under the line of credit.

Future Minimum Debt Payments

Future minimum payments on long-term debt at March 31, 2015 were as follows:

(In thousands)	
2016	$13,561
2017	561
2018	561
2019	561
2020	561
Thereafter	10,899
Total	$26,704

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. LEASES

The CSWI Businesses have entered into non-cancelable operating leases with initial terms in excess of one year for manufacturing and office facilities. The leases expire at various times through 2068. Future minimum lease payments under these leases for fiscal years ending March 31 are as follows:

(In thousands)	Operating Leases	Sublease Income	Total
2016	$ 2,283	$ 409	$1,874
2017	1,075	341	734
2018	640	344	296
2019	549	260	289
2020	502	—	502
Thereafter	1,216	—	1,216
Future minimum obligations	$ 6,265	$ 1,354	$4,911

Sublease income was $0.4 million, $0.1 million and $0 for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

Rental expense under operating leases was $2.4 million, $2.1 million and $1.9 million for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

11. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

One of the CSWI Businesses entered into an interest rate swap agreement during 2015 with its bank for a portion of its floating rate debt. The agreement provided for a monthly net interest settlement based on a fixed rate of 2.88% on a notional amount of $14.0 million at inception. The agreement expires July 31, 2029. Under the agreement, this CSWI Business paid or received the net interest amount monthly. At March 31, 2015 and March 31, 2014, the fair value of the interest rate swap was a liability of $1.2 million and $0, respectively, recorded in accounts payable and accrued expenses and other long-term liabilities in the accompanying combined balance sheets. The interest rate swap has been designated as a cash flow hedge. The effective portion of the loss is reported as a component of accumulated other comprehensive income. There was no hedge ineffectiveness at March 31, 2015. Changes in fair value are reclassified from accumulated other comprehensive income into earnings in the same period that the hedged item affects earnings.

If, at any time, the swap is determined to be ineffective, in whole or in part, due to changes in the interest rate swap or underlying debt agreements, the fair value of the portion of the swap determined to be ineffective will be recognized as a gain or loss in the statement of income for the applicable period.

The CSWI Businesses had no derivative financial instruments with credit-risk-related contingent features underlying the agreements as of March 31, 2015 and March 31, 2014.

12. FAIR VALUE MEASUREMENTS

The CSWI Businesses' assets and liabilities measured at fair value on a recurring basis is as follows:

(In thousands)	As of March 31, 2015	Level 1	Level 2	Level 3
Bank time deposits	$ 9,248	$9,248	$ —	$ —
Interest rate swap	$ (1,206)	$ —	$(1,206)	$ —
Marketable securities	$ 51	$ 51	$ —	$ —

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

	As of March 31, 2014	Level 1	Level 2	Level 3
Bank time deposits	$ 14,264	$14,264	$ —	$ —
Marketable securities	$ 51	$ 51	$ —	$ —

13. RETIREMENT PLANS

Certain of the CSWI Businesses participate in a qualified defined benefit pension plan which covers substantially all of their U.S. employees. The following information about the plan only represents amounts and information related to the CSWI Businesses' participation in the plan and is presented as though the CSWI Businesses sponsored a single-employer plan. Benefits are based on years of service and an average of the highest five consecutive years of compensation during the last ten years of employment. The qualified defined benefit pension plan is closed to any employees hired or re-hired on or after January 1, 2015.

The funding policy of the plan is to contribute annual amounts that are currently deductible for federal income tax purposes. No contributions were made in the fiscal year ended March 31, 2015, 2014 and 2013.

The following tables set forth the CSWI Businesses' portion of the plan's net pension expense, benefit obligation, fair value of plan assets, and amounts recognized in the CSWI Businesses combined financial statements:

	As of March 31, (In thousands)		
	2015	2014	2013
Net pension expense:			
Service cost—benefits earned during the year	$ 3,039	$ 2,965	$ 2,413
Interest cost on projected benefit obligation	2,513	2,066	2,066
Expected return on assets	(2,406)	(2,115)	(1,871)
Net amortization and deferral	58	363	233
Net pension expense	$ 3,204	$ 3,279	$ 2,841
Change in benefit obligations:			
Benefit obligation at beginning of year	$50,343	$45,936	$40,381
Service cost	3,039	2,965	2,413
Interest cost	2,513	2,066	2,066
Actuarial loss	9,033	197	1,807
Benefits paid	(914)	(821)	(731)
Benefit obligation at end of year	$64,014	$50,343	$45,936
Change in plan assets:			
Fair value of plan assets at beginning of year	$42,124	$35,802	$29,933
Actual return on plan assets	1,877	7,143	6,600
Benefits paid	(914)	(821)	(731)
Fair value of plan assets at end of year	$43,087	$42,124	$35,802

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

The following table sets forth the qualified plan's funded status and amounts recognized in the CSWI Businesses' combined balance sheets at March 31:

	As of March 31, (In thousands)		
	2015	2014	2013
Actuarial present value of benefit obligations:			
Accumulated benefit obligations	$(50,081)	$(39,967)	$(36,594)
Projected benefit obligation for service rendered to date	$(64,015)	$(50,344)	$(45,936)
Plan assets at fair value*	43,087	42,124	35,802
Unfunded status at end of year	$(20,928)	$ (8,220)	$(10,134)
Unrecognized net (gain) loss from past experience different from assumed and effects of changes on assumptions	$ 7,659	$ (1,104)	$ 2,339
Unrecognized prior service credit	(429)	(485)	(541)
Additional liability per ASC 715-30	(21,864)	(5,093)	(11,272)
Additional other comprehensive loss (before tax)	(6,294)	(1,538)	(660)
Accrued pension cost included in retirement benefits payable	$(20,928)	$ (8,220)	$(10,134)

* Primarily equities and bonds including approximately 238,252 shares of common stock of Capital Southwest.

The CSWI Businesses participate in an unfunded retirement restoration plan which is a non-qualified plan that provides for the payment to participating employees, upon retirement, the difference between the maximum annual payment permissible under the qualified retirement plan pursuant to federal limitations and the amount which would otherwise have been payable under the qualified plan.

The following table sets forth the restoration plan's benefit obligations at March 31:

	As of March 31, (In thousands)		
	2015	2014	2013
Change in benefit obligation:			
Benefit obligation at beginning of year	$1,213	$ 842	$600
Service cost	66	65	16
Interest cost	66	61	42
Actuarial gain	176	245	184
Benefit obligation at end of year	$1,521	$1,213	$842

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

The following table sets forth the funded status of the restoration plan and the amounts recognized in the CSWI Businesses' combined balance sheets at March 31:

	As of March 31, (In thousands)		
	2015	2014	2013
Projected benefit obligation	$(1,521)	$(1,213)	$ (842)
Fair value of plan assets	—	—	—
Unfunded status at end of year	$(1,521)	$(1,213)	$ (842)
Unrecognized net loss (gain) from past experience different from that assumed and effects of changes in assumptions	$ 738	$ 788	$ 299
Unrecognized prior service costs	36	46	56
Additional liability per ASC 715-30	(2,295)	(2,047)	(1,197)
Accrued pension cost, included in retirement benefits payable	$(1,521)	$(1,213)	$ (842)

The expense recognized during the fiscal year ended March 31, 2015, March 31, 2014, and March 31, 2013 related to the retirement restoration plan was $0.2 million, $0.1 million, and $0.1 million, respectively.

The following assumptions were used in estimating the actuarial present value of the projected benefit obligation of both plans for the year ended March 31:

	As of March 31,		
	2015	2014	2013
Discount rate	4.25%	5.00%	4.50%
Rate of compensation increases	5.00%	5.00%	5.00%

The following assumptions were used in estimating the net periodic expense of both plans for the year ended March 31:

	As of March 31,		
	2015	2014	2013
Discount rate	5.00%	4.50%	5.25%
Expected return on plan assets	7.00%	7.00%	6.50%
Rate of compensation increases	5.00%	5.00%	5.00%

The expected rate of return on assets assumption was determined based on the anticipated performance of the various asset classes in the plans' portfolio and the allocation of assets to each class. The anticipated asset class return is developed using historical and predicted asset return performance, considering the investments underlying each asset class and expected investment performance based on forecasts of inflation, interest rates and market indices for fixed income and equity securities.

The current target allocations for managed plan assets are 25% - 43% equity, 40% - 65% for fixed income, and 5% - 15% for alternatives.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

The CSWI Businesses' qualified pension plan asset allocations as a percentage of plan assets at March 31 are as follows:

	As of March 31,		
	2015	2014	2013
Equity securities	57.85%	83.50%	78.80%
Fixed income securities	35.74%	11.90%	14.50%
Other	2.91%	—	—
Cash and cash equivalents	3.50%	4.60%	6.70%
Total	100.00%	100.00%	100.00%

The following table sets forth the fair value of the pension plan investment portfolio assets by level as of March 31, 2015:

(In thousands)	Total	Level 1	Level 2
Asset category			
Equity securities[a]	$24,928	$13,647	$11,281
Fixed income securities[b]	15,400	1,488	13,912
Other[c]	1,252	754	498
Cash and cash equivalents	1,507	1,507	—
Total	$43,087	$17,396	$25,691

(a) This category includes investment in equity securities of large, medium and small companies and equity investments in foreign companies. Mutual funds included in this category are valued using the net asset value per unit as of the valuation date. These investments include shares of Capital Southwest common stock. At March 31, 2015, Capital Southwest common stock represented 17.7% of the fair value of the plan assets.
(b) This category includes investments in investment grade fixed income instruments, primarily U.S. government obligations.
(c) This category includes investments in commodity linked and real estate funds within the U.S.

There were no plan assets valued using significant unobservable inputs (Level 3) as of March 31, 2015.

The following table sets forth the fair value of the pension plan investment portfolio assets by level as of March 31, 2014:

(In thousands)	Total	Level 1	Level 2
Asset category			
Equity securities[a]	$35,175	$22,966	$12,209
Fixed income securities[b]	4,989	—	4,989
Other	—	—	—
Cash and cash equivalents	1,960	1,960	—
Total	$42,124	$24,926	$17,198

(a) This category includes investment in equity securities of large, medium and small companies and equity investments in foreign companies. Mutual funds included in this category are valued using the net asset value per unit as of the valuation date. These investments include shares of Capital Southwest common stock. At March 31, 2014, Capital Southwest common stock represented 20.3% of the fair value of the plan assets.
(b) This category includes investments in investment grade fixed income instruments, primarily U.S. government obligations.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

There were no plan assets valued using significant unobservable inputs (Level 3) as of March 31, 2014.

The following table sets forth the fair value of the pension plan investment portfolio assets by level as of March 31, 2013:

(In thousands)	Total	Level 1	Level 2
Asset category			
Equity securities[a]	$28,285	$18,856	$ 9,429
Fixed income securities[b]	5,143	—	5,143
Other	—	—	—
Cash and cash equivalents	2,374	2,374	—
Total	$35,802	$21,230	$14,572

(a) This category includes investment in equity securities of large, medium and small companies and equity investments in foreign companies. Mutual funds included in this category are valued using the net asset value per unit as of the valuation date. These investments include shares of Capital Southwest common stock. At March 31, 2013, Capital Southwest common stock represented 19.9% of the fair value of the plan assets.

(b) This category includes investments in investment grade fixed income instruments, primarily U.S. government obligations.

There were no plan assets valued using significant unobservable inputs (Level 3) as of March 31, 2013.

Following are the expected qualified pension plan and the restoration plan benefit payments for the next five years and in the aggregate for the fiscal years ending March 31, 2021-2025:

(In thousands)	Qualified Plan	Restoration Plan
2016	$ 1,440	$ 75
2017	1,743	88
2018	1,991	92
2019	2,256	106
2020	2,531	108
2021—2025	16,121	557
Total	$26,082	$ 1,026

One of the CSWI Businesses has a 401(k) plan covering substantially all of its employees. Contributions to this 401 (k) plan are made at management's discretion. The employer contributions amounted to $0.1 million for each of the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

A foreign subsidiary of the CSWI Businesses has a defined benefit plan covering substantially all of its employees. Total pension expense was $0.2 million for each of the fiscal years ended March 31, 2015, 2014 and 2013. The plan is subject to actuarial revaluation every three years. The plan had funding in excess of plan liabilities of $0.3 million, $0.3 million and $0.4 million at March 31, 2015, 2014 and 2013, respectively. Contributions of $0.2 million, $0.1 million and $0.2 million were made during the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

14. EMPLOYEE STOCK OWNERSHIP PLAN

The CSWI Businesses sponsor a qualified, non-leveraged employee stock ownership plan (the "**ESOP**") in which all domestic employees are eligible to participate following the completion of one year of service. The ESOP provides annual discretionary contributions of up to the maximum amount that is deductible by the CSWI Business under the Code. Contributions to the ESOP are invested in Capital Southwest common stock. A participant's interest in contributions to the ESOP fully vests after three years of credited service or upon retirement, permanent disability (each, as defined in the plan document) or death. ESOP expense is fully included in general and administrative expenses in the combined statements of operations. During the fiscal years ended March 31, 2015, 2014 and 2013, the CSWI Businesses recorded contributions to the ESOP of $1.6 million, $2.3 million and $2.0 million, respectively. The number of shares held under the ESOP was 929,600, 898,177 and 362,133 for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

15. CASH INCENTIVE AWARDS

The CSWI Businesses have historically issued incentive awards to several of their key employees based on an increase in Net Asset Value ("**NAV**"). Each recipient is entitled to the appreciation in NAV over the established period, as long as the key employee is employed by one of the CSWI Businesses. The duration of these incentive awards is approximately five years from date of grant.

More recently, the CSWI Businesses have issued incentive awards to several of their key employees based on an increase in earnings before interest, income tax expense, depreciation and amortization ("**EBITDA")**. Each recipient is entitled to an established rate multiplied by the excess of positive "Annual EBITDA" over the established "Base EBITDA." To receive the incentive award, recipients generally must remain employed by one of the CSWI Businesses. The duration of these incentive awards is approximately five years from date of grant.

The incentive awards were accounted for as compensation expense in the amount of $1.1 million, $1.2 million and $0.7 million for the fiscal years ended March 31, 2015, 2014 and 2013, respectively. The outstanding liability was $0.9 million and $1.5 million at March 31, 2015 and 2014, respectively. The liability consists of long-term liabilities amounting to $0.4 million and $0.1 million at March 31, 2015 and 2014, respectively, while the remainder is classified within current liabilities. Payments in the amount of $1.7 million and $1.1 million were made during the fiscal years ended March 31, 2015 and 2014, respectively.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

16. INCOME TAXES

Income tax expense consists of the following (in thousands):

	Current	Deferred	Total
Fiscal year ended March 31, 2015			
U.S. Federal	$14,920	$(1,848)	$13,072
State and local	933	3	936
Foreign	1,637	(422)	1,215
Total income tax expense	$17,490	$(2,267)	$15,223

	Current	Deferred	Total
Fiscal year ended March 31, 2014			
U.S. Federal	$11,570	$ (567)	$11,003
State and local	475	(74)	401
Foreign	1,374	16	1,390
Total income tax expense	$13,419	$ (625)	$12,794

	Current	Deferred	Total
Fiscal year ended March 31, 2013			
U.S. Federal	$10,755	$(1,781)	$ 8,974
State and local	488	82	570
Foreign	1,164	(1)	1,163
Total income tax expense	$12,407	$(1,700)	$10,707

Income tax expense differed from the amounts computed by applying the U.S. federal statutory income tax rate of 35% to income before income taxes as a result of the following (in thousands):

	2015	2014	2013
Computed tax expense at statutory rate	$15,727	$13,225	$11,742
Increase (reduction) in income taxes resulting from:			
State and local income taxes, net of federal benefit	569	205	324
Permanent differences	529	542	(290)
Domestic production activity deduction	(817)	(719)	(637)
Foreign rate differential	(75)	(168)	(135)
Difference in U.S. rate	(45)	108	—
Property, plant and equipment adjustment	—	—	(301)
Other, net	(665)	(399)	4
Total income tax expense	$15,223	$12,794	$10,707

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31 are presented below (in thousands):

	2015	2014
Current deferred taxes:		
Compensated absences	$ 468	$ 421
Inventory obsolescence and Section 263A of the Code	1,540	1,773
Accrued expenses	138	160
Other, net	567	93
Total current deferred tax assets	2,713	2,447
Non-current deferred taxes:		
Property, plant and equipment	(4,239)	(4,346)
Pension gain	3,713	2,224
Goodwill	(653)	(412)
Intangible assets	(820)	(816)
Employee benefits	2,129	1,723
Investment in limited partnership	(38)	(38)
Deferred compensation	226	513
1031 Exchanges	(460)	(267)
Retirement benefits payable	2,528	(12)
Other, net	552	(47)
Total non-current deferred tax assets (liabilities)	2,938	(1,478)
Net deferred tax asset	$ 5,651	$ 969

No provision is made for U.S. income and foreign withholding taxes applicable to undistributed earnings of certain foreign entities since these earnings are considered to be permanently reinvested.

As a member of a controlled group, the CSWI Businesses are apportioned part of the federal tax bracket where $10.0 million is taxed at 34%. Open tax years include years after 2011 for federal tax, years after 2010 and 2012 for various state jurisdictions, and years after 2009 and 2011 for various foreign jurisdictions.

17. FOREIGN OPERATIONS

The CSWI Businesses have operations in Canada, Australia and the U.K. Certain financial information relating to the foreign operations is as follows (in thousands):

	As of March 31,		
	2015	2014	2013
Net revenues	$24,726	$25,315	$21,615
Net income	4,597	5,257	4,116
Identifiable assets	36,856	38,771	36,396

18. PROPERTY SALES

During the fiscal year ended March 31, 2015, the CSWI Businesses completed the sale of all real estate holdings in Oakland, California for $3.5 million, less closing costs of $0.2 million, which resulted in a gain of $0.2 million. In addition, the CSWI Businesses sold a building and three acres of land to a third party for $6.3 million, which resulted in a gain of $0.7 million.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

The CSWI Businesses paid $0.5 million in management fees for the fiscal years ended March 31, 2015, March 31, 2014, and March 31, 2013 to a management company subsidiary of Capital Southwest for services rendered during each respective fiscal year. These amounts are presented in general and administrative expenses in the combined statements of operations.

The CSWI Businesses paid $8.3 million, $8.7 million, and $6.9 million in dividends to its shareholder, Capital Southwest, during the fiscal years ended March 31, 2015, March 31, 2014, and March 31, 2013, respectively.

As of March 31, 2015, the CSWI Businesses holds 929,600 shares of Capital Southwest stock under the ESOP and 238,252 shares of Capital Southwest stock in its qualified defined benefit pension plan.

20. CONTINGENCIES

From time to time, the CSWI Businesses are involved in various claims and legal actions which arise in the ordinary course of business. There are not any matters pending that the CSWI Businesses currently believe are reasonably possible of having a material impact to its business, combined financial position, results of operations or cash flows.

21. OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income (loss), a component of equity, is comprised of foreign currency translation adjustment and pension funding status adjustment. The foreign currency translation adjustment was ($5.3) million, net of $2.7 million of tax, $0.4 million, net of ($0.3) million of tax, and ($1.3) million, net of $0.6 million of tax, for the fiscal years ending March 31, 2015, 2014 and 2013, respectively. The interest rate swap adjustment was ($1.2) million, net of $0.6 million of tax, $0 and $0 for the fiscal years ending March 31, 2015, 2014 and 2013, respectively. The pension funding status adjustment was ($6.3) million, net of $3.3 million of tax, $3.2 million, net of ($1.6) million of tax, and $2.0 million, net of ($1.0) million of tax, for the fiscal years ending March 31, 2015, 2014 and 2013, respectively.

	As of March 31, (In thousands)		
	2015	2014	2013
Foreign currency translation adjustment, net	$ (5,277)	$ 363	$(1,295)
Interest Rate Swap adjustment, net	(1,206)	—	—
Pension Funding Status adjustment, net	(6,307)	3,220	2,036
	$(12,790)	$3,583	$ 741

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

22. NON-CASH ITEMS

Non-cash items on the statement of cash flows represent expenses recorded on the Combined Statements of Operations which required no cash disbursement in the period represented. The details for the fiscal years ended March 31, 2015, 2014, and 2013 are described below.

(In thousands)	2015	2014	2013
Amortization	$ 4,593	$ 3,888	$ 2,812
Depreciation	5,922	5,225	3,889
Provision for doubtful accounts	1,515	130	194
Net pension expense	3,392	3,616	3,108
Net (gain)/loss on sale of property, plant and equipment	(1,627)	(251)	717
Net (gain)/loss on sale of subsidiary	—	—	1,814
Deferred income tax benefit	(7,887)	(1,023)	(2,792)
Impairment loss	710	1,309	589
Non-cash items	$ 6,618	$12,894	$10,331

23. SUBSEQUENT EVENTS

Effective April 1, 2015, the CSWI Businesses acquired the assets of Strathmore. Strathmore is a leading manufacturer of specialized industrial coating products including urethanes, epoxies, acrylics and alkyds. The net purchase price of the assets acquired was $69.0 million, plus up to an additional $16.5 million within a prescribed period of time following March 31, 2017 if certain financial metrics are met. The initial purchase was funded from borrowings of $70.0 million. The term loan matures on April 27, 2020, and the first payment is scheduled to be made on July 30, 2015. Borrowings under the term loan bear interest at a rate determinable by the total leverage ratio as defined in the agreement, as calculated for the four fiscal quarters most recently ended. As of April 27, 2015, we had $70 million in outstanding borrowings under the term loan. The acquisition will be accounted for as a purchase under ASC 805. The CSWI Businesses have not completed the allocation of the purchase price to the assets acquired. Subsequent events have been evaluated through June 16, 2015, the date the financial statements were available to be issued.

CSWI BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

24. SEGMENTS

The CSWI Businesses' segments are reported on the same basis used internally for evaluating performance and allocating resources. The business is organized into three segments: Industrial Products, Coatings, Sealants and Adhesives and Specialty Chemicals. Industrial Products includes specialty mechanical products, fire and smoke protection products, architecturally-specified building products and storage, filtration and application equipment for use with our specialty chemicals and other products for general industrial application. Coatings, Sealants and Adhesives is comprised of coatings and penetrants, pipe thread sealants, firestopping sealants and caulks and adhesives/solvent cements. Specialty Chemicals includes lubricants and greases, drilling compounds, anti-seize compounds, chemical formulations and degreasers and cleaners. The CSWI Businesses are not dependent on any single customer or a few customers, the loss of which would have a material adverse effect on the CSWI Businesses as a whole. No individual customer accounted for more than three percent of combined net revenues. The other segment information is included to reconcile segment data to the combined financial statements and includes assets and expenses primarily related to CapStar and corporate functions. The CSWI Businesses do not allocate interest expense, interest income or other income (expense) by segment.

	Net Revenues (In thousands)					
	2015		2014		2013	
Industrial Products	$118,422	45.2%	$ 93,043	40.1%	$ 73,331	36.8%
Coatings, Sealants and Adhesives	52,119	19.9%	46,950	20.3%	42,555	21.4%
Specialty Chemicals	89,738	34.3%	90,744	39.2%	82,352	41.4%
Eliminations/ Other[a]	1,555	0.6%	976	0.4%	856	0.4%
Total	$261,834	100.0%	$231,713	100.0%	$199,094	100.0%

(a) Other primarily consists of rental income.

	Operating Income (In thousands)					
	2015		2014		2013	
Industrial Products	$19,711	44.8%	$12,593	33.2%	$10,945	33.9%
Coatings, Sealants and Adhesives	11,420	25.9%	9,360	24.7%	7,732	24.0%
Specialty Chemicals	13,016	29.6%	15,877	41.9%	13,421	41.6%
Eliminations/ Other[a]	(113)	-0.3%	83	0.2%	149	0.5%
Total	$44,034	100.0%	$37,913	100.0%	$32,247	100.0%

(a) Other primarily consists of income (loss) generated from storage facilities.

	Total Assets (In thousands)			
	2015		2014	
Industrial Products	$137,148	47.9%	$121,925	43.9%
Coatings, Sealants and Adhesives	42,010	14.6%	40,986	14.8%
Specialty Chemicals	95,389	33.3%	90,213	32.5%
Eliminations/ Other[a]	11,974	4.2%	24,696	8.8%
Total	$286,521	100.0%	$277,820	100.0%

(a) Other primarily consists of service and rental assets.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Capital Southwest Corporation

We have audited the accompanying balance sheet of CSW Industrials, Inc. (a Delaware corporation) (the "Company") as of March 31, 2015. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 balance sheet is free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, 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 CSW Industrials, Inc. as of March 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Dallas, Texas
June 16, 2015

CSWI

BALANCE SHEET

	March 31, 2015
ASSETS	
Cash and cash equivalents	$ 100
Total assets	$ 100
LIABILITIES AND EQUITY	
Total liabilities	—
Equity:	
Common stock	1
Additional paid in capital	99
Total equity	100
Total liabilities and equity	$ 100

CSWI

NOTES TO THE FINANCIAL STATEMENT

1. BACKGROUND AND PRESENTATION

CSW Industrials, Inc. ("**CSWI**") was incorporated in Delaware on November 6, 2014. CSWI is currently a wholly owned subsidiary of Capital Southwest Corporation ("**Capital Southwest**"). CSWI was formed solely to effect Capital Southwest's announced plan to spin-off certain of Capital Southwest's industrial products, coatings, sealants and adhesives and specialty chemicals businesses by means of a distribution of the outstanding shares of common stock of CSWI on a pro rata basis to holders of Capital Southwest common stock. This distribution is referred to as the "**Share Distribution**." Immediately after the Share Distribution, CSWI will be an independent, publicly traded company and all outstanding shares of common stock of CSWI will be held by Capital Southwest stockholders. To date, CSWI has not conducted any material activities or operations.

The accompanying financial statement is prepared in conformity with accounting principles generally accepted in the U.S.

CSWI has authorized 100 shares of $0.01 par value per share common stock, all of which are issued and outstanding at November 6, 2014.

2. SUBSEQUENT EVENTS

CSWI has evaluated all events that have occurred subsequent to March 31, 2015 through June 16, 2015, which is the date the financial statement is available to be issued.

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS
STRATHMORE PRODUCTS, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of **STRATHMORE PRODUCTS, INC.** which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, comprehensive income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strathmore Products, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 16 to 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ DERMODY, BURKE & BROWN, CPAs, LLC

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY
March 23, 2015

AUDITED FINANCIAL STATEMENTS

BALANCE SHEETS
December 31, 2014 and 2013

ASSETS	2014	2013
CURRENT ASSETS		
Cash	$ 1,130,856	$ 508,480
Accounts Receivable—Trade	5,661,815	2,657,133
Inventories	7,306,910	4,152,283
Prepaid Expenses	227,979	44,617
Total Current Assets	14,327,560	7,362,513
LAND, BUILDING AND EQUIPMENT		
Land, Building and Equipment	3,693,717	2,831,725
Automobiles and Trucks	259,898	220,820
	3,953,615	3,052,545
Less: Accumulated Depreciation	2,412,008	2,149,048
Net Land, Building and Equipment	1,541,607	903,497
OTHER ASSETS		
Intangible Assets, Net of Accumulated Amortization of $1,049,940 and $741,066, Respectively	10,281,035	5,589,909
Total Other Assets	10,281,035	5,589,909
TOTAL ASSETS	$ 26,150,202	$ 13,855,919

STRATHMORE PRODUCTS, INC.

LIABILITIES AND STOCKHOLDERS' EQUITY	2014	2013
CURRENT LIABILITIES		
Revolving Line of Credit	$ 3,514,247	$ 1,329,222
Current Portion of Long-Term Debt	1,073,987	477,863
Accounts Payable—Trade	5,504,275	2,778,073
Other Accrued Expenses	376,088	252,101
Escrow Payable	675,000	0
Total Current Liabilities	11,143,597	4,837,259
LONG-TERM LIABILITIES		
Long-Term Debt—Less Current Portion	3,658,408	996,302
Notes Payable—Related Parties	2,500,000	0
Obligation Under Interest Rate Swap	51,000	26,812
Total Long-Term Liabilities	6,209,408	1,023,114
STOCKHOLDERS' EQUITY		
Common Stock, No Par Value; 200 Shares Authorized, 50 Shares Issued and Outstanding (100 shares in 2013)	10,000	10,000
Accumulated Other Comprehensive Income (Loss)	(51,000)	(26,812)
Retained Earnings	8,838,197	8,012,358
Total Stockholders' Equity	8,797,197	7,995,546
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 26,150,202	$ 13,855,919

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
Years Ended December 31, 2014 and 2013

	2014	2013
SALES—NET	$ 63,190,696	$ 42,852,491
COST OF MATERIALS	37,687,506	25,963,188
DIRECT GROSS PROFIT BEFORE MANUFACTURING EXPENSES	25,503,190	16,889,303
MANUFACTURING EXPENSES	8,378,974	5,538,787
GROSS PROFIT	17,124,216	11,350,516
OPERATING EXPENSES		
Selling and Store Expenses	6,307,899	4,536,363
General and Administrative Expenses	2,640,903	2,772,878
Total Operating Expenses	8,948,802	7,309,241
INCOME FROM OPERATIONS	8,175,414	4,041,275
OTHER (INCOME) EXPENSE	737,485	340,831
Net Income Before Provision for Income Taxes	7,437,929	3,700,444
PROVISION FOR INCOME TAXES	42,009	23,859
NET INCOME	7,395,920	3,676,585
OTHER COMPREHENSIVE INCOME (LOSS)		
Adjustment in Fair Value of Interest Rate Swap	(24,188)	22,730
OTHER COMPREHENSIVE INCOME (LOSS)	$ 7,371,732	$ 3,699,315
RETAINED EARNINGS		
Balance, Beginning of Year	$ 8,012,358	$ 5,515,773
Net Income	7,395,920	3,676,585
Less: Distributions	4,070,081	1,180,000
Less: Common Stock Redemption	2,500,000	0
Balance, End of Year	$ 8,838,197	$ 8,012,358

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 7,395,920	$ 3,676,585
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	599,574	244,696
Loss on Sale of Property and Equipment	31,014	48,662
(Increase) Decrease in Operating Assets:		
Accounts Receivable—Trade	(3,004,682)	(254,840)
Inventories	(3,154,627)	(1,137,672)
Prepaid Expenses	(183,362)	(20,423)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable—Trade	2,726,202	(302,035)
Other Accrued Expenses	123,987	54,899
Escrow Payable	675,000	0
Net Cash Provided By Operating Activities	5,209,026	2,309,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	12,500	0
Purchase of Equipment	(972,325)	(123,010)
Purchase of Customer Lists and Formulas	(5,000,000)	0
Net Cash Used In Investing Activities	(5,959,825)	(123,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Activity on Revolving Line of Credit	2,185,025	(1,595,778)
Distributions	(4,070,081)	(1,180,000)
Payment of Officers Loans	0	(22,000)
Proceeds from Long-Term Borrowings	4,250,000	0
Repayments of Long-Term Borrowings	(991,769)	(491,945)
Net Cash Provided By (Used In) Financing Activities	1,373,175	(3,289,723)
Net Change in Cash	622,376	(1,102,861)
Cash, Beginning of Year	508,480	1,611,341
Cash, End of Year	$ 1,130,856	$ 508,480
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Automobiles with Note Proceeds	$ 0	$ 60,809
Common Stock Redemption	$ 2,500,000	$ 0

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1—NATURE OF OPERATIONS

Strathmore Products, Inc. is engaged in the manufacturing of paint for sale to industrial clients located throughout North America. The Company is also engaged in selling its finished goods, along with other sundry paint products, to the general public through its retail store located in Central New York.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Cash

For purposes of the statements of cash flows, the Company uses the indirect method of reporting net cash flows from operating activities. Cash includes bank demand deposit accounts, money market accounts and all highly liquid investments purchased with maturities of three months or less. At December 31, 2014 and 2013, there were no cash equivalents.

The Company maintains its cash in bank accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. Credit risk associated with trade accounts receivable is limited due to customer dispersion. The Company extends credit to its customers and generally collateral is not required.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by using the last-in, first-out method (LIFO).

Accounts Receivable

The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year-end are fully collectible. Actual bad debts incurred totaled $5,208 and $96,319 for 2014 and 2013, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported revenue and expenses.

Derivative Financial Instruments

The Company has entered into two interest rate swap agreements to assist management in limiting the impact on earnings relating to fluctuations in interest rates. The interest rate swap agreements essentially convert its variable interest rate debt to a fixed rate. Interest expense on the related debt is adjusted to include the payments made or received under the interest rate swap agreements. The Company does not hold or issue financial instruments for trading purposes.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

The Company adjusts the recorded value of the derivative instrument on the balance sheet to fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. Changes in the fair value of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (loss).

Property and Equipment

Property and equipment are recorded at cost, except for the assets referred to in Note 11. The Company has a capitalization policy which calls for individual purchases in excess of $7,500 to be capitalized. Lesser amounts are charged to expense when incurred. Depreciation is recorded on the straight-line method over the estimated economic useful life of the respective asset.

When properties are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statements of income, comprehensive income and retained earnings.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation charged to expense in 2014 and 2013 was $290,700 and $196,936, respectively.

Shipping and Handling Costs

The Company records shipping and handling expenses in costs of goods sold.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. Advertising and promotion expense was $-0- and $1,950 for the years ended December 31, 2014 and 2013, respectively.

Subsequent Events

Management has evaluated subsequent events through March 23, 2015, the date the financial statements were available to be issued.

NOTE 3—INVENTORIES

Inventories are valued at the lower of cost or market. Costs are determined by the last-in, first-out basis (LIFO), calculated using the simplified dollar value LIFO method.

Inventories at December 31 were as follows:

	2014	2013
Raw Materials	$ 5,379,448	$ 3,223,639
Store Sundries	183,299	161,433
Finished Goods	3,534,651	2,484,439
	9,097,398	5,869,511
Less: LIFO Reserve	1,790,488	1,717,228
Total Inventories	$ 7,306,910	$ 4,152,283

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

The adjustment to the LIFO Reserve for the years ended December 31, 2014 and 2013 was $73,260 and $26,076, respectively, which resulted in a decrease in net income.

NOTE 4—PROFIT SHARING PLAN

The Company sponsors a profit sharing plan, which covers substantially all employees. Contributions to the plan made by management for the years ended December 31, 2014 and 2013 amounted to $225,000 and $200,000, respectively.

NOTE 5—RELATED PARTY TRANSACTIONS

Two stockholders of the Company are owners of Strathmore Products of Longview, LLC, a related party located in Longview, Texas. The Company rents the building from the related party in a long-term lease which runs through May 2017. Monthly rental payments amount to $25,000 per month through the end of the lease. Future minimum lease payments amount to $300,000 per year through May 2017. In 2014 and 2013, the Company paid $300,000 each year, in rent to the related party.

Included in Accounts Receivable—Trade is an amount due from SP Waller, LLC in the amount of $804,015. The funds were advanced for the purchase of land with the intent of building a manufacturing plant near Houston, Texas. The funds will be repaid when SP Waller, LLC obtains permanent financing for the entire build out of the property. SP Weller, LLC is owned by the stockholders of Strathmore Products, Inc.

NOTE 6—INTANGIBLE ASSETS

In 1998, the Company purchased Polymetrics, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining lives of fifteen years. This obligation was fully amortized during 2013.

In 2003, the Company purchased Potter Paint, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining lives of fifteen years. Amortization charged to operations in 2014 and 2013 was $26,667 each year.

As part of the purchase of C.A. Reeves Paint Co., Inc. in 2008, the Company acquired an intangible asset of $5,567,695. Of this amount, $5,467,695 has been assigned to customer lists and formulas which are not subject to amortization. The remaining $100,000 of the purchase price was assigned to two covenants not to compete with the former owners, which are being amortized on a straight-line basis over five years. Amortization charged to operations in 2014 and 2013 amounted to $-0- and $16,666, respectively.

In 2011, a note receivable from a former employee, in the amount of $13,280, was converted to a covenant not to compete, which is being amortized on a straight-line basis over three years. Amortization charged to expense in 2014 and 2013 amounted to $2,213 and $4,427, respectively.

In 2014, the Company purchased American Coatings, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining life of fifteen years. Amortization charged to expense in 2014 amounted to $279,994.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Total amortization charged to expense amounted to $308,874 and $47,760 at December 31, 2014 and 2013, respectively.

Following is a summary of intangible assets as of December 31:

	2014	2013
Polymetrics Inc.—Customer Lists and Formulas—Net	$ 0	$ 0
Potter Paint, Inc.—Customer Lists and Formulas—Net	93,337	120,000
Covenant Not to Compete—Former Employee	0	2,214
C.A. Reeves Paint Co., Inc.—Covenants Not to Compete	0	0
C.A. Reeves Paint Co., Inc.—Customer Lists and Formulas	5,467,695	5,467,695
American Coatings, Inc.	4,720,003	0
Total Intangible Assets—Net	$ 10,281,035	$ 5,589,909

NOTE 7—INCOME TAXES

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. Under these provisions, the Company does not pay Federal income taxes on its taxable income. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the corporation’s taxable income. Therefore, no provision or liability for federal taxes has been included in these financial statements.

However, the Company is liable for various state income taxes. At December 31, 2014 and 2013, the Company had $42,009 and $23,859, respectively, cash paid for income taxes.

There is no interest or penalties recognized in the statements of income, comprehensive income and retained earnings or balance sheets related to income taxes. There are no tax positions that are expected to significantly change in the next twelve months. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all years that are subject to examination by the applicable state and federal tax jurisdictions.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 8—LONG-TERM DEBT

Long-term debt at December 31 is as follows:

	2014	2013
Term Note Payable—Bank—monthly principal payments of $36,415 with an assumed variable interest rate of LIBOR plus .23842 basis points, swapped to a fixed rate of 1.65% through February 2017. Secured by assets of the Company.	$ 946,728	$ 1,383,680
Term Note Payable—Bank—monthly principal payments of $50,595 through February 14, 2019, with a balloon principal payment due at maturity. Assumed variable interest rate of LIBOR, swatted to a fixed rate of 1.5%. Secured by assets of the Company.	3,744,048	0
Notes Payable—Autos—monthly payments of $3,783, plus interest ranging from 0% to 5.93% maturing at various times through March 2016.	12,904	21,304
Note Payable—Forklift—monthly principal and interest payments of $1,045 through June 2015, interest at 4.9%.	0	20,195
Note Payable—Auto—monthly principal payments of $1,689, through May 2016; interest at 0%.	28,715	48,986
	4,732,395	1,474,165
Less: Current Portion	1,073,987	477,863
Long-Term Debt	$ 3,658,408	$ 996,302

Long-term debt is scheduled to mature as follows:

2015	$ 1,073,987
2016	1,055,821
2017	679,968
2018	607,142
2019	1,315,477
Total	$ 4,732,395

Cash paid for interest and interest charged to expense in 2014 and 2013 amounted to $315,161 and $260,129, respectively. Prime interest rate was 3.25% and LIBOR rate was .26796% and .26796% at December 31, 2014 and 2013, respectively.

The loan agreements with the bank contain various covenants pertaining to maintenance of working capital and debt service coverage. As of December 31, 2014, the Company is in compliance with these covenants.

Rate Swaps

In connection with a refinanced term loan payable, the Company has entered into an interest rate swap agreement with a financial institution to fix the interest rate on the term loan through February 1, 2017. The terms of the agreement provide that the Company exchange its variable rate one month LIBOR debt, plus a credit spread of .23842 basis points, for a fixed rate of 1.65%.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

In connection with new debt entered into during 2014, the Company has entered into an interest rate swap agreement with a financial institution to fix the interest rate on the term loan through February 14, 2019. The terms of the agreement provide that the Company exchange its variable rate one month LIBOR debt for a fixed rate of 1.5%.

The fair value of the interest rate swaps recorded in the accompanying balance sheets is a liability of approximately $51,000 and $26,812 at December 31, 2014 and 2013, respectively. The interest rate swaps have been designated as hedges and therefore the change in the fair value of the interest rate swaps have been recorded in the statements of income, comprehensive income and retained earnings.

NOTE 9—REVOLVING LINE OF CREDIT

In 2012, the Company refinanced its long-term debt. As part of the refinancing agreement, the revolving line of credit limit was increased from $3,800,000 to $4,250,000. Interest is charged monthly at LIBOR plus basis points ranging from 2.00 to 3.25 to be determined annually depending on certain financial ratios. All proceeds from the line of credit are to be used to provide short-term working capital. The line of credit must be renewed annually in January.

At December 31, 2014 and 2013, the Company had $3,514,247 and $1,329,222, respectively, outstanding against the revolving line of credit.

NOTE 10—NOTES PAYABLE—RELATED PARTIES

During 2014, the shares of one stockholder and the estate of another stockholder were redeemed for $2,500,000. Terms of the two notes call for interest only at 3.44% through February 2020 and principal and interest payments of $10,213 for the period March 2020 to December 2034.

NOTE 11—ESCROW PAYABLE

During 2014, the Company purchased the assets of American Coatings, Inc., a paint manufacturer located in Houston, Texas. The purchase agreement called for $675,000 to be held in escrow for a set period of time after the close of the sale. The escrow was released in February 2015.

NOTE 12—RETAINED EARNINGS

Retained earnings consist of accumulated earnings realized as an S Corporation and retained earnings realized as a C Corporation. A breakdown of retained earnings is presented as follows:

	Earnings S Corporation	Earnings C Corporation	Retained Earnings
Balance, December 31, 2012	$ 4,373,996	$ 1,141,777	$ 5,515,773
Add: Net Income	3,676,585	0	3,676,585
Less: Distributions	1,180,000	0	1,180,000
Balance, December 31, 2013	6,870,581	1,141,777	8,012,358
Add: Net Income	7,395,920	0	7,395,920
Less: Distributions	4,070,081	0	4,070,081
Less: Common Stock Redemption	2,500,000	0	2,500,000
Balance, December 31, 2014	$ 7,696,420	$ 1,141,777	$ 8,838,197

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

In 2014, the Company repurchased fifty shares of common stock for $2,500,000 from a former stockholder and the estate of a former stockholder. The stock was subsequently retired. As of December 31, 2014, there are two-hundred shares of common stock authorized and fifty shares of common stock issued and outstanding (one-hundred shares issued and outstanding at December 31, 2013).

NOTE 13—ASSET VALUES

Effective September 1, 1981, Udoburr, Inc., a corporation formed to purchase all of the issued and outstanding stock of Strathmore Products, Inc., from the Estate of Harold S. Burr, was liquidated and merged into Strathmore Products, Inc. The original acquisition (August 31, 1979) was accounted for as a purchase and the accounts, after adjustment to reflect fair values assigned, have been included in the financial statements from the date of acquisition. The excess of the fair value of the net assets of the Company over the purchase price was approximately $1,555,000. Of the excess, $1,300,000 was applied principally to property and equipment and the remaining excess of $255,000 was reflected as a deferred credit, which was amortized over a 20-year period. As of December 31, 2012, the excess of the book value of assets over the purchase price was fully amortized. The deferred credit was fully amortized at December 31, 2012.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

BOARD OF DIRECTORS
STRATHMORE PRODUCTS, INC.

We have reviewed the accompanying balance sheet of Strathmore Products, Inc. as of March 31, 2015, and the related statements of income, comprehensive income and retained earnings and cash flows for the three months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY
July 15, 2015

REVIEWED FINANCIAL STATEMENTS

BALANCE SHEET
March 31, 2015

ASSETS	
CURRENT ASSETS	
Cash	$ 326,293
Accounts Receivable—Trade	5,772,495
Inventories	6,691,070
Prepaid Expenses	175,619
Total Current Assets	12,965,477
LAND, BUILDING AND EQUIPMENT	
Land, Building and Equipment	3,781,811
Automobiles and Trucks	259,898
	4,041,709
Less: Accumulated Depreciation	2,498,566
Net Land, Building and Equipment	1,543,143
OTHER ASSETS	
Intangible Assets, Net of Accumulated Amortization of $1,132,969	10,198,006
Total Other Assets	10,198,006
TOTAL ASSETS	$ 24,706,626

STRATHMORE PRODUCTS, INC.

LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Revolving Line of Credit	$ 4,010,619
Current Portion of Long-Term Debt	805,796
Accounts Payable—Trade	4,033,693
Other Accrued Expenses	137,198
Total Current Liabilities	8,987,306
LONG-TERM LIABILITIES	
Long-Term Debt—Less Current Portion	3,658,408
Notes Payable—Related Parties	2,500,000
Obligation Under Interest Rate Swap	51,000
Total Long-Term Liabilities	6,209,408
STOCKHOLDERS' EQUITY	
Common Stock, No Par Value; 200 Shares Authorized, 50 Shares Issued and Outstanding	10,000
Accumulated Other Comprehensive Income (Loss)	(51,000)
Retained Earnings	9,550,912
Total Stockholders' Equity	9,509,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 24,706,626

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
For Three Months Ended March 31, 2015

SALES—NET	$ 15,689,530
COST OF MATERIALS	9,501,423
DIRECT GROSS PROFIT BEFORE MANUFACTURING EXPENSES	6,188,107
MANUFACTURING EXPENSES	2,245,078
GROSS PROFIT	3,943,029
OPERATING EXPENSES	
Selling and Store Expenses	1,962,188
General and Administrative Expenses	708,724
Total Operating Expenses	2,670,912
INCOME FROM OPERATIONS	1,272,117
OTHER (INCOME) EXPENSE	176,968
Net Income Before Provision for Income Taxes	1,095,149
PROVISION FOR INCOME TAXES	32,436
NET INCOME	1,062,713
OTHER COMPREHENSIVE INCOME (LOSS)	
Adjustment in Fair Value of Interest Rate Swap	0
OTHER COMPREHENSIVE INCOME (LOSS)	$ 1,062,713
RETAINED EARNINGS	
Balance, December 31, 2014	$ 8,838,197
Net Income	1,062,713
Less: Distributions	349,998
Less: Common Stock Redemption	0
Balance, March 31, 2015	$ 9,550,912

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

STATEMENTS OF CASH FLOWS
For Three Months Ended March 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	$ 1,062,713
Adjustments to Reconcile Net Income to Net Cash	
Used In Operating Activities:	
Depreciation and Amortization	169,587
(Increase) Decrease in Operating Assets:	
Accounts Receivable—Trade	(110,680)
Inventories	615,840
Prepaid Expenses	52,360
Increase (Decrease) in Operating Liabilities:	
Accounts Payable—Trade	(1,470,582)
Other Accrued Expenses	(238,890)
Escrow Payable	(675,000)
Net Cash Used In Operating Activities	(594,652)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment	(88,094)
Net Cash Used In Investing Activities	(88,094)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Activity on Revolving Line of Credit	496,372
Distributions	(349,998)
Repayments of Long-Term Borrowings	(268,191)
Net Cash Used In Financing Activities	(121,817)
Net Change in Cash	(804,563)
Cash, Beginning of Year	1,130,856
Cash, End of Year	$ 326,293

See notes to financial statements.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

NOTE 1—NATURE OF OPERATIONS

Strathmore Products, Inc. is engaged in the manufacturing of paint for sale to industrial clients located throughout North America. The Company is also engaged in selling its finished goods, along with other sundry paint products, to the general public through its retail store located in Central New York.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Cash

For purposes of the statements of cash flows, the Company uses the indirect method of reporting net cash flows from operating activities. Cash includes bank demand deposit accounts, money market accounts and all highly liquid investments purchased with maturities of three months or less. At March 31, 2015 there were no cash equivalents.

The Company maintains its cash in bank accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. Credit risk associated with trade accounts receivable is limited due to customer dispersion. The Company extends credit to its customers and generally collateral is not required.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by using the last-in, first-out method (LIFO).

Accounts Receivable

The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year-end are fully collectible. Actual bad debts incurred totaled $238,639 for the three months ended March 31, 2015.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported revenue and expenses.

Derivative Financial Instruments

The Company has entered into two interest rate swap agreements to assist management in limiting the impact on earnings relating to fluctuations in interest rates. The interest rate swap agreements essentially convert its variable interest rate debt to a fixed rate. Interest expense on the related debt is adjusted to include the payments made or received under the interest rate swap agreements. The Company does not hold or issue financial instruments for trading purposes.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

The Company adjusts the recorded value of the derivative instrument on the balance sheet to fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. Changes in the fair value of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (loss).

Property and Equipment

Property and equipment are recorded at cost, except for the assets referred to in Note 13. The Company has a capitalization policy which calls for individual purchases in excess of $7,500 to be capitalized. Lesser amounts are charged to expense when incurred. Depreciation is recorded on the straight-line method over the estimated economic useful life of the respective asset.

When properties are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statements of income, comprehensive income and retained earnings.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation charged to expense in for the three months ended March 31, 2015 was $86,558.

Shipping and Handling Costs

The Company records shipping and handling expenses in costs of goods sold.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. Advertising and promotion expense was $1,145 for the three months ended March 31, 2015.

Subsequent Events

Management has evaluated subsequent events through July 15, 2015, the date the financial statements were available to be issued.

NOTE 3—INVENTORIES

Inventories are valued at the lower of cost or market. Costs are determined by the last-in, first-out basis (LIFO), calculated using the simplified dollar value LIFO method.

Inventories at March 31, 2015 were as follows:

Raw Materials	$ 5,052,869
Store Sundries	182,505
Finished Goods	3,246,184
	8,481,558
Less: LIFO Reserve	1,790,488
Total Inventories	$ 6,691,070

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

There was no adjustment to the LIFO Reserve for the three months ended March 31, 2015.

NOTE 4—PROFIT SHARING PLAN

The Company sponsors a profit sharing plan, which covers substantially all employees. There were no contributions made to the plan by for the three months ended March 31, 2015.

NOTE 5—RELATED PARTY TRANSACTIONS

Two stockholders of the Company are owners of Strathmore Products of Longview, LLC, a related party located in Longview, Texas. The Company rents the building from the related party in a long-term lease which runs through May 2017. Monthly rental payments amount to $25,000 per month through the end of the lease. Future minimum lease payments amount to $300,000 per year through May 2017. The Company paid $75,000 in rent to the related party for the three months ended March 31. 2015.

Included in Accounts Receivable—Trade is an amount due from SP Waller, LLC in the amount of $820,015. The funds were advanced for the purchase of land with the intent of building a manufacturing plant near Houston, Texas. The funds will be repaid when SP Waller, LLC obtains permanent financing for the entire build out of the property. SP Weller, LLC is owned by the stockholders of Strathmore Products, Inc.

NOTE 6—INTANGIBLE ASSETS

In 1998, the Company purchased Polymetrics, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining lives of fifteen years. This obligation was fully amortized during 2013.

In 2003, the Company purchased Potter Paint, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining lives of fifteen years. Amortization charged to operations for the three months ended March 31, 2015 $6,667.

As part of the purchase of C.A. Reeves Paint Co., Inc. in 2008, the Company acquired an intangible asset of $5,567,695. Of this amount, $5,467,695 has been assigned to customer lists and formulas which are not subject to amortization. The remaining $100,000 of the purchase price was assigned to two covenants not to compete with the former owners, which are being amortized on a straight-line basis over five years. The asset was fully amortized in 2014.

In 2011, a note receivable from a former employee, in the amount of $13,280, was converted to a covenant not to compete, which is being amortized on a straight-line basis over three years. The asset was fully amortized in 2014.

In 2014, the Company purchased American Coatings, Inc. A portion of the total purchase price was assigned to formulas and customer lists acquired in the deal, which are being amortized on a straight-line basis over the remaining life of fifteen years. Amortization charged to expense for the three months ended March 31, 2015 amounted to $76,362.

Total amortization charged to expense for the three months ended March 31, 2015 amounted to $83,029.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

Following is a summary of intangible assets as of March 31, 2015:

Potter Paint, Inc.—Customer Lists and Formulas—Net	$ 86,670
C.A. Reeves Paint Co., Inc.—Customer Lists and Formulas	5,467,695
American Coatings, Inc.	4,643,641
Total Intangible Assets—Net	$ 10,198,006

NOTE 7—INCOME TAXES

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. Under these provisions, the Company does not pay Federal income taxes on its taxable income. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the corporation's taxable income. Therefore, no provision or liability for federal taxes has been included in these financial statements.

However, the Company is liable for various state income taxes. At March 31, 2015, the Company had $32,436 cash paid for income taxes.

There is no interest or penalties recognized in the statements of income, comprehensive income and retained earnings or balance sheets related to income taxes. There are no tax positions that are expected to significantly change in the next twelve months. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all years that are subject to examination by the applicable state and federal tax jurisdictions.

NOTE 8—LONG-TERM DEBT

Long-term debt at March 31, 2015 is as follows:

Term Note Payable—Bank—monthly principal payments of $36,415 with an assumed variable interest rate of LIBOR plus .23842 basis points, swapped to a fixed rate of 1.65% through February 2017. Secured by assets of the Company.	$ 837,490
Term Note Payable—Bank—monthly principal payments of $50,595 through February 14, 2019, with a balloon principal payment due at maturity. Assumed variable interest rate of LIBOR, swatted to a fixed rate of 1.5%. Secured by assets of the Company.	3,592,262
Notes Payable—Autos—monthly payments of $3,783, plus interest ranging from 0% to 5.93% maturing at various times through March 2016.	10,804
Note Payable—Auto—monthly principal payments of $1,689, through May 2016; interest at 0%.	23,648
	4,464,204
Less: Current Portion	805,796
Long-Term Debt	$3,658,408

Long-term debt is scheduled to mature as follows:

2015	$ 805,796
2016	1,055,821
2017	679,968
2018	607,142
2019	1,315,477
Total	$ 4,464,204

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

Cash paid for interest and interest charged to expense in for the three months ended March 31, 2015 amounted to $83,811. Prime interest rate was 3.25% and LIBOR rate was .5219% March 31, 2015.

The loan agreements with the bank contain various covenants pertaining to maintenance of working capital and debt service coverage. As of March 31, 2015, the Company is in compliance with these covenants.

Rate Swaps

In connection with a refinanced term loan payable, the Company has entered into an interest rate swap agreement with a financial institution to fix the interest rate on the term loan through February 1, 2017. The terms of the agreement provide that the Company exchange its variable rate one month LIBOR debt, plus a credit spread of .23842 basis points, for a fixed rate of 1.65%.

In connection with new debt entered into during 2014, the Company has entered into an interest rate swap agreement with a financial institution to fix the interest rate on the term loan through February 14, 2019. The terms of the agreement provide that the Company exchange its variable rate one month LIBOR debt for a fixed rate of 1.5%.

The fair value of the interest rate swaps recorded in the accompanying balance sheets is a liability of approximately $51,000 at March 31, 2015. The interest rate swaps have been designated as hedges and therefore the change in the fair value of the interest rate swaps have been recorded in the statements of income, comprehensive income and retained earnings.

NOTE 9—REVOLVING LINE OF CREDIT

In 2012, the Company refinanced its long-term debt. As part of the refinancing agreement, the revolving line of credit limit was increased from $3,800,000 to $4,250,000. Interest is charged monthly at LIBOR plus basis points ranging from 2.00 to 3.25 to be determined annually depending on certain financial ratios. All proceeds from the line of credit are to be used to provide short-term working capital. The line of credit must be renewed annually in January.

At March 31, 2015 Company had $4,010,619 outstanding against the revolving line of credit.

NOTE 10—NOTES PAYABLE—RELATED PARTIES

During 2014, the shares of one stockholder and the estate of another stockholder were redeemed for $2,500,000. Terms of the two notes call for interest only at 3.44% through February 2020 and principal and interest payments of $10,213 for the period March 2020 to December 2034.

NOTE 11—ESCROW PAYABLE

During 2014, the Company purchased the assets of American Coatings, Inc., a paint manufacturer located in Houston, Texas. The purchase agreement called for $675,000 to be held in escrow for a set period of time after the close of the sale. The escrow was released in February 2015.

STRATHMORE PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

NOTE 12—RETAINED EARNINGS

Retained earnings consist of accumulated earnings realized as an S Corporation and retained earnings realized as a C Corporation. A breakdown of retained earnings is presented as follows:

	Earnings S Corporation	Earnings C Corporation	Retained Earnings
Balance, December 31, 2014	$ 7,696,420	1,141,777	$8,838,197
Add: Net Income	1,062,713	0	1,062,713
Less: Distributions	349,998	0	349,998
Balance, March 31, 2015	$ 8,409,135	$ 1,141,777	$9,550,912

NOTE 13—ASSET VALUES

Effective September 1, 1981, Udoburr, Inc., a corporation formed to purchase all of the issued and outstanding stock of Strathmore Products, Inc., from the Estate of Harold S. Burr, was liquidated and merged into Strathmore Products, Inc. The original acquisition (August 31, 1979) was accounted for as a purchase and the accounts, after adjustment to reflect fair values assigned, have been included in the financial statements from the date of acquisition. The excess of the fair value of the net assets of the Company over the purchase price was approximately $1,555,000. Of the excess, $1,300,000 was applied principally to property and equipment and the remaining excess of $255,000 was reflected as a deferred credit, which was amortized over a 20-year period. As of December 31, 2012, the excess of the book value of assets over the purchase price was fully amortized. The deferred credit was fully amortized at December 31, 2012.

NOTE 14—SUBSEQUENT EVENT

As of April 1, 2015 the Company executed an agreement to sell the majority of its operating assets to an unrelated party. The Company was renamed named Fayette Street Coatings, Inc. subsequent to the sale. As of April 1, 2015 the Company ceased manufacturing paint for sale.