United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 8-K
Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 21, 2017

Clarus Corporation
(Exact name of registrant as specified in its charter)

Delaware	001-34767	58-1972600
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2084 East 3900 South, Salt Lake City, Utah	84124
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 278-5552

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Forward-Looking Statements

Please note that in this Current Report on Form 8-K (the "Report") we may use words such as "appears," "anticipates," "believes," "plans," "expects," "intends," "future," and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer spending on our products; general economic conditions and other factors affecting consumer confidence; disruption and volatility in the global capital and credit markets; the financial strength of the Company's customers; the Company's ability to implement its reformation and growth strategy, including its ability to organically grow each of its historical product lines, the ability of the Company to identify potential acquisition or investment opportunities as part of its redeployment and diversification strategy; the Company's ability to successfully redeploy its capital into diversifying assets or that any such redeployment will result in the Company's future profitability; the Company's ability to successfully integrate Sierra Bullets L.L.C.; the Company's exposure to product liability or product warranty claims and other loss contingencies; stability of the Company's manufacturing facilities and foreign suppliers; the Company's ability to protect patents, trademarks and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this Report are based upon information available to the Company as of the date of the Report, and speak only as the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Report.

References in this Report to: (i) "Clarus," "Company," "we," "our," and "us," refer to Clarus Corporation; (ii) "Black Diamond Equipment" refer to Black Diamond Equipment, Ltd.; and (iii) "Sierra" and "Sierra Bullets" refer to Sierra Bullets, L.L.C.

On August 22, 2017, Clarus issued a press release announcing its closing of the acquisition of Sierra Bullets, a manufacturer of a wide range of bullets primarily for rifles but also pistols. Sierra bullets are used for precision target shooting, hunting and defense purposes. A copy of the press release is filed as Exhibit 99.1 to this Report and incorporated herein by reference.

Item 1.01 Entry into a Material Definitive Agreement.

Agreement entered into in connection with the acquisition of Sierra Bullets

As disclosed in Item 2.01 of this Report, on August 21, 2017, Clarus through Everest/Sapphire Acquisition, LLC ("Everest/Sapphire"), a Delaware limited liability company and wholly owned subsidiary of Clarus, acquired Sierra Bullets pursuant to the purchase and sale agreement dated August 21, 2017 (the "Purchase Agreement"), by and among Everest/Sapphire, Sierra Bullets, BHH Management, Inc., a California corporation ("BHH"), Lumber Management, Inc., a Delaware corporation ("LMI" and, together with BHH, each a "Seller" and, collectively, the "Sellers"), and BHH, in its capacity as the representative of Sellers (the "Sellers' Representative"). The disclosure set forth in Item 2.01 of this Report is incorporated by reference into this Item 1.01.

Third Amended and Restated Loan Agreement

On August 21, 2017, the Company together with its following direct and indirect domestic subsidiaries Black Diamond Equipment; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC; and Sierra Bullets entered into a third amended and restated loan agreement (the "Third Amended and Restated Loan Agreement") with ZB, N.A. dba Zions First National Bank, a national banking association, (the "Lender"), which matures on August 21, 2022. Under the Third Amended and Restated Loan Agreement, the Company has up to a $40,000,000 revolving line of credit (the "Revolving Line of Credit") pursuant to a fourth amended and restated promissory note (revolving loan) (the "Revolving Line of Credit Promissory Note"). The maximum borrowing of $40,000,000 (the "Maximum Borrowing") under the Revolving Line of Credit reduces by $1,250,000 per quarter until such time as the maximum borrowing amount is $20,000,000, provided, that the Company may request an increase of up to $20,000,000 as an accordion option (the "Accordion") to increase the Revolving Line of Credit up to the Maximum Borrowing on a seasonal or permanent basis for funding general corporate needs including working capital, capital expenditures, permitted loans or investments in subsidiaries, and the issuance of letters of credit. Availability under the Revolving Line of Credit may not exceed $30,000,000 unless the Company has sufficient eligible receivable, inventory and equipment assets at such time pursuant to formulas set forth in the Third Amended and Restated Loan Agreement.

All debt associated with the Third Amended and Restated Loan Agreement bears interest at one-month London Interbank Offered Rate ("LIBOR") plus an applicable margin as determined by the ratio of Total Net Debt (subject to adjustments as set forth in the Third Amended and Restated Loan Agreement) to Trailing Twelve Month EBITDA as follows: (i) one month LIBOR plus 4.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.75; (ii) one month LIBOR plus 3.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.00 and less than 2.75; (iii) one month LIBOR plus 2.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 1.00 and less than 2.00; and (iv) one month LIBOR plus 1.5% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is less than 1.00.

Any amount outstanding under the Third Amended and Restated Loan Agreement will be secured by a general first priority UCC security interest in all material domestic assets of the Company and its domestic subsidiaries, including, but not limited to: accounts, accounts receivable, inventories, equipment, real property, ownership in subsidiaries, and intangibles including patents, trademarks and copyrights. Proceeds of the foregoing will be secured via pledge and control agreements on domestic depository and investment accounts not held with the Lender.

The Third Amended and Restated Loan Agreement contains certain financial covenants including restrictive debt covenants that require the Company and its subsidiaries to maintain a minimum fixed charge coverage ratio, a maximum total leverage ratio, a minimum net worth, a positive amount of asset coverage and limitations on capital expenditures, all as calculated in the Third Amended and Restated Loan Agreement.

In addition, the Third Amended and Restated Loan Agreement contains covenants restricting the Company and its subsidiaries from pledging or encumbering their assets, with certain exceptions, and from engaging in acquisitions other than acquisitions permitted by the Third Amended and Restated Loan Agreement. The Third Amended and Restated Loan Agreement contains customary events of default (with grace periods where customary) including, among other things, failure to pay any principal or interest when due; any materially false or misleading representation, warranty, or financial statement; failure to comply with or to perform any provision of the Third and Restated Loan Agreement; and default on any debt or agreement in excess of certain amounts.

Copies of the Third Amended and Restated Loan Agreement and the Revolving Line of Credit Promissory Note are attached to this Report as Exhibits 10.2 and 10.3 respectively, and are incorporated herein by reference as though fully set forth herein. The foregoing summary description of the Third Amended and Restated Loan Agreement and the Revolving Line of Credit Promissory Note is not intended to be complete and is qualified in its entirety by the complete text of the Third Amended and Restated Loan Agreement and the Revolving Line of Credit Promissory Note.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On August 21, 2017, Clarus through Everest/Sapphire, acquired Sierra Bullets pursuant to the Purchase Agreement by and among Everest/Sapphire, Sierra Bullets, the Sellers and the Sellers' Representative.

Under the terms of the Purchase Agreement, Everest/Sapphire acquired 100% of the outstanding membership interests of Sierra for an aggregate purchase price of $79,000,000, plus or minus certain adjustments, in accordance with and subject to the terms and conditions set forth in the Purchase Agreement. The Purchase Agreement contains customary representations, warranties and covenants of the parties thereto.

A copy of the Purchase Agreement is attached to this Report as Exhibit 10.1 and is incorporated herein by reference as though fully set forth herein. The foregoing summary description of the Purchase Agreement is not intended to be complete and is qualified in its entirety by the complete text of the Purchase Agreement.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

(a) The disclosure set forth in Item 1.01 of this Report with respect to the Third Amended and Restated Loan Agreement is incorporated by reference into this Item 2.03(a).

Item 8.01 Other Events.

Overview

Clarus is a leading developer, manufacturer and distributor of outdoor equipment and lifestyle products focused on the climb, ski, mountain, and technical categories. The Company's products are principally sold under the Black Diamond®, Sierra® and PIEPS™ brand names through specialty and online retailers, distributors and original equipment manufacturers throughout the U.S., Canada, Europe, Asia, the Middle East, South America, New Zealand and Africa.

Clarus Corporation, incorporated in Delaware in 1991, acquired Black Diamond Equipment and Gregory Mountain Products, Inc. in May 2010 and changed its name to Black Diamond, Inc,, in January 2011. In July 2012, we acquired POC Sweden AB and its subsidiaries (collectively, "POC") and in October 2012, we acquired PIEPS Holding GmbH and its subsidiaries (collectively, "PIEPS").

On July 23, 2014, the Company completed the sale of certain assets to Samsonite LLC comprising Gregory Mountain Product's business. On March 16, 2015, the Company announced that it was exploring a full range of strategic alternatives, including a sale of the entire Company and the potential sales of the Company's Black Diamond Equipment (including PIEPS) and POC brands in two separate transactions.

On October 7, 2015, the Company sold its equity interests in POC, resulting in the conclusion of the Company's review of strategic alternatives. On November 9, 2015, the Company announced that it is seeking to redeploy our significant cash balances to invest in high quality, durable, cash flow-producing assets in order to diversify our business and potentially monetize our substantial net operating losses as part of our asset redeployment and diversification strategy.

On August 14, 2017, the Company changed its name from Black Diamond, Inc. to Clarus Corporation and its stock ticker symbol from "BDE" to "CLAR" on the NASDAQ stock exchange. On August 21, 2017, the Company acquired Sierra Bullets.

Presently, Clarus, as a holding company, is seeking opportunities to acquire and grow businesses that can generate attractive shareholder returns. The Company has substantial net operating tax loss carryforwards which it is seeking to redeploy to maximize shareholder value in a diverse array of businesses.

Market Overview

Our primary target customers are outdoor-oriented consumers who enjoy active, outdoor-focused lifestyles. The users of our products are made up of a wide range of outdoor enthusiasts, including climbers, skiers, backpackers and campers, competitive shooters, hunters and other outdoor-inspired consumers. We believe we have a strong reputation for style, quality, design, and durability in each of our core product lines.

As the variety of outdoor sports activities continue to grow and proliferate and existing outdoor sports evolve and become ever more specialized, we believe other outdoor companies are failing to address the unique technical and performance needs of enthusiasts involved in such specialized activities. We believe we have been able to help address this void in the marketplace by seeking to leverage our user intimacy and improving on our existing product lines, by expanding our product offerings into new niche categories and products, and by incorporating innovative industrial design and engineering and performance tolerances into our products. We believe the credibility and

authenticity of our brands expands our potential market beyond committed outdoor athletes to those outdoor generalist consumers who desire to lead active outdoor-focused lifestyles.

Growth Strategies

Our growth strategies are to achieve sustainable, profitable growth organically and seek to expand our business through targeted, strategic acquisitions. We intend to create innovative new products, increase consumer and retailer awareness and demand for our products, and build stronger emotional brand connections with consumers over time across a growing number of geographic markets.

Continue to service and grow existing accounts. We continue to seek to develop strong relationships with our key retail, distributor and OEM partners through a mutual respect and admiration for the sports we serve. Through our various corporate initiatives, a focus on being easy to do business with, the extension of our existing product portfolios, and an emphasis on quality, brand awareness and marketing, we plan to grow our existing accounts as well as foster new relationships.

Broaden Distribution Footprint. We believe there is a significant opportunity to expand the presence and penetration of each of our brands outside of the U.S. market. The European alpine market is currently significantly larger than the U.S. market and is highly fragmented by country, with no clear leader across Europe. We have been able to gain market share by emphasizing our Black Diamond brand, positioning it as a global brand with American roots and PIEPS as a global brand with European roots. We believe there is also a significant opportunity to expand our Sierra brand more extensively outside the U.S. market through additional sales and marketing investments.

New product development and innovation. To drive organic growth within our existing businesses, we intend to leverage our strong brand names, customer relationships and proven capacity for innovation to develop new products and product extensions in each of our existing product categories, and to expand into new product categories. Our new technologies are generally inspired by our continuing commitment to maximize the enjoyment and efficacy of the products for the outdoor sports for which we design.

Acquisition of Complementary Businesses. We expect to target acquisitions as a viable opportunity to gain access to new product groups and customer channels and increase penetration of existing markets. We may also pursue acquisitions that diversify the Company into new and unrelated markets. To the extent we pursue future acquisitions, we intend to focus on businesses with leading brands, recurring revenue, sustainable margins and strong cash flow. We anticipate financing future acquisitions prudently through a combination of cash on hand, operating cash flow, bank financings and new capital markets offerings.

Competitive Strengths

Authentic portfolio of iconic brands. We believe that our brands are iconic among devoted active outdoor enthusiasts with a strong reputation for innovation, style, quality, design, safety and durability. Our Sierra brand was founded in 1947 and represents the most precise and accurate bullets available for the shooting enthusiast. Our Black Diamond brand traces its roots to 1957 and has continuously been synonymous with the sports it serves. Our PIEPS brand traces its history to 1967 and has come to represents premium alpine performance in emergency situations. Our brands also appeal to everyday customers seeking high quality products for outdoor or urban and suburban living. Our focus on innovation, safety and style differentiates us from our competitors and positions.

Strong base of business. Our outdoor products business benefits from a strong reputation for paradigm changing, high quality, innovative products that make us a leader in the outdoor industry with particular strength in product categories such as climbing, skiing, mountaineering and shooting. Underlying our innovative product lines is a strong stable of intellectual property, with multiple patents and patent applications, as well as valuable brands and trademarks. In addition, our user intimacy, strong retailer partnerships, operations and execution acumen and leadership as a champion in the access, education, and stewardship issues that affect our customers contribute to the robustness of our business.

Product innovation and development capabilities. We have a long history of technical innovation and product development, with over 100 patents and patents pending worldwide. Our employees' passion and intimacy with our core outdoor activities fosters new and innovative ideas and products, which we believe provides a significant advantage that will drive our Company to new levels. We seek to design products that enhance our customers' personal performance as they participate in the activities we serve. We integrate quality assurance and quality control teams throughout the entire design process to maintain the quality and integrity that our brands are known for. We believe that our vertically integrated design, development process and enthusiastic employee base provide us with a unique competitive advantage to continue to drive future innovation for our Company and the markets we serve.

Diversified portfolio by product, geography and channel. Our business is highly diversified across products, geographies, and channels. We operate a multi-brand business with Black Diamond, Sierra, and PIEPS branded products spanning 30 single product categories addressing four primary categories of climbing, skiing, mountain, and technical. Our lighting and bullet categories are the only product categories that account for more than 15% of annual sales on a pro forma basis for the year ended December 31, 2016. This provides seasonal diversification with a balance of sales across both the fall/winter and spring/summer sports seasons. Our brands are truly global with approximately 45% of our sales on a pro forma basis for the year ended December 31, 2016 generated outside the United States in over 50 countries. We believe that our product, geographic, and distribution channel diversity allows us to maximize the reach of our brand portfolio while reducing the risk associated with any single product category or point of distribution.

Experienced and incentivized management. The members of our Board of Directors and our executive officers, including Mr. Warren Kanders, are substantial stockholders of the Company, and beneficially own approximately 28% of our outstanding common stock, which we believe aligns the interests of our Board of Directors and our executive officers with that of our stockholders.

Growth-oriented capital structure. Our capital structure provides us with the capacity to fund future growth and our net operating loss and tax credit carryforwards are expected to offset our net taxable income which is expected to allow us to retain cash flow for future growth.

Products

Our products span 30 single product categories and include a wide variety of technical outdoor equipment and lifestyle products for a wide range of outdoor enthusiasts, including climbers, skiers, backpackers and campers, competitive shooters, hunters and other outdoor-inspired consumers. We design many of our products for extreme applications, such as high altitude mountaineering, ice and rock climbing, as well as backcountry skiing and alpine touring. We also manufacturer high quality bullets with the tightest tolerances in the industry that enhance the performance of competitive shooters and hunters. Generally, we divide our product offerings into the following four primary categories:

- Climb: Our climb line consists of apparel, and equipment such as belay/rappel devices, bouldering products, carabiners, climbing packs, crampons, harnesses, ice axes, protection devices, a bouldering line of technical apparel, and various other climbing accessories. Our climb line represented approximately 28% of our sales on a pro forma basis during the year ended December 31, 2016.

- Ski: Our ski line consists of technical apparel, avalanche airbags, packs, bindings, poles, skis, snow gloves, avalanche safety devices, and other skiing accessories. Our ski line represented approximately 18% of our sales on a pro forma basis during the year ended December 31, 2016.

- Mountain: Our mountain line consists of apparel, gloves, packs, headlamps, lights, tents, trekking poles, and various other hiking and mountaineering accessories. Our mountain line represented approximately 35% of our sales on a pro forma basis during the year ended December 31, 2016.

- Technical: Our technical line consists of premium quality high-precision bullets used in competitive shooting, hunting and other applications and environments. Our technical line represented approximately 19% of our sales on a pro forma basis during the year ended December 31, 2016.

Customers

We market and distribute our products in over 50 countries, primarily through independent specialty stores and specialty chains, premium sporting goods and outdoor recreation stores, distributors and OEMs in the United States, Canada, Europe, Middle East, Asia, Australia, New Zealand, and South America. Outside of North America and Europe, we sell our products through independent global distributors into specialty retail stores. We also sell our products directly to customers through our various websites.

Our end users include a broad range of consumers, including mountain, rock, ice, and gym climbers, winter outdoor enthusiasts, backpackers, competitive shooters, hunters, and outdoor-inspired consumers. Such consumers demand high-quality, reliable, and high-precision products to enhance their performance and, in some cases, safety in a multitude of outdoor activities. We expect to leverage our user intimacy, engineering prowess, and design ability to expand into related technical product categories that target the same demographic group and distribution channels.

Pro forma for the acquisition of Sierra Bullets, during 2016, REI accounted for approximately 13% of our sales on a pro forma basis. The loss of this customer could have a material adverse effect on us.

Sales and Marketing

Our sales force is generally deployed by geographic region: Canada, Europe, Latin America, Asia, and the United States. Our focus is on providing our products to a broad spectrum of outdoor enthusiasts. Within each of our brands, we strive to create a unique look for our products and to communicate those differences to the consumer. In addition, we are continuously exploring uses for brand and market research. We also regularly utilize various promotions and public relations campaigns.

We have consistently established relationships with professional athletes and influencers to help evaluate, promote and establish product performance and authenticity with customers. Such endorsers are one of many elements in our array of marketing materials, including in-store displays, brochures and on our website.

Manufacturing, Sourcing, Quality Assurance and Distribution

Manufacturing

Our objective is to deliver high quality products on-time, in the most cost efficient manner, and to support innovation to market. To achieve this, everyone in the organization is involved to continuously improve how we operate.

The Black Diamond Equipment and PIEPS manufacturing and distribution operations are ISO 9001–2008 certified by an independent certifying agency and are audited yearly by an independent certifying body to ensure Black Diamond Equipment's and PIEPS' quality management systems meet the requirements of ISO 9001–2008 and to ensure that Black Diamond Equipment's and PIEPS' certified products meet all necessary certification requirements. Sierra Bullets employs a best-in-class proprietary manufacturing process with respect to each one of its products. This process is performed in house and includes control of bullet jacket wall concentricity utilizing strict quality control standards overseen by experienced employees, yielding what we believe to be the tightest tolerances in the industry.

We manufacture approximately 36% of our products, including nearly all climbing hard goods and bullets, in our facilities in the United States. The remaining approximately 65% of our products are also manufactured to our specifications in third-party, independently-owned facilities. We keep employees and agents on-site or via regular visits at these third-party, independently owned facilities to ensure that our products are manufactured to meet our specifications. While we do not maintain a long-term manufacturing contract with those facilities, we believe that our long-term relationships with them will help to ensure that a sufficient supply of goods built to our specification are available in a timely manner and on satisfactory economic terms in the future.

Sourcing

We source raw materials and components from a variety of suppliers. Our primary raw materials include copper, lead, aluminum, steel, nylon, corrugated cardboard for packaging, metal, plastic and electrical components, and various textiles, foams, and fabrics. The raw materials and components used to manufacture our products are generally available from numerous suppliers in quantities sufficient to meet normal requirements.

We source packaging materials both domestically as well as from sources in Asia and Europe. We believe that all of our purchased products and materials could be readily obtained from alternative sources at comparable costs.

Quality Assurance

Quality assurance at the Company has two primary functions:

- The first is to ensure that the products that we design and develop are manufactured to meet or exceed the Company's own standards and international regulatory standards. This involves creating inspection documentation, reviewing manufacturing processes with our various vendor-partners, and inspecting finished product to assure it meets the rigorous standards required by our customers. These activities take place globally, wherever our products are manufactured.

- The second function is to provide real and meaningful input to the new product development process. Quality assurance professionals interact closely with the design team and bring knowledge and expertise to the design process, ensuring that the products we bring to market truly meet the criteria established by the category director when a new product is envisioned.

The engineering prowess of the quality assurance group is a core competency that the Company seeks to leverage across all product lines and brands.

Global Distribution

Our distribution model allows us to ship a broad cross-section of our product line in smaller quantities to our own global distribution centers and to those of our Independent Global Distributors (IGD) more frequently and at lower transportation and logistics costs.

Competition

Because of the diversity of our product offerings, we compete by niche with a variety of companies. Our products must stand up to the high standards set by the end users in each category where quality, durability and performance are paramount. We believe our products compete favorably on the basis of product innovation, product performance, marketing support, and price.

The popularity of various outdoor activities and changing design trends affect the desirability of our products. Therefore, we seek to anticipate and respond to trends and shifts in consumer preferences by adjusting the mix of available product offerings by developing new products with innovative performance features and designs, and by marketing our products in a persuasive and memorable fashion to drive consumer awareness and demand. Failure to anticipate or respond to consumer needs and preferences in a timely and adequate manner could have a material adverse effect on our sales and profitability.

We compete with niche, privately-owned companies as well as a number of brands owned by large multinational companies, such as those set forth below.

- Climb: Our climbing products and accessories, such as belay devices, carabiners, and harnesses, compete with products from companies such as Arc'Teryx, Petzl, CAMP, EDELRID, and Mammut.

- Ski: Our skiing apparel, equipment and accessories, such as technical apparel, skis, poles, avalanche airbags and transceivers, compete with products from competitors such as Arc'Teryx, Backcountry Access, Dynafit (Salewa), Dynastar (Lange), K2, Mammut, Marker, Nordica, Ortovox, Salomon, Scarpa, Scott, and Volkl.

- Mountain: Our mountaineering products, such as backpacks, trekking poles, headlamps, and tents, compete with products from companies such as Petzl, Mammut, Deuter, Leki, Komperdell, Marmot, Mountain Hardwear, Osprey, Sierra Designs, and The North Face.

- Technical: Our technical products are unique in that Sierra Bullets is the only pure-play bullet manufacturer. As such, we both sell bullets to retailers and distributors for sale to consumers but also supply OEMs who also sometimes manufacture bullets as well. Such companies include Vista, Nammo, Hornady, Fiochhi, Olin, and Remington.

In addition, in certain categories we compete with certain of our large wholesale customers who focus on the outdoor market, such as REI, Mountain Equipment Co-op and Decathlon, which manufacture, market and distribute their own climbing, skiing, and mountaineering products under their own private labels.

Intellectual Property

We believe our registered and pending word and icon trademarks worldwide, including the Black Diamond and Diamond "C" logos, Black Diamond®, ATC®, Camalot®, AvaLung®, FlickLock®, Ascension™, Time is Life®, Hexentric®, Stopper®, Dawn Patrol®, Bibler®, "Use.Design.Build.Engineer.Repeat"™, Sierra®, Sierra® MatchKing® , Sierra® GameKing®, Sierra® BlitzKing® and PIEPS™, create international brand recognition for our products.

We believe our brands have an established reputation for high quality, reliability, and value, and accordingly, we actively monitor and police our brands against infringement to ensure their viability and enforceability.

In addition to trademarks, we hold over 100 patents and patents pending worldwide for a wide variety of technologies across our product lines.

Our success with our proprietary products is generally derived from our "first mover" advantage in the market as well as our commitment to protecting our current and future proprietary technologies and products, which acts as a deterrent to infringement of our intellectual property rights. While we believe our patent and trademark protection policies are robust and effective, if we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours. Our principal intellectual property rights include our patents and trademarks but also include products containing proprietary trade secrets and manufacturing know-how.

We cannot be sure that we will receive patents for any of our patent applications or that any existing or future patents that we receive or license will provide competitive advantages for our products. While we actively monitor our competitors to ensure that we do not compromise the intellectual property of others, we cannot be sure that competitors will not challenge, invalidate or void the application of any existing or future patents that we receive or license. In addition, patent rights may not prevent our competitors from developing, using or selling products that are in similar product niches as ours.

Seasonality

The Company's products are outdoor recreation related, which results in seasonal variations in sales and profitability. On a calendar year basis, we generally experience our greatest sales in the first and second quarters for certain of our products including rock climbing gear, packs and tents, and in the third and fourth quarters for our ski, glove and ice climbing products. Sales of these products may be negatively affected by unfavorable weather conditions and other market trends. The fall/winter season represents approximately 53% of our sales on a pro forma basis while spring/summer represents approximately 47% of our sales on a pro forma basis. Sales of other products such as headlamps, lanterns, trekking poles and bullets are generally balanced throughout the year.

Working capital requirements vary throughout the year. Working capital increases during the first and third quarters of the year as inventory builds to support peak shipping periods and then decreases during the second and fourth quarters of the year as those inventories are sold and accounts receivable are collected.

Environmental Matters

Our operations are subject to federal, state, and local environmental, health and safety laws and regulations, including those that impose workplace standards and regulate the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage, and disposal of materials and substances including solid and hazardous wastes. We believe that we are in material compliance with such laws and regulations. Further, the cost of maintaining compliance has not, and we believe in the future, will not have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Due to the nature of our operations and the frequently changing nature of environmental compliance standards and technology, we cannot predict with any certainty that future material capital or operating expenditures will not be required in order to comply with applicable environmental laws and regulations.

Employees

As of August 21, 2017, we had over 550 employees worldwide. We have not experienced any work stoppages or employee-related slowdowns and believe that our relationship with employees is satisfactory.

Properties

Our corporate headquarters, as well as our primary research and manufacturing facility, is located in a facility owned by the Company in Salt Lake City, Utah. In addition, the Company and its subsidiaries lease or own facilities throughout the U.S. and Europe. In general, our properties are well maintained, considered adequate and being utilized for their intended purposes.

The following table identifies and provides certain information regarding our principal facilities:

Activity	Location	Owned/Leased
Corporate Headquarters:	Salt Lake City, Utah	Owned
Black Diamond Equipment U.S. Distribution and Manufacturing Facilities:	Salt Lake City, Utah	Leased/Owned
Black Diamond Equipment and PIEPS European Sales and Marketing Office:	Innsbruck, Austria	Leased
Sierra Bullets U.S. Distribution and Manufacturing Facilities:	Sedalia, Missouri	Owned

Legal Proceedings

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Based on currently available information, the Company does not believe that the disposition of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial condition, results of operations or cash flows. It is possible that, as additional information becomes available, the impact on the Company of an adverse determination could have a different effect.

Litigation

The Company is involved in various lawsuits arising from time to time that the Company considers ordinary routine litigation incidental to its business. Amounts accrued for litigation matters represent the anticipated costs (damages and/or settlement amounts) in connection with pending litigation and claims and related anticipated legal fees for defending such actions, which legal fees are expensed as incurred. The costs are accrued when it is both probable that a liability has been incurred and the amount can be reasonably estimated. The accruals are based upon the Company's assessment, after consultation with counsel (if deemed appropriate), of probable loss based on the facts and circumstances of each case, the legal issues involved, the nature of the claim made, the nature of the damages sought and any relevant information about the plaintiffs and other significant factors that vary by case. When it is not possible to estimate a specific expected cost to be incurred, the Company evaluates the range of probable loss and records the minimum end of the range. Based on current information, the Company believes that the ultimate conclusion of the various pending litigations of the Company, in the aggregate, will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Product Liability

As a consumer goods manufacturer and distributor, the Company faces the risk of product liability and related lawsuits involving claims for substantial money damages, product recall actions and higher than anticipated rates of warranty returns or other returns of goods. The Company is therefore vulnerable to various personal injury and property damage lawsuits relating to its products and incidental to its business.

Based on current information, there are no pending product liability claims and lawsuits of the Company, which the Company believes in the aggregate, will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of the Business Acquired. Pursuant to paragraph (a)(4) of Item 9.01 of Form 8-K, the financial statements of Sierra Bullets required to be filed under paragraph (a) of this Item 9.01 will be filed as soon as practicable, but not later than the time required by Item 9.01 of Form 8-K.

(b) Pro Forma Financial Information. Pursuant to paragraph (a)(4) of Item 9.01 of Form 8-K, the pro forma financial information required to be filed under paragraph (b) of this Item 9.01 will be filed as soon as practicable, but not later than the time required by Item 9.01 of Form 8-K.

(d) Exhibits. The following Exhibits are filed herewith as a part of this Report:

Exhibit No.	Description
10.1	Purchase and Sale Agreement dated as of August 21, 2017, by and among Everest/Sapphire Acquisition, LLC, Sierra Bullets, L.L.C., BHH Management, Inc., and Lumber Management, Inc.*
10.2	Third Amended and Restated Loan Agreement, effective as of August 21, 2017, by and among ZB, N.A. dba Zions First National Bank, a national banking association, as Lender, and Clarus Corporation; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC, and Sierra Bullets, L.L.C. as Borrowers. *
10.3	Fourth Amended and Restated Promissory Note (Revolving Loan) dated effective as of August 21, 2017, by and among Clarus Corporation; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC, and Sierra Bullets, L.L.C.*
99.1	Press Release dated August 22, 2017.

*Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Clarus will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLARUS CORPORATION

Dated: August 25, 2017

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Chief Administrative Officer

EXHIBIT INDEX

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Exhibit 10.1

PURCHASE AND SALE AGREEMENT

by and among

EVEREST/SAPPHIRE ACQUISITION, LLC,

SIERRA BULLETS, L.L.C.,

BHH MANAGEMENT, INC.,

LUMBER MANAGEMENT, INC.

AND

BHH MANAGEMENT, INC.,

AS THE SELLERS' REPRESENTATIVE

DATED AS OF AUGUST 21, 2017

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E - Representation & Warranty Insurance Policy

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "**Agreement**") dated as of August 21, 2017 (the "**Closing Date**") by and among Everest/Sapphire Acquisition, LLC, a Delaware limited liability company ("**Buyer**"), Sierra Bullets L.L.C., a Delaware limited liability company (the "**Company**"), BHH Management, Inc., a California corporation ("**BHH**"), Lumber Management, Inc., a Delaware corporation ("**LMI**" and, together with BHH, each a "**Seller**" and, collectively, the "**Sellers**"), and BHH, in its capacity as the representative of Sellers (the "**Sellers' Representative**"). **Exhibit A** contains definitions, or references to the definitions, of the capitalized terms used in this Agreement. Sellers and Buyer are each referred to herein individually as a "**Party**" and collectively as the "**Parties**."

BACKGROUND

A. BHH owns 86.49% of the limited liability company interests of the Company (the "**BHH Interest**") and LMI owns 13.51% of the limited liability company interests of the Company (the "**LMI Interest**" and, together with the BHH Interest, the "**Transferred Interests**").

B. On the terms and subject to the conditions set forth in this Agreement and in exchange for the consideration set forth in **Section 1.3**, (i) BHH desires to sell assign, convey, and deliver to Buyer, and Buyer desires to purchase from BHH, all right, title and interest in and to all of the BHH Interest, and (ii) LMI desires to sell assign, convey, and deliver to Buyer, and Buyer desires to purchase from LMI, all right, title and interest in and to all of the LMI Interest (collectively, the "**Transactions**").

C. Following the Closing, Buyer will own all of the Transferred Interests.

AGREEMENT

In consideration of the mutual covenants, conditions and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

ARTICLE 1
PURCHASE AND SALE OF TRANSFERRED INTERESTS; CLOSING

1.1 **Closing**. The closing of the Transactions (the "**Closing**") will take place on the Closing Date simultaneously with the execution and delivery of this Agreement.

1.2 **Purchase and Sale of the Transferred Interests**. On the terms and subject to the conditions set forth in this Agreement, at the Closing, (i) BHH will sell, assign, convey, transfer, and deliver to Buyer, and Buyer will purchase from BHH, all of the BHH Interests, free and clear of all Liens, for a portion of the cash consideration described in **Section 1.3**; and (ii) LMI will sell, assign, convey, transfer, and deliver to Buyer, and Buyer will purchase from LMI, all of the LMI Interests, free and clear of all Liens, for a portion of the cash consideration described in **Section 1.3**.

1.3 **Closing Deliverables; Payments at Closing**.

1.3.1 **Seller Deliveries**. At the Closing, the Sellers' Representative is delivering or causing to be delivered to Buyer:

(a) this Agreement, duly executed by the Company, each Seller and the Sellers' Representative;

(b) (i) a certificate, dated the Closing Date, signed by the Secretary or any Assistant Secretary of the managing member of the Company, attesting to: (a) the completion of all necessary limited liability company action by the Company and all necessary corporate action by BHH to execute and deliver this Agreement, the other Seller Transaction Documents and the other Company Transaction Documents and to consummate the Transactions, and including copies of the Company's Governing Documents and all resolutions required in connection with this Agreement or any other Company Transaction Document and (b) the good standing (or similar) certificates of the Company with respect to such entity's jurisdiction of organization, and (ii) a certificate, dated the Closing Date, signed by an authorized officer of LMI, attesting to the completion of all necessary corporate action by LMI to execute and deliver this Agreement and the other Seller Transaction Documents and to consummate the Transactions;

(c) payoff letter(s) in form and substance reasonably satisfactory to Buyer (the "**Payoff Letters**"), together with UCC-3 termination statements with respect to the financing statements filed against the assets of the Company by the holders of such Liens, in each case, in form and substance reasonably satisfactory to Buyer relating to the payment of all Estimated Closing Indebtedness set forth in the Estimated Closing Statement (the "**Payoff Amounts**"), which Payoff Letters will contain customary lien releases;

(d) the consents set forth on Section 1.3.1(d) of the Disclosure Schedule, in each case, in form and substance reasonably satisfactory to Buyer;

(e) a Notice of Non-U.S. Real Property Holding Corporation Status which meets the requirements of Treasury Regulation Section 1.897-2(h) and is sufficient to exempt the transactions contemplated by this Agreement from withholding pursuant to the provisions of the Foreign Investment in Real Property Tax Act;

(f) evidence of binding director and officer insurance coverage;

(g) offer letters, duly executed by the Employees identified on Section 1.3.1(g) of the Disclosure Schedule, pursuant to which such Employees agree to be bound by Buyer's terms and conditions of employment;

(h) resignations, in form and substance reasonably satisfactory to Buyer, of each manager, director and executive officer of the Company, which will be effective upon the Closing, except for such Persons as will have been designated in writing prior to the Closing by Buyer to the Sellers' Representative; and

(i) a DVD containing a copy of the information and documents set forth in the Data Room.

1.3.2 **Buyer Deliveries**. At the Closing, Buyer is delivering, or causing to be delivered, and paying, or causing to be paid, by wire transfer in immediately available funds (without any withholding or deduction of any kind except as otherwise provided for in this Agreement or otherwise required by Law), the following:

(a) this Agreement, duly executed by Buyer;

(b) a certificate, dated the Closing Date, signed by the Secretary or any Assistant Secretary of Buyer, attesting to: (i) the completion of all necessary corporate action by Buyer to execute and deliver this Agreement and the other Buyer Transaction Documents and to consummate the Transactions, and including copies of the Governing Documents of Buyer and resolutions required in connection with this Agreement and any other Buyer Transaction Document and (ii) the good standing (or similar) certificate of Buyer with respect to Buyer's jurisdiction of organization;

(c) evidence that Buyer (or one or more of its Affiliates) has entered into the representation and warranty insurance policy attached hereto as **Exhibit E** (the "**Representation and Warranty Insurance Policy**") pursuant to **Section 5.8**;

(d) the Payoff Amounts to the accounts and in the amounts set forth in the Payoff Letters, and the Estimated Closing Transaction Expenses to the accounts and in the amounts set forth in the Estimated Closing Statement, in each case, to the extent not paid by or on behalf of the Company and/or its Affiliates prior to the Closing;

(e) to the Sellers' Representative, for the benefit of Sellers, to the account specified in writing by the Sellers' Representative, the Sellers' Representative Amount, to be held and disbursed by the Sellers' Representative in accordance with the terms of this Agreement; and

(f) to Sellers, according to each Seller's Pro Rata Portion, to the accounts specified in writing by the Sellers' Representative, the Estimated Closing Date Purchase Price.

1.4 Working Capital Adjustment.

1.4.1 **Estimated Closing Statement**. Attached hereto as **Exhibit C** (which such **Exhibit C** was delivered to Buyer prior to Closing) is a written statement (the "**Estimated Closing Statement**") reflecting Sellers' good faith calculations, in accordance with the Accounting Principles, of (a)(i) the Net Working Capital as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Estimated Closing Working Capital**"), (ii) the Cash of the Company as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Estimated Closing Cash**"), (iii) the Indebtedness of the Company as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Estimated Closing Indebtedness**"), and (iv) the Transaction Expenses of the Company (the "**Estimated Closing Transaction Expenses**"), and (b) Sellers' calculation of the Estimated Closing Date Purchase Price.

1.4.2 **Closing Statement**. As promptly as practicable, but no later than sixty (60) days after the Closing Date, Buyer will cause to be prepared and delivered to the Sellers' Representative a written statement (the "**Closing Statement**") setting forth Buyer's good faith calculations, in accordance with the Accounting Principles, of (a)(i) the Net Working Capital as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Closing Working Capital**"), (ii) the Cash of the Company as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Closing Cash**"), (iii) the Indebtedness of the Company as of 11:59 p.m. on the Business Day immediately prior to the Closing Date (the "**Closing Indebtedness**"), and (iv) the Transaction Expenses of the Company as of the Closing Date (the "**Closing Transaction Expenses**"), and (b) Buyer's calculation of the Closing Date Purchase Price. Following delivery of the Closing Statement, and upon reasonable request of the Sellers' Representative, Buyer and the Company will, upon reasonable notice, provide the Sellers' Representative and its advisors with reasonable access to the Company's employees, books and records during normal business hours to the extent reasonably related to the Sellers' Representative's evaluation of the Closing Statement. If Buyer fails to deliver the Closing Statement within such sixty (60)-day period, the Sellers' Representative will deliver to Buyer its own calculation of the Closing Working Capital, Closing Cash, the Closing Indebtedness, the Closing Transaction Expenses and the Closing Date Purchase Price, and the Sellers' Representative's calculation will be final and binding upon the Parties.

1.4.3 **Dispute Notice**. If the Sellers' Representative disagrees with the calculations set forth in the Closing Statement delivered by Buyer pursuant to **Section 1.4.2**, the Sellers' Representative may, within sixty (60) days after receipt of the Closing Statement, deliver a written notice to Buyer (a "**Dispute Notice**") specifying in reasonable detail each item or amount that the Sellers' Representative disputes (the "**Disputed Items**"), the amount in dispute for each Disputed Item and the reasons supporting the Sellers' Representative's positions. The Sellers' Representative will be deemed to have agreed with all other items and amounts contained in the Closing Statement that are not Disputed Items. If the Sellers' Representative fails to deliver a Dispute Notice within such sixty (60)-day period, Buyer's calculation of the Closing Working Capital, the Closing Cash, the Closing Indebtedness, the Closing Transaction Expenses and the Closing Date Purchase Price will be deemed accepted by Sellers and the Sellers' Representative and will be final, conclusive and binding on the Parties.

1.4.4 **Resolution Period**. If a Dispute Notice is duly delivered pursuant to **Section 1.4.3**, Buyer and the Sellers' Representative will, during the thirty (30) days following such delivery (the "**Resolution Period**"), use commercially reasonable efforts to reach agreement on the Disputed Items or amounts in order to determine the amount of the Closing Working Capital, the Closing Cash, the Closing Indebtedness, the Closing Transaction Expenses, and/or the Closing Date Purchase Price, as applicable. If Buyer and the Sellers' Representative are able to reach agreement with respect to any Disputed Items, Buyer will promptly revise the Closing Statement to reflect such agreement.

1.4.5 **Independent Accounting Firm**. If, upon the conclusion of the Resolution Period, or any mutually-agreed upon extension thereof, Buyer and the Sellers' Representative are unable to reach agreement on all of the Disputed Items, they will jointly engage and submit the unresolved Disputed Items (the "**Unresolved Items**") to the Independent Accounting Firm for resolution in accordance with the terms of this **Section 1.4.5**. The Independent Accounting Firm (i) will act as an arbitrator to determine, based solely on presentations by Buyer and the Sellers' Representative and not by independent review, only the Unresolved Items, (ii) will make a determination with respect to the Unresolved Items only and in a manner consistent with this **Section 1.4.5**, (iii) will use the definitions set forth herein with no consideration given to any modification of such definitions, (iv) will be limited to those adjustments, if any, required to be made for the Closing Statement to comply with the provisions of this Agreement and (v) will make a determination of the Unresolved Items within the range of Buyer's and the Sellers' Representative's disagreement. Each Party will use commercially reasonable efforts to furnish to the Independent Accounting Firm such work papers and other documents and information pertaining to the Unresolved Items as the Independent Accounting Firm may reasonably request and will be afforded an opportunity to discuss the Unresolved Items with the Independent Accounting Firm at such hearing as the Independent Accounting Firm will request or permit; provided, that (y) each Party will provide the other Party with a copy of all materials provided to, and communications with, the Independent Accounting Firm and (z) no Party (or any of its Affiliates or Representatives) will engage in any *ex parte* communication with the Independent Accounting Firm at any time with respect to the Unresolved Items. The Independent Accounting Firm will deliver to Buyer and the Sellers' Representative as promptly as practicable, and will be instructed to deliver no later than thirty (30) days after its engagement, a written report setting forth such calculation. Such determination of the Independent Accounting Firm will be final, binding and conclusive upon Buyer and Sellers (absent fraud or manifest error) and Buyer will promptly revise the Closing Statement to reflect such determination upon receipt of such report. The fees and expenses of the Independent Accounting Firm will be borne pro rata as between Buyer, on the one hand, and Sellers, on the other hand, based on the proportionate deviation of the respective adjustment amounts for the Unresolved Items proposed by Buyer and the Sellers' Representative, as set forth in the Closing Statement in the case of Buyer and the Dispute Notice in the case of the Sellers' Representative, from the determination of the final adjustment amounts made by the Independent Accounting Firm. The date on which the Closing Working Capital, the Closing Cash, the Closing Indebtedness, the Closing Transaction Expenses, and Closing Date Purchase Price are finally determined in accordance with this **Section 1.4** is referred to as the "**Determination Date**."

1.4.6 **Adjustment to Purchase Price**. The "**Adjustment Amount**" means the difference between the Closing Date Purchase Price (as finally agreed upon or determined pursuant to this **Section 1.4**) and the Estimated Closing Date Purchase Price. If the Adjustment Amount is a positive amount, then promptly, and in any event within five (5) Business Days following the Determination Date, Buyer will pay or cause to be paid to Sellers, by wire transfer of immediately available funds to the account or accounts designated in writing by the Sellers' Representative, each Seller's Pro Rata Portion of the Adjustment Amount. If the Adjustment Amount is a negative amount, then promptly, and in any event within five (5) Business Days following the Determination Date, Sellers will pay or cause to be paid to Buyer, by wire transfer of immediately available funds to an account designated in writing by Buyer, an amount equal to the Adjustment Amount, with each Seller being responsible for its Pro Rata Portion of such Adjustment Amount.

1.4.7 **No Adverse Actions**. Buyer and the Company agree that, following the Closing and until the Adjustment Amount becomes final and binding upon the parties to this Agreement, the Company will not take any actions with respect to the accounting books and records of the Company as of the Closing Date on which the Closing Statement is to be based that are not consistent with the Accounting Principles.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES RELATING TO SELLERS

Except as set forth in the Disclosure Schedule, which exceptions or disclosures set forth therein will be deemed to be part of the representations and warranties made hereunder, each Seller, severally and not jointly, solely with respect to itself and not with respect to the other Seller, represents and warrants to Buyer as set forth below as of the Closing Date:

2.1 **Organization and Good Standing**. Such Seller has been duly formed and is validly existing and in good standing under the Laws of its jurisdiction of organization and has the requisite power and authority to own or lease its properties and to conduct its business as it is now being conducted.

2.2 **Power and Authorization; Enforceability**.

2.2.1 Such Seller has all requisite right, power, authority and capacity to execute and deliver this Agreement and the other Transaction Documents to which it is, or is specified to be, a party (collectively, the "**Seller Transaction Documents**"), to perform its obligations hereunder and thereunder and to carry out the Transactions. All necessary action has been taken by such Seller to authorize the execution, delivery and performance by it of this Agreement and each other Seller Transaction Document, and no further action on the part of such Seller is necessary to authorize such execution, delivery and performance. Such Seller has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Seller Transaction Document.

2.2.2 Assuming that this Agreement and each of the other Seller Transaction Documents are valid and binding obligations of each of the other parties hereto and thereto, this Agreement is, and each other Seller Transaction Document, when duly executed and delivered at or prior to the Closing by such Seller will be, the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its respective terms, except as enforceability thereof may be limited by the Remedies Exception.

2.3 **No Violation or Conflict**. Neither the execution, delivery and performance by such Seller of this Agreement and the other Seller Transaction Documents nor the consummation of the Transactions (with or without the passage of time or the giving of notice, or both) will (a) contravene, conflict with or result in a violation or breach of, constitute a default under, or give a right to terminate or cancel under, (A) the Governing Documents of such Seller or (B) any (1) Judgments or (2) Laws, in each case, binding upon or applicable to such Seller or any of its respective Affiliates or by which it or any of its respective properties or assets are bound; (b) contravene, conflict with, result in a violation or breach of, constitute a default under, or give a right to terminate or cancel under, any of the terms or conditions of any Contract to which such Seller is a party or by which it or any of its respective properties or assets are bound; (c) result in the creation or imposition of any Lien upon any of the assets of such Seller (including the Transferred Interests); or (d) cause a loss or adverse modification of any material Governmental Authorization used or held by such Seller or any of its respective Affiliates.

2.4 **Ownership of Transferred Interests**. Such Seller is the beneficial and record owner of the Transferred Interests set forth opposite such Seller's name on Section 3.4 of the Disclosure Schedule and has the sole right to vote or direct the voting of such Transferred Interests, at its discretion, on any matter submitted to a vote of the members of the Company. Such Seller's Transferred Interests constitute all of Equity Interests of the Company that are owned legally, beneficially or of record by such Seller. The Company has no membership interests or other Equity Interests other than the Transferred Interests. All of the Transferred Interests of such Seller in the Company are owned directly by such Seller free and clear of all Liens and free of any other restriction, except for restrictions imposed by applicable securities Laws, and such Seller has good and marketable title to the Transferred Interests free and clear of all Liens. Such Seller has not granted or acknowledged to any Person any rights with respect to any of such Seller's Transferred Interests or any other Equity Interests of the Company and such Seller has sole voting power and sole power to issue instructions with respect to the matters set forth herein, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to such Seller's Transferred Interests and other Equity Interests, with no limitations, qualifications or restrictions on such rights. Such Seller does not have any claim against the Company or any of its officers, managers or any other Person with respect to the issuance of any equity of the Company or other Equity Interests. Such Seller has not commenced nor does such Seller intend to commence a voluntary case or other proceeding, and no involuntary case or other proceeding has been commenced against such Seller seeking liquidation or other relief with respect to its debts under any bankruptcy, insolvency or other similar Law. Upon the assignment of such Seller's Transferred Interests by such Seller to the Buyer, and upon such Seller's receipt of the Closing Date Purchase Price, good and marketable title to such Seller's Transferred Interests will pass to the Buyer, free and clear of any Liens.

2.5 **Consents**. No Consent of any Governmental Authority or any other Person is required to be obtained, made or effected by such Seller in connection with the execution and delivery of this Agreement and the other Seller Transaction Documents or the performance of such Seller's obligations hereby or thereby.

2.6 **Litigation**. There are no Proceedings pending or threatened in writing, before any Governmental Authority or arbitrator with respect to such Seller which seeks to delay or prevent the consummation of the transactions contemplated by this Agreement by such Seller or would, if successful, be reasonably expected to adversely affect the ability of such Seller to perform its obligations under this Agreement.

2.7 **FIRPTA**. Such Seller is not a "foreign person" within the meaning of Section 1445 of the Code.

2.8 **Brokers and Finders**. Except for Houlihan Lokey Capital, Inc., no broker, investment banker, financial advisor, finder, agent or similar intermediary has acted on such Seller's behalf in connection with this Agreement or any of the transactions contemplated hereby, and except for fees payable to Houlihan Lokey Capital, Inc., there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any Contract with such Seller or any action taken by such Seller.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANY

Except as set forth on the Disclosure Schedule, which exceptions or disclosures set forth therein will be deemed to be part of the representations and warranties made hereunder, Sellers hereby represent and warrant to Buyer as set forth below as of the Closing Date:

3.1 **Organization and Good Standing**. The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has full limited liability company power to carry on its business as presently conducted, and to own and lease the assets and properties which it owns and leases. The Company is duly qualified or licensed to do business as a foreign company and is in good standing (if applicable) in each jurisdiction in which its ownership or leasing of assets or properties or the nature of its activities requires such qualification. The Company has never employed any Person in any jurisdiction outside of the United States.

3.2 **Power and Authorization; Enforceability**.

3.2.1 The Company has full right, power, and authority to execute and deliver this Agreement and the other Transaction Documents to which it is, or is specified to be, a party (collectively, the "**Company Transaction Documents**"), to perform its obligations hereunder and thereunder, and to consummate the Transactions. All necessary limited liability company action has been taken by the Company to authorize the due and valid execution, delivery and performance by the Company of this Agreement and each other Company Transaction Document. The Company has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Company Transaction Document.

3.2.2 Assuming that this Agreement and each of the other Company Transaction Documents are valid and binding obligations of each of the other parties hereto and thereto, this Agreement is, and each other Company Transaction Document, when duly executed and delivered at or prior to the Closing by the Company, will be, the legal, valid and binding obligation of the Company, enforceable against it in accordance with its respective terms, except as enforceability of such obligations may be limited by the Remedies Exception.

3.3 **No Violation or Conflict**.

3.3.1 Neither the execution, delivery and performance by the Company of this Agreement or of the other Company Transaction Documents nor the consummation of the Transactions (with or without the passage of time or the giving of notice, or both) will:

(a) conflict with, or result in a breach of, the Governing Documents of the Company;

(b) violate or conflict with any Judgments or Laws, in each case, binding upon or applicable to the Company or by which the Company or any of its properties or assets are bound or require the consent, approval or action of, filing with or notice to any Governmental Authority or other Person;

(c) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in, or provide the basis for, the termination of, or accelerate the performance required by, or excuse performance by any Person of any of its obligations under, or cause the acceleration of the maturity of any Indebtedness or obligation pursuant to, or result in the creation or imposition of any Lien upon any property or assets of the Company under, or any Material Contract to which the Company is a party or by which it or any of its properties or assets are bound;

(d) result in the creation or imposition of any Lien upon any of the Transferred Interests; or

(e) cause a loss or adverse modification of any Governmental Authorization used or held by the Company or any of its Affiliates.

3.3.2 No consent or approval of or notice to any Governmental Authority or any other Person is required to be obtained, made or effected by Company in connection with the execution and delivery of this Agreement and the other Transaction Documents or the performance of the Company's obligations hereby or thereby.

3.4 **Capitalization**. Section 3.4 of the Disclosure Schedule sets forth a complete and accurate list of (a) the Transferred Interests, which are the only authorized, issued and outstanding equity securities of the Company and (b) the record holders thereof. Other than as provided for in the Governing Documents of the Company, no Rights in respect of any Equity Interests of the Company have been granted by the Company or the Sellers. No Person, other than the Sellers, has any interest or claim to any of the membership interests of the Company. All of the Transferred Interests have been duly authorized and are validly issued. The holders of the Transferred Interests have no obligation to make further payments or contributions to the Company solely by reason of their ownership thereof. All of the Transferred Interests have been offered, issued and transferred without violation of any preemptive right or other right to purchase and were issued and/or transferred in compliance with all applicable securities Laws, other Laws, the operating agreement of the Company and the Contracts to which the Company is a party or otherwise bound. Upon the consummation of the transactions contemplated hereby, Buyer will be the sole owner, beneficially and of record, of 100% of the issued and outstanding membership interests of the Company, free and clear of any Liens. The Company does not control, directly or indirectly, or have any direct or indirect Equity Interest in, any Person and there is no other Person with respect to which (i) the Company may be deemed to be in control because of factors or relationships other than the quantity of stock or other interests owned in such Person (if any) or (ii) the Company may be liable under any circumstances for the payment of additional amounts with respect to its interest in such Person, whether in the form of assessments, capital calls installment payments, general partner liability or otherwise. There are no voting trusts, proxies or other similar commitments, understandings, restrictions or arrangements relating to the Equity Interests in or of the Company. There is no Voting Debt of the Company.

3.5 **Compliance with Laws**. The Company has, during the five (5) years prior to the date of this Agreement, complied in all material respects with, is not in violation of, and has not received any written notices of violation with respect to, any Law applicable to it or its Business, properties or assets. The Company has previously provided or made available to the Buyer or its counsel true and correct copies of all reports of inspections received by it with respect to the Business under applicable Laws which occurred since January 1, 2014, and resulted in or is reasonably likely to result in the imposition of a material penalty or restriction. During the five (5) years prior to the date of this Agreement, the Company has not received any written notice alleging that the Company is in violation of any Law and, to the Company's Knowledge, no investigation, inspection, audit, or other proceeding by any Governmental Authority involving an allegation of violation of any Law by the Company is otherwise threatened or contemplated. The Company has not assumed by contract or operation of Law any liability for violations by any other Person of any Law.

3.6 **Litigation**. There are no Proceedings pending or, to the Company's Knowledge, threatened in writing which involve the Company, its businesses or assets. There are no unsatisfied Judgments against the Company or any of its businesses, properties or assets. There is no Proceeding pending or, to the Company's Knowledge, threatened in writing against the Company which questions or challenges the validity of this Agreement or any action taken or to be taken by the Company pursuant to this Agreement or in connection herewith or would adversely affect the ability of the Company to consummate the Transactions. There are no current, pending or, to the Company's Knowledge, threatened claims for against the Company in favor of the managers, officers, employees and agents of the Company. To the Company's Knowledge, there exist no facts or circumstances creating any reasonable basis for the institution of any material Proceedings. Section 3.6 of the Disclosure Schedule sets forth a complete and correct list and description of all Proceedings since January 1, 2014 to which the Company is or has been a party.

3.7 **Financial Statements; Undisclosed Liabilities; Books and Records**.

3.7.1 **Financial Statements**. The Company has provided Buyer with complete and accurate copies of the following financial statements (collectively, the "**Financial Statements**"): (i) the audited consolidated balance sheets of the Company and its affiliate as of December 31, 2016 (the "**Most Recent Fiscal Year End**"), December 31, 2015 and December 31, 2014 (including the notes thereto, if any), and the related audited consolidated statements of income, shareholders' equity and cash flows as of the fiscal years then ended; and (ii) the unaudited balance sheet (the "**Latest Balance Sheet**") of the Company as of June 30, 2017 (the "**Latest Balance Sheet Date**") (including the notes thereto, if any) and the related unaudited statements of income, shareholders' equity and cash flows as of and for the period from the Most Recent Fiscal Year End through such date (the "**Unaudited Financial Statements**"). The Financial Statements (including the notes thereto, if any) are consistent with the books and records of the Company, fairly present in all material respects the consolidated (as applicable) financial condition, cash flows and results of operations of the Company and, as applicable, its affiliate as at the dates thereof and for the periods therein referred to, in accordance with GAAP, subject, in the case of the Unaudited Financial Statements, to the absence of footnote disclosure and changes resulting from normal year-end adjustments.

3.7.2 **Undisclosed Liabilities**. The Company does not have any direct or indirect Indebtedness, liability, claim, loss, damage, deficiency, obligation or monetary responsibility, whether matured or unmatured or fixed or contingent ("**Liabilities**"), other than: (i) Liabilities which are adequately disclosed or reserved against on the Latest Balance Sheet; (ii) Liabilities which have arisen since the Latest Balance Sheet Date in the Ordinary Course; (iii) Liabilities that, individually or in the aggregate, are not material in amount; and (iv) Liabilities contemplated by this Agreement or the other Company Transaction Documents.

3.7.3 **Governing Documents, Books and Records**. True, correct and complete copies of the Governing Documents, books of account, minute books, membership interest record books and other records of the Company have heretofore been delivered or made available to the Buyer or its counsel. The books and records of the Company accurately reflect the assets, liabilities, business, financial condition and results of operations of the Company and have been maintained in accordance with good business and bookkeeping practices. On the Closing Date, such books and records will be in the possession of the Company.

3.8 **Absence of Certain Changes and Events**. Since the Most Recent Fiscal Year End, the Company has conducted the Business in the Ordinary Course and, except as expressly contemplated by this Agreement or any other Transaction Document, there has not occurred any event or group of related events, condition, occurrence, contingency or development that has had, or would reasonably be expected to have, a Material Adverse Effect. Without limiting the generality of the foregoing, since the Most Recent Fiscal Year End, there has not been any, and/or the Company has not:

3.8.1 change in the independent accountants of the Company or any change in the accounting methods, principles or practices followed by the Company (except for any such change required by reason of a concurrent change in GAAP or applicable Law);

3.8.2 with respect to any executive, manager, officer, employee, consultant or contractor of the Company, (a) adoption or termination in any respect, amendment or increase of the payments or benefits of any Employee Benefit Plan, (b) grant of severance or termination pay, (c) increase in the compensation or payment of any bonus or (d) change with respect to compensation or other benefits payable, except, in each of clauses (a) through (d), in the Ordinary Course, as required by Law or as required by any existing Contract;

3.8.3 sale, assignment, transfer, hypothecation, conveyance, lease, or other disposition of any asset or property of the Company, except in the Ordinary Course, or mortgage, pledge, or imposition of any Lien on any asset or property of the Company, except for Permitted Liens and except in the Ordinary Course;

3.8.4 split, combined, classified, re-classified, varied the Rights attaching to, or taken similar action with respect to any of the Transferred Interests or other Equity Interests or proposed the issuance of any other securities in respect of, in lieu of or in substitution for its authorized or issued equity or other Equity Interests; granted any Rights to purchase its Equity Interests; issued any Equity Interests; granted any registration rights; purchased, redeemed, retired, or otherwise acquired any of its Equity Interests; or adopted a plan of complete or partial liquidation or passed any resolutions providing for or authorizing such liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or declared or paid any dividend or other distribution or payment in respect of its Equity Interests;

3.8.5 amended its Governing Documents;

3.8.6 damaged, destroyed or lost any material portion of the tangible assets or properties of the Company, whether or not covered by insurance, in an amount in excess of five thousand dollars ($5,000);

3.8.7 except in the Ordinary Course, amended, renewed, failed to renew, terminated (other than due to any scheduled expiration) or received written notice of termination (other than due to any scheduled expiration) with respect to any Material Contract or entered into any new Material Contract or taken any action that would reasonably be expected to jeopardize the continuance of any of its relationships with any of its Top Customers and/or Top Suppliers;

3.8.8 (i) incurred or assumed any Indebtedness in excess of fifty thousand dollars ($50,000) in the aggregate, (ii) assumed, guaranteed, endorsed or otherwise became liable or responsible (whether directly, contingently or otherwise) for the Liabilities of any other Person (other than the endorsements of checks in the Ordinary Course) in excess of fifty thousand dollars ($50,000) in the aggregate, or (iii) made any loans, advances or capital contributions to, or investment in, any Person, in excess of fifty thousand dollars ($50,000) in the aggregate, other than employee travel and expense advances in the Ordinary Course;

3.8.9 paid, discharged or satisfied any Liabilities, other than the payment, discharge or satisfaction in the Ordinary Course Liabilities reflected or reserved against in the Latest Balance Sheet or incurred in the Ordinary Course since the Latest Balance Sheet Date;

3.8.10 sold, disposed of or surrendered or disaggregated any material license or any portion thereof;

3.8.11 accelerated or delayed collection of notes or accounts receivable in advance of or beyond their regular due dates or the dates when the same would have been collected in the Ordinary Course;

3.8.12 delayed or accelerated payments of any accounts payable or other liability beyond or in advance of its due date or the date when such liability would have been paid in the Ordinary Course;

3.8.13 failed to replenish inventories and supplies of the Company in the Ordinary Course or entered into any purchase commitment not in the Ordinary Course;

3.8.14 made any acquisition of all or any significant part of the assets, capital stock, other Equity Interests, properties, securities or business of any other Person;

3.8.15 made any revaluation of any assets of the Business of the Company or write down or write off of the value of any assets of the Business of the Company, except in the Ordinary Course;

3.8.16 entered into any collective bargaining Contract or any other Contract with any labor union or association representing any group of employees, or been subject to any strike, picket, work stoppage, work slowdown or labor dispute or been subject to any application for certification or union organizing drive;

3.8.17 made any capital expenditure or any other investment (or series of related investments), or entered into any Contract or commitment therefor, excluding any purchase of inventory in the Ordinary Course, in excess of fifty thousand dollars ($50,000) in respect of any such individual investment or Contract or seventy-five thousand dollars ($75,000) in the aggregate;

3.8.18 written down the value of any inventory (including write downs by reason of shrinkage or mark down) or written off as uncollectible any notes or accounts receivable, except in the Ordinary Course;

3.8.19 allowed any insurance policy naming the Company as beneficiary or loss payee to be cancelled or terminated, or instructed any of the Company's insurance carriers to decrease any current policy coverage limits or materially change the terms of such coverage; or

3.8.20 agreement by the Company to do any of the foregoing.

3.9 **Real Property**.

3.9.1 Section 3.9.1 of the Disclosure Schedule sets forth the address and description of each parcel of real property owned (in fee simple or pursuant to an easement estate in perpetuity that runs with the land) by the Company ("**Owned Real Property**"). With respect to each parcel of Owned Real Property, (a) the Company has good, insurable and marketable fee simple title (or title by way of an easement estate), free and clear of all Liens, except Permitted Liens, (b) the Company has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof, and (c) there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein.

3.9.2 Section 3.9.2 of the Disclosure Schedule sets forth the address of each parcel of real property leased by the Company (the "**Leased Real Property**" and together with the Owned Real Property, the "**Real Property**"), and a list of all leases for such Leased Real Property ("**Real Property Leases**"). With respect to each of the Real Property Leases, (a) such Real Property Lease is legal, valid, binding, enforceable and in full force and effect and the Company is not in default thereunder, and no condition or circumstance exists that, with the giving of notice or passage of time, would constitute a default thereunder, (b) the Company's possession and quiet enjoyment of the Leased Real Property under such Real Property Lease has not been disturbed and there are no disputes with respect to such Real Property Lease, (c) the Company has not subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion thereof, (d) the Company has made available to Buyer true, correct and complete copies of all Real Property Leases, and (e) the Company has a valid and enforceable leasehold interest in each Leased Real Property free and clear of all Liens other than Permitted Liens.

3.9.3 No Person other than the Company has any right to use or occupy any part of the Real Property.

3.9.4 All buildings and all improvements located on the Real Property are in a state of good maintenance and repair (normal wear and tear excepted) and in a condition adequate and reasonably suitable for the conduct therein of the Business. The heating, ventilation, air conditioning, plumbing and electrical systems at the Real Property are in good working order and repair (normal wear and tear excepted). The Company has not experienced any interruption in such services provided to any of the premises located on the Real Property within the last year.

3.9.5 To the extent required by Law, the Company has obtained all permits, licenses, franchises, approvals and authorizations (collectively, the "**Real Property Permits**") of (i) all Governmental Authorities having jurisdiction over any of the premises comprising the Real Property and (ii) all insurance companies and fire rating and other similar boards and organizations having jurisdiction over any of the premises comprising the Real Property (collectively, the "**Insurance Organizations**"). All such Real Property Permits are set forth on Section 3.9.5 of the Disclosure Schedule and have been issued to the Company to enable each of the premises comprising the Real Property to be lawfully occupied and used by the Company for all of the purposes for which they are currently occupied and used and are in full force and effect. The Company has not received any written notice from any Governmental Authority having jurisdiction over any premises comprising the Real Property, or from any Insurance Organization, threatening a suspension, revocation, modification or cancellation of any Real Property Permit or of any insurance policies, and there exists no violation of a Real Property Permit. Each Real Property Permit is in full force and effect.

3.9.6 There is no pending or, to the Company's Knowledge, threatened condemnation or eminent domain proceeding with respect to or affecting any of the premises comprising the Real Property or any part thereof. The Company has not received any written, or, to the Company's Knowledge, oral notice of any pending or threatened condemnation or eminent domain proceeding with respect to or affecting any of the premises comprising the Real Property or any part thereof and, to the Company's Knowledge, no such condemnations or proceedings have been proposed. The Company has not received any written notice of any Environmental Claims with respect to or affecting the Real Property.

3.9.7 The Real Property comprises all of the real property used or intended to be used in the Business, and, other than the Real Property Leases, the Company is not a party to any other agreement which includes any option to purchase or lease any real property or interest therein.

3.9.8 The improvements on the Owned Real Property are located within the boundary lines of such parcels and, to the Company's Knowledge, all utility service lines serving such Owned Real Property are located either within the boundary lines of such property or within lands dedicated to public use or within recorded easements for same.

3.9.9 To the Company's Knowledge, no portion of the Owned Real Property is subject to any significant real property Tax increases or recapture of Taxes occasioned by retroactive revaluation, special assessments, change in the land usage, or loss of any exemption or benefit status.

3.9.10 There are no encroachments upon the Owned Real Property from adjacent properties nor encroachments of any improvement located on the Owned Real Property upon adjoining land or upon easements encumbering the Owned Real Property.

3.9.11 The Company has not received any written notice of, and to the Company's Knowledge, no landlord of any Leased Real Property has any plans to make, any material alterations to any of the Leased Real Property.

3.9.12 All sums owed by any landlord to the Company under any Real Property Lease have been paid, including, but not limited to, tenant improvement allowances.

3.9.13 No underground tank or other underground storage receptacle used to contain Hazardous Materials is currently located at any of the Owned Real Property or, to the Company's Knowledge, any of the Leased Real Property.

3.9.14 The Company's use of the Real Property does not violate the permitted use of the easement set forth on Section 3.9.14 of the Disclosure Schedule.

3.10 Material Contracts.

3.10.1 Section 3.10.1 of the Disclosure Schedule lists the following Contracts in effect on the date of this Agreement to which the Company is a party, has any rights or Liabilities or is otherwise bound or to which the Company is not a party that is used in connection with the Business (and in the case of oral Contracts, summaries thereof), and pursuant to which the Company has obligations (collectively, the "**Material Contracts**"):

(a) (i) each Contract that is executory in whole or in part and involves performance of services (other than sale or purchase orders for goods or materials) by or for the Company of an amount or value in excess of fifty thousand dollars ($50,000), except for any such Contract entered into in the Ordinary Course, and (ii) each Contract, that is executory in whole or in part and involves the sale or purchase of goods or materials by the Company of an amount or value in excess of fifty thousand dollars ($50,000), except for sales of inventory in the Ordinary Course and sales of obsolete assets;

(b) each Contract that is executory in whole or in part and was not entered into in the Ordinary Course that involves expenditures or receipts in excess of fifty thousand dollars ($50,000) in respect of an individual Contract or fifty thousand dollars ($50,000) in the aggregate for any number of Contracts entered into for like services, goods or materials or with an individual party;

(c) each Contract with a Top Customer or Top Supplier, other than purchase orders entered into in the Ordinary Course;

(d) each Contract granting an option or preferential rights to purchase, sell or license any assets of the Company having a value in excess of twenty-five thousand dollars ($25,000);

(e) each Contract that involves product development, product enhancement or product customization obligations;

(f) each Contract that is for outstanding capital expenditures by the Company in excess of fifty thousand dollars ($50,000);

(g) each Contract that relates to the acquisition of any business or Equity Interests or assets of any other Person or any real property (whether by merger, sale of Equity Interests, sale of assets or otherwise and whether or not completed), in each case, involving aggregate consideration in excess of one hundred thousand dollars ($100,000) (including any deferred purchase price, earnout or other consideration);

(h) each Contract between or among the Company, on the one hand, and the Sellers, any Affiliate of the Company or the Sellers, or any manager or officer of the Company, the Sellers or any Affiliate of the Company or the Sellers, on the other hand;

(i) each (i) Real Property Lease or sublease, rental or occupancy Contract, license, installment and conditional sale Contract and (ii) other Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real or personal property, other than (A) Contracts for services, repair, construction or maintenance with payment obligations not exceeding fifty thousand dollars ($50,000) per Contract or fifty thousand dollars ($50,000) in the aggregate for any number of Contracts entered into for like services, goods or materials or with an individual party if such Contracts were entered into in the Ordinary Course and (B) purchase orders entered into in the Ordinary Course;

(j) each collective bargaining Contract and any other Contract with any labor union, trade union or other employee representative, body or organization of a group of employees of the Company;

(k) each joint venture, partnership, limited partnership or similar Contract involving a sharing of profits, losses, costs or Liabilities by the Company with any other Person;

(l) each Contract (i) containing outstanding covenants or other obligations (other than customary confidentiality and non-disclosure obligations entered into in the Ordinary Course) that restricts the business activity of the Company or limits the freedom of the Company to engage in any line of business, to compete (geographically or otherwise) with any Person or to solicit for hire or employ any Person, (ii) granting any exclusive rights to make, sell or distribute the Company's products, (iii) granting any "most favored nations" or similar rights or (iv) otherwise prohibiting or limiting the right of the Company to make, sell or distribute any products or services;

(m) each Contract that is a confidentiality agreement or non-disclosure agreement, other than (i) proprietary information and investment assignment Contracts with current or former directors, officers, employee or consultants or other services providers of the Company in the Ordinary Course and (ii) that certain letter agreement dated December 16, 2016, between Houlihan Lokey Capital, Inc. and the Company;

(n) each Contract relating to the Company providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods or services;

(o) each power of attorney that is currently effective and outstanding granted by the Company;

(p) (i) each written warranty, guaranty, and/or other similar undertaking with respect to a contractual performance of another Person extended by the Company and (ii) each Contract pursuant to which the Company has agreed to indemnify another Person or to share in or contribute to the Liability of any Person, in each case other than Contracts in the Ordinary Course;

(q) each Contract that is a settlement agreement with respect to any pending or threatened Proceeding entered into within three (3) years prior to the date of this Agreement;

(r) each written or oral Contract with any employee, consultant, manager or officer of the Company, including any employment or compensation agreements, except for employment or consulting agreements entered into in the Ordinary Course with a total value of less than fifty thousand ($50,000) on an individual basis and offer letters for at-will employment which do not provide for retention or severance payments or any other similar benefit;

(s) each written or oral Contract that provides for retention, severance, termination or similar pay to any current or former employee, consultant, manager or officer of the Company;

(t) each Contract with outstanding obligations or liability, contingent or otherwise, to which the Company is a party or is otherwise bound relating to the purchase, sale or lease of real property;

(u) each Contract imposing a Lien upon any asset of the Company, other than Permitted Liens;

(v) each Contract related to Company Intellectual Property;

(w) each Contract by which the Company licenses any Person to manufacture or reproduce any of the Company's products, services or technology or any Contract to sell or distribute any of the Company's products, services or technology;

(x) each Contract providing for the payment of cash or other compensation or benefits upon consummation of the transactions contemplated hereby;

(y) each sales distribution or franchise Contract that is (i) not terminable without penalty on ninety (90) days' notice or less and (ii) provides for compensation at an amount or rate which is higher than is customary or usual in the Business;

(z) each Contract entered into with any international or federal Governmental Authority; or

(aa) each other Contract that is material to the Business or the operation of the Company.

3.10.2 The Company is in compliance with all Material Contracts. Neither the Company nor, to the Company's Knowledge, any other party to any Material Contract is in default in respect of such Material Contract. Neither the Company nor any Seller has received written notice or, to the Company's Knowledge, oral notice of an uncured breach or default or a pending or threatened cancellation, revocation or termination of any Material Contract and no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default or breach by the Company or by any such other party.

3.10.3 Each Material Contract is in full force and effect and constitutes a valid and binding obligation of the Company and, to the Company's Knowledge, the other parties thereto, in accordance with its terms, except in each case as such enforcement may be limited by the Remedies Exception, and is not subject to any claims, charges, set-offs or defenses.

3.10.4 The Company has delivered or otherwise made available to Buyer or its counsel complete, true and correct copies of all of the written Material Contracts (including all amendments, exhibits, attachments, extensions, renewals, guaranties, modifications, waivers, supplements and other agreements, if any, related thereto), or a written description of the material terms of any oral Material Contract. The Company is not renegotiating any of the Material Contracts.

3.10.5 To the Company's Knowledge, no employee or consultant or other independent contractor of the Company is a party to, or is otherwise bound by, any Contract, including any confidentiality, noncompetition or proprietary rights Contract, with any other Person that adversely affects or will affect (i) the performance of his or her duties for the Company, (ii) his or her ability to assign to the Company rights to any invention, improvement, discovery or information relating to the Business, or (iii) the ability of the Company to conduct the Business as currently conducted.

3.10.6 Section 3.10.6 of the Disclosure Schedule sets forth true, complete and correct list of all forms of written customer Contracts currently used by the Company with its twenty (20) largest customers (as measured by dollar volume of sales) for the year ended December 31, 2016 (the "**Customer Contract Forms**"). The Company has made available to the Buyer true, complete and correct copies of all Customer Contract Forms.

3.11 **Insurance**. Section 3.11 of the Disclosure Schedule contains a true and complete list and description of all insurance policies, other insurance arrangements and other Contracts owned by, or maintained for the benefit of, or for the transfer or sharing of insurance risks by, the Company in force on the date hereof with respect to the business or assets of the Company (the "**Company Insurance Policies**"), together with the deductible and coverage limit of each such Company Insurance Policy and a statement of the aggregate amount of claims paid out, and claims pending, under each such Company Insurance Policy. The Company Insurance Policies provide the type and amount of coverage customarily carried by businesses of similar size in the same industry. Each Company Insurance Policy is legal, valid, binding, enforceable and in full force and effect with respect to the Company, as applicable, and, to the Company's Knowledge, with respect to the other parties thereto. The Company is not in breach or default (including with respect to the payment of premiums or the giving of notices) under any Company Insurance Policy, and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default or permit termination, modification or acceleration, under any such Company Insurance Policy. The Company has not received any written notice of cancellation or non-renewal of any of the Company Insurance Policies nor, to the Company's Knowledge, is the termination of any of the Company Insurance Policies threatened. There is no claim pending under any of the Company Insurance Policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies. The Company has not received any written notice from any of its insurance carriers that any insurance coverage presently provided for in any Company Insurance Policy will not be available to the Company in the future on similar terms as now in effect (excepting general market pricing increases and coverage limitations). The Company does not maintain any self-insurance. All premiums due and payable under all Company Insurance Policies have been paid, the Company is not liable for any retroactive premiums or similar payments, and the Company is otherwise in compliance with the terms of such policies.

3.12 **Permits**. The Company has obtained all Governmental Authorizations necessary for the Company to own, lease and operate and to carry on the Business. All such Governmental Authorizations are set forth on Section 3.12 of the Disclosure Schedule, are in full force and effect, and no written or, to the Company's Knowledge, oral notice from any Governmental Authority of any pending violation, removal, revocation or non-renewal has been received by the Company in respect of any such Governmental Authorizations. To the Company's Knowledge, the Company does not have any Governmental Authorization that will not be renewed in the ordinary course or will be revoked, terminated, suspended or impaired nor to the Company's Knowledge are there any circumstances that would or may reasonably be expected to result in the same. The consummation of the transactions contemplated hereunder and the operation of the business of the Company by the Buyer in the manner in which the Company currently operates will not require or result in the transfer of any Governmental Authorization that may not be transferred without the consent or approval of any Governmental Authority or other Person.

3.13 **Tangible Personal Property**. The Company has good and valid title to, or a valid leasehold interest in, the tangible personal property used in the conduct of the Business, reflected on the Latest Balance Sheet or acquired since the date thereof, free and clear of all Liens (except Permitted Liens), except assets disposed of in the Ordinary Course since the Latest Balance Sheet Date. The tangible personal property owned or used by the Company is in good operating condition and repair, ordinary wear and tear excepted. Nothing in this **Section 3.13** will apply to Intellectual Property matters, which are addressed in **Section 3.14**.

3.14 **Intellectual Property**.

3.14.1 The Company owns or has the valid right to use all Intellectual Property used in connection with or necessary to conduct the Business of the Company as presently conducted (such Intellectual Property, together with the Company Owned Intellectual Property and the Company Licensed Intellectual Property, the "**Company Intellectual Property**").

3.14.2 Set forth on Section 3.14.2 of the Disclosure Schedule is a complete and accurate list (showing in each case, the registered owner, title, mark or name, applicable jurisdiction, application number or registration number and date of application, if any) of all United States, foreign and state (i) Patents and Patent applications, (ii) Trademark registrations and applications and all unregistered Trademarks, (iii) internet domain names, and (iv) Copyright registrations and applications owned by the Company, in each case, that is owned by the Company, but excluding any items that are abandoned, cancelled, expired, withdrawn, or finally refused without right of appeal (together with all other Intellectual Property owned by the Company, the "**Company Owned Intellectual Property**").

3.14.3 Set forth on Section 3.14.3 of the Disclosure Schedule is a complete and accurate list of (i) each Contract that is in effect pursuant to which the Company uses the Intellectual Property owned by another Person in the conduct of the Business, but excluding (A) software shrink-wrap, open source, click-through or similar agreements, (B) non-disclosure agreements, and (C) agreements with current and former employees, consultants, and independent contractors of the Company entered into on the Company's standard form(s) (or a substantially similar form) (together with all other Intellectual Property owned by another Person that is licensed to the Company and used in the conduct of the Business, the "**Company Licensed Intellectual Property**") and (ii) each Contract that is in effect pursuant to which the Company grants to another Person the right to use any Company Intellectual Property, but excluding agreements under which the only right or license granted to another Person under Company Owned Intellectual Property is for the purpose of such Person performing services for the sole benefit of the Company (all Contracts required to be disclosed on Section 3.14.3 of the Disclosure Schedule, the "**Company IP Agreements**").

3.14.4 The Company is the sole and exclusive legal and beneficial owner of all rights, title and interests in and to the Company Owned Intellectual Property. Each of the Company Owned Intellectual Property registrations and applications and common law Trademarks set forth on Section 3.14.2 of the Disclosure Schedule are valid and subsisting, in full force and effect, and have not been cancelled, expired, or abandoned and all renewal fees and other steps required for the maintenance or protection of such rights have been paid on time or taken. No facts or circumstances exist that would reasonably be expected to render any of the Company Owned Intellectual Property invalid or unenforceable. There are no pending or, to the Company's Knowledge, threatened opposition, interference, re-examination or cancellation proceedings or any similar proceedings before any court or registration authority or other Governmental Authority in any jurisdiction against the Company Owned Intellectual Property. The Company has not received any written notice or, to the Company's Knowledge, oral notice of any pending or threatened opposition, interference, re-examination or cancellation proceedings or any similar proceedings before any court or registration authority or other Governmental Authority in any jurisdiction against the Company Intellectual Property. There has been and is no Proceeding or Law asserted, pending or, to Company's Knowledge, threatened that prohibits or restricts the Company from any use or any other exploitation of the Company Owned Intellectual Property. No Person has any exclusive license under any of the Company Intellectual Property.

3.14.5 Neither the conduct of the Business nor the Company's creation, use, license or other transfer of the Company Intellectual Property or the Company's Products or services, or to the Company's Knowledge, a Company customer's use of the Company's Products or services as authorized by the Company, has infringed, misappropriated or otherwise violated or infringes, misappropriates or otherwise violates the Intellectual Property of any Person. The Company has not received written notice, or, to the Company's Knowledge, oral notification that the conduct of the Business, the creation, use, license or other transfer of the Company Intellectual Property or the Company's or, to the Company's Knowledge, a Company customer's use of the Company's Products or services has infringed, misappropriated or otherwise violated, or infringes, misappropriates or otherwise violates, any Intellectual Property owned or controlled by any Person (either directly or indirectly such as through contributory infringement or inducement to infringe) or is defamatory or violative in any way of any publicity, privacy, or other rights. The Company has not received any notice of any pending or any written or, to the Company's Knowledge, oral notification of any pending or threatened claims or suits (i) alleging that the activities of the Company or the conduct of its Business or the creation, use, license or other transfer of the Company Intellectual Property or the Company's use of the Company's Products or services infringes upon or constitutes the unauthorized use of or otherwise violates the Intellectual Property of any Person, nor alleging libel, slander, defamation, or other violation of a personal right, or (ii) challenging the ownership, use, registration, validity or enforceability of any Company Intellectual Property.

3.14.6 To the Company's Knowledge, no third party has disclosed in violation of any confidentiality obligation, misappropriated, infringed, diluted, or otherwise violated, or is currently using, disclosing in violation of any confidentiality obligation, misappropriating, infringing, diluting, or otherwise violating, any Company Owned Intellectual Property, and no such claims are pending against any Person by the Company. The Company has not commenced or threatened in writing any Litigation, or asserted any allegation or claim, against any Person for infringement or misappropriation of the Company Owned Intellectual Property or breach of any Contract involving the Company Intellectual Property.

3.14.7 No Proceedings are currently pending or, to the Company's Knowledge, threatened in writing, that the Company is infringing, violating, or misappropriating any third-party Intellectual Property.

3.14.8 The Company takes commercially reasonable actions to protect, preserve and maintain all Trade Secrets and other confidential information included in the Company Intellectual Property. The Company has taken commercially reasonable steps necessary to comply with all duties of the Company to protect the confidentiality of confidential information provided to the Company by any other Person. To the Company's Knowledge, none of the current or former employees, consultants or other independent contractors of the Company has violated any agreements under which the Company has agreed to keep confidential any information of another Person.

3.15 **Labor Matters**.

3.15.1 There is no labor strike, sympathy strike, dispute, union disturbance, corporate campaign, slowdown, sit-down, stay-in, sick-out, walk-out, work stoppage or lockout, boycott or similar labor difficulty or other union interference against or affecting the Company (all of the foregoing referred to as "**Work Interference**") and, to the Company's Knowledge, no Work Interference is threatened. Since January 1, 2014, no Work Interference has occurred or was threatened.

3.15.2 (i) The Company has not entered into and is not a party to, either directly or by operation of law, any collective agreement, collective bargaining contract, letters of understanding, letters of intent or other written communication or Contract with any trade union, labor union or association or organization that may qualify as a trade union, labor union or association, contingent or otherwise, which would cover any employee of the Company (the "**Employees**"); and (ii) the Employees are not subject to any collective bargaining agreements or letters of understanding, letters of intent or other written communication or Contract with any trade union, labor union or association or organization that may qualify as a trade union, labor union or association, contingent or otherwise, and are not, in their capacities as Employees, represented by any trade union, labor union or association or organization that may qualify as a trade union or association.

3.15.3 (i) No labor representatives hold bargaining rights with respect to any Employee of the Company by way of certification, interim certification, voluntary recognition, designation or successor rights; (ii) no labor representatives have applied to be certified as the bargaining agent of any Employee of the Company; and (iii) no labor representatives have applied to have the Company declared a related or successor employer. There are no organizational efforts currently being made or, to the Company's Knowledge, threatened by or on behalf of, any trade union or association or organization that may qualify as a trade union, labor union or association with respect to the Employees and there have been no such organizing within the last three (3) years.

3.15.4 A true and complete copy of each current written employee policies, employee manuals or other written statements of rules or policies as to working conditions, vacation and sick leave, personnel policy, rule and procedure applicable to the Employees has been delivered or made available to the Buyer or its counsel and is listed on Section 3.15.4 of the Disclosure Schedule.

3.15.5 The Company is in compliance, in all material respects, with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages, pay equity, hours of work and occupational safety and health, and is not engaged in any unfair labor practices, as defined in the National Labor Relations Act or other applicable Laws.

3.15.6 The Company has not received written notice that an unfair labor practice charge or complaint against the Company is pending before the National Labor Relations Board or any similar state or foreign agency, nor, to the Company's Knowledge, has such a charge or complaint been threatened in writing.

3.15.7 No charge with respect to or relating to the Company is pending before the Equal Employment Opportunity Commission or any other agency responsible for the prevention of discriminatory or other unlawful employment practices.

3.15.8 Since January 1, 2014, (a) the Company has not effectuated a "plant closing" (as defined in the WARN Act or any comparable provision of state, local or foreign Law) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company, (b) there has not occurred a "mass layoff" (as defined in the WARN Act or any comparable provision of state, local or foreign Law) affecting any site of employment or facility of the Company, (c) the Company has not been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state, local or foreign "plant closing" Law or regulation and (d) none of the Employees has suffered an "employment loss" (as defined in the WARN Act or any comparable provision of state, local or foreign Law) during the six month period prior to the date hereof.

3.16 **Employee Benefits**.

3.16.1 Section 3.16.1 of the Disclosure Schedule contains a list of all "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and all material bonus, pension, profit sharing, deferred compensation, incentive compensation, stock option, equity incentive, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical or other compensatory plan, program or arrangement maintained by, or contributed to by, the Company or with respect to which the Company has any liability (the plans so listed, collectively, "**Employee Benefit Plans**"). Except as would not result in liability to the Company, each Employee Benefit Plan has been administered in material compliance with its terms and applicable Laws, including ERISA and the Code. The Company has made available to Buyer true, complete and correct copies of (i) the document, if any, constituting such Employee Benefit Plan, (ii) the most recent annual report on Form 5500 filed with the Internal Revenue Service with respect to each Employee Benefit Plan (if any such report was required), (iii) any Internal Revenue Service or Department of Labor determination, opinion, notification and advisory letters, and (iv) all correspondence to or from any Governmental Authority relating to any Employee Benefit Plan received in the last two (2) years prior to the date of this Agreement.

3.16.2 No Employee Benefit Plan or other plan maintained, contributed to or required to be contributed to by any ERISA Affiliate is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA, and no Employee Benefit Plan or other plan maintained, contributed to or required to be contributed to by any ERISA Affiliate is subject to Title IV of ERISA or the minimum funding standards of Section 412 of the Code. Except as would not result in liability to the Company, no "Prohibited Transaction," within the meaning of Section 4975 of the Code or Sections 406 or 407 of ERISA and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Employee Benefit Plan.

3.16.3 The execution and delivery by the Company of this Agreement does not and the consummation of the Transactions and compliance with the terms hereof will not either alone or in conjunction with any other event (other than any event that independently triggers the results in the following clauses (i) - (ii) of this **Section 3.16.3**), (i) entitle any current employee, officer or director of the Company to severance pay, or (ii) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other obligation pursuant to, any Employee Benefit Plan. There is no contract, plan or arrangement covering any current or former employee, director or consultant of the Company that, individually or collectively, could give rise to the payment as a result of the transactions contemplated by this Agreement of any amount that would not be deductible by the Company by reason of Section 280G of the Code.

3.16.4 No Employee Benefit Plan is maintained outside the jurisdiction of the United States, or covers any employee residing or working outside the United States.

3.16.5 No audit or investigation of an Employee Benefit Plan by a Governmental Authority has occurred in the past three (3) years and there are no actions, suits or claims (other than routine claims for benefits) pending or, to the Company's Knowledge, threatened in writing with respect to any Employee Benefit Plan.

3.16.6 Prior to the date hereof, the Buyer has been provided with a true and complete list of the names, titles and current salaries of all full-time and part-time employees and consultants of the Company. There is no employment Contract, employee benefit or incentive compensation plan or program, severance policy or program or any other plan or program to which the Company is a party (i) that is or could, pursuant to its terms, be triggered or accelerated by reason of or in connection with the execution of this Agreement or the consummation of the transactions contemplated by this Agreement or (ii) which contains "change in control" provisions pursuant to which the payment, vesting or funding of compensation or benefits would be triggered or accelerated by reason of or in connection with the execution of or consummation of the transactions contemplated by this Agreement.

3.17 **Environmental Matters**.

3.17.1 The operations of the Company are in compliance with all Environmental Permits applicable to the Business;

3.17.2 The Company is not subject to any pending claim and has not received any threat in writing alleging that the Company is in violation of any Environmental Law or any Environmental Permit or has any liability under any Environmental Law; and

3.17.3 There are no Proceedings pursuant to Environmental Law pending or, to the Company's Knowledge, threatened in writing against the Company before any Governmental Authority, and the Company is not subject under any Environmental Law to any Judgment.

3.18 **Tax Matters**.

3.18.1 The Company has timely filed, or has caused to be timely filed on its behalf, all federal, state, county and local Tax Returns required to be filed by it (each a "**Company Return**" and collectively, the "**Company Returns**"), and all such Tax Returns are true, complete and accurate. The Company has paid all Taxes shown to be due by the Company in such Company Returns as well as all other Taxes, assessments and governmental charges that have become due or payable, including all Taxes that the Company is obligated to withhold or collect from amounts owing to employees, creditors and third parties, which have been timely withheld or collected, as the case may be, and to the extent required by applicable Law, have been paid to the relevant Taxing Authority or Governmental Authority.

3.18.2 The Latest Balance Sheet contains an adequate accrual in accordance with GAAP for all unpaid Taxes as of the Latest Balance Sheet Date. The Company has not incurred any liability for Taxes subsequent to the Latest Balance Sheet Date except in the Ordinary Course.

3.18.3 No written claim has ever been made by any Governmental Authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation or to a requirement to file Tax Returns in such jurisdiction, which claim has not be resolved.

3.18.4 The Company has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes from Employees and other Persons.

3.18.5 There are no Liens for Taxes (other than for current Taxes not yet due and payable), whether imposed by a federal, state, county, or local Taxing Authority, outstanding against the assets, properties or business of the Company (other than Permitted Liens) on the assets and/or Equity Interests of the Company.

3.18.6 The Company is not a party to or bound by any Tax Agreement.

3.18.7 The Company has not been the "distributing corporation" or the "controlled corporation" (in each case, within the meaning of Section 355(a)(1) of the Code) with respect to a transaction described in Section 355 of the Code (i) within the two (2)-year period ending as of the date of this Agreement, or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) that includes the Transactions.

3.18.8 The Company (i) has not been a member of any affiliated group filing a consolidated Tax Return or of any affiliated, consolidated, combined, or unitary group, as defined under applicable state, local or foreign Law, and (ii) does not have any liability for the Taxes of any Person under Section 1.1502-6 of the Treasury Regulations (or any similar provision of state, local or foreign Law), or as a transferee or successor.

3.18.9 No claim, deficiency, assessment for any income Taxes has been asserted against the Company or any former Subsidiaries of the Company which has not been resolved and/or paid in full.

3.18.10 There are no pending Tax audits or examinations of any Tax Returns of the Company. The Company has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver is still outstanding.

3.18.11 In the three (3) years prior to the date of this Agreement, the Company has not engaged in a "reportable transaction," as set forth in Treasury Regulation Section 1.6011-4(b)(1).

3.18.12 Notwithstanding any other provision of this Agreement, none of any Seller or the Company is making or will be construed to have made any representation or warranty as to (i) the amount or availability of any tax attribute of the Company or (ii) any Tax position that Sellers or any of their respective Affiliates (including the Company) may take in or in respect of a Post-Closing Tax Period.

3.19 **Customers and Suppliers**.

3.19.1 Section 3.19.1 of the Disclosure Schedule sets forth the twenty (20) largest customers (as measured by dollar volume of sales) of the Company (the "**Top Customers**") for both of the years ended December 31, 2016 and December 31, 2015 and includes the actual amount for which each such Top Customer was invoiced by the Company during such periods. Since the Most Recent Fiscal Year End, the Company has not received any written or, to the Company's Knowledge, oral notice from any Top Customer to the effect that such customer is terminating its business relationship with the Company and will stop purchasing products from the Company prior to the termination of any existing agreement with such Top Customer. There are no pending disputes or controversies between the Company and any of the Top Customers and, to the Company's Knowledge, none of the Top Customers (i) has or is contemplating terminating or materially diminishing its business or relationship with the Company or (ii) has experienced any material work stoppage or other material adverse circumstances or conditions that is reasonably likely to jeopardize or materially adversely affect the future relationships of the Company with such Person. To the Company's Knowledge, there is no fact, condition or event which would adversely affect the relationship of the Company with any of its Top Customers.

3.19.2 Section 3.19.2 of the Disclosure Schedule sets forth the twenty (20) largest suppliers (as measured by dollar volume of purchases) of the Company (the "**Top Suppliers**"), for both of the years ended December 31, 2016 and December 31, 2015 and includes the actual amount the Company purchased from each such supplier during such period (treating affiliated suppliers as a single supplier). Since the Most Recent Fiscal Year End, the Company has not received any written or, to the Company's Knowledge, oral notice from any Top Supplier to the effect that such Top Supplier is terminating its business relationship with the Company and will stop providing products or services to the Company, prior to the termination of any existing agreement with such Top Supplier. There are no pending disputes or controversies between the Company and any of the Top Suppliers and, to the Company's Knowledge, none of the Top Suppliers (i) has or is contemplating terminating or materially diminishing its business or relationship with the Company or (ii) has experienced any material work stoppage or other material adverse circumstances or conditions that is reasonably likely to jeopardize or materially adversely affect the future relationships of the Company with such Person. To the Company's Knowledge, there is no fact, condition or event which would adversely affect the relationship of the Company with any of its Top Suppliers.

3.20 **Inventory; Accounts Receivable**.

3.20.1 All of the inventories of stock in trade, work in progress and finished goods of the Company consist of a quality and quantity usable and salable in the Ordinary Course, except for obsolete, damaged or defective inventory and materials of below-standard quality, all of which items have been written off or written down on the books and records of the Company to fair market value or for which adequate reserves have been provided therein. All inventories not written off have been priced at the lower of cost or realizable market value. All inventories disposed of subsequent to the Most Recent Fiscal Year End have been disposed of only in the Ordinary Course. The quantities of each type of inventory (whether raw materials, work-in-process, or finished goods) are not excessive, but are reasonable and warranted according to the normal purchasing and sales patterns of the Company and are adequate for the purposes of fulfilling the Company's current business and order requirements. All work in process and finished goods inventory held by the Company is free of any Defect or other material deficiency.

3.20.2 Section 3.20.2 of the Disclosure Schedule contains a list of the aged trade accounts receivable of the Company as of June 30, 2017 ("**Receivables**"). Such Receivables arose in the Ordinary Course for goods sold and delivered or services provided by the Company as to which full performance by the Company has been fully rendered, constitute valid obligations owed to the Company and are collectible in the Ordinary Course, subject to customary reserves. The Company has not received any written notice from or on behalf of any account debtor asserting any defense to payment, counterclaim or right of setoff with respect to any Receivable of the Company in excess of amounts reserved on the Financial Statements in respect of the applicable period(s). All Receivables are recorded and booked on the books and records of the Company in accordance with GAAP. No Receivables are subject to prior assignment or Lien (other than Permitted Liens). Except as set forth in the Financial Statements, the Company does not have any liability for any refunds, liability allowances or returns in respect of products developed, manufactured, processed, distributed or sold by or for the account of the Company on or prior to the Closing Date in excess of the amounts specifically reserved against in calculating the Estimated Closing Working Capital. Where Receivables arose out of secured transactions, all financing statements and other instruments required to be filed or recorded to perfect the title or security interest of the Company have been properly filed or recorded by the Company.

3.21 **Related Party Transactions**. None of the Sellers or any current manager, officer or Affiliate of any of the Sellers or the Company: (a) is, or owns, directly or indirectly, any interest in any Person which is, (i) a competitor of the Company, (ii) a supplier of the Company, or (iii) a customer of the Company or a distributor of the Products (except as an owner of two percent (2%) or less of the stock of any Person listed on a national securities exchange or traded in the over-the-counter market); (b) owns, directly or indirectly, in whole or in part, any property, asset or right, real, personal or mixed, tangible or intangible (including, but not limited to, any of the intangible property), of the Company, which is utilized in the operation of the Business; (c) has an interest in or is, directly or indirectly, a party to any Material Contract pertaining or relating to the Company, except for employment, consulting or other personal service Contracts that may be in effect and which are set forth on Section 3.21 of the Disclosure Schedule; or (d) has any Proceeding against, or owes any amount to, the Company.

3.22 **Brokers**. Except for Houlihan Lokey Capital, Inc., no investment banker, broker, finder or other intermediary has acted on the Company's behalf in connection with this Agreement and the Transactions and except for fees payable to Houlihan Lokey Capital, Inc., there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any Contract with the Company or any action taken by the Company or based upon arrangements or agreements made by or on behalf of the Company.

3.23 **Banking Relationships**. Section 3.23 of the Disclosure Schedule sets forth (a) the names and locations of the banking and lock box accounts of the Company and any safe deposit boxes of the Company and (b) the credit card issuers with whom the Company has an account and, in each case, the names of all Persons authorized to use such accounts or who have access thereto. There are no automatic, periodic or scheduled withdrawals or debits with respect to any of the bank accounts required to be set forth on Section 3.23 of the Disclosure Schedule.

3.24 **Products; Product Liability**. There are not presently pending, or, to the Company's Knowledge, threatened Proceedings relating to any alleged hazard or alleged Defect in design, manufacture, materials or workmanship, including any failure to warn or alleged breach of express or implied warranty or representation, relating to any Product. Except as may be set forth in the Material Contracts, the Company has not extended to any of its customers any written, non-uniform product warranties, indemnifications or guarantees. True, correct and complete copies of all material correspondence received or sent by or on behalf of the Company since January 1, 2014, from or to any Governmental Authority with respect to a contemplated or ongoing actual recall, withdrawal, or suspension from the market of any Product have previously been made available to the Buyer. There are no Defects in the designs, specifications, or processes as currently in effect with respect to any Product sold or otherwise distributed by the Company that would reasonably be expected to result in a liability to the Company. The Company is not currently investigating or considering a recall, withdrawal or suspension from the market of any Product.

3.25 **Propriety of Past Payments**. In the past five (5) years, none of the Sellers nor any manager, officer, employee or, to the Company's Knowledge, agent of the Company or any other Person associated with or acting for or on behalf of the Company has, directly or indirectly, on behalf of the Company, made any illegal contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment to any Person, private or public, regardless of form, whether in money, property or services, (i) to obtain favorable treatment for the Company or any Affiliate of the Company in securing business, (ii) to obtain favorable treatment for business secured for the Company, or any Affiliate of the Company, (iii) to obtain or retain special concessions for or in respect of the Company or any Affiliate of the Company or (iv) otherwise for the benefit of the Company, or any Affiliate of the Company in violation of any Law, (including existing site plan approvals, zoning or subdivision regulations or urban redevelopment plans relating to Real Property) to which the Company is subject. During the past five (5) years, no notice has been received alleging that the Company or any owner, officer, manager, employee, agent or other Person (in connection with actions on behalf or for the benefit of the Company), has made, given or offered, directly or indirectly, any unlawful financial or other advantage, contribution, gift, bribe, payoff, kickback or unlawful payment to any employee or official of any Governmental Authority in any jurisdiction, or taken any other action, in violation of the United States Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, the OECD Convention on Combating Bribery of Foreign Public Officials in Business Transactions of 1997 (the "**OECD Convention**") and any law implementing the OECD Convention, or any other applicable anti-bribery or anti-corruption law. None of the Company's owners, officers, managers, employees or, to the Company's Knowledge, agents are agents, employees, officers or representatives of, or otherwise affiliated with, any Government Authority or agency or other instrumentality of any Government Authority. The Company's books and records accurately reflect the nature of all expenditures related to anything of value provided to a Government Authority.

3.26 **Personal Information Laws**. The Company is in material compliance with the requirements of all applicable Laws, and the Company's written policies and practices relating to the collection, access, use, disclosure, storage and disposal of Personal Information, including the Health Insurance Portability and Accountability Act. The Company has taken commercially reasonable steps to ensure that personal information is protected against unauthorized use, transfer, modification, disclosure or other misuse, including implementation of technical, physical, and operational security measures and an ongoing process to monitor compliance. No complaint relating to the Company's alleged non-compliance with any such applicable Law has been found by any Governmental Authority to be well-founded, no order or judgment has been made against the Company by any Governmental Authority based on any finding of non-compliance with any such applicable Law, no unresolved complaint, investigation or other proceeding relating to any such alleged non-compliance is now pending by or before any Governmental Authority and the Company has otherwise never received any complaints related to data protection or the handling of Personal Information.

3.27 **International Trade Laws and Regulations**. Within the past five (5) years: (a) the Sellers and the Company, in each case in respect of the Business, are in material compliance with all applicable embargoes and sanctions imposed by any foreign Governmental Authority against a country, political organization or other Person (other than those, the compliance with which would constitute a violation of the Laws of the United States); (b) neither the Company, nor, in respect of the Business, the Sellers holds any unlawful contracts with a party in or from Cuba, Iran, North Korea, Sudan or Syria nor do they otherwise provide any services, products or technology directly or indirectly to Persons in these countries; (c) all activities of the Company and, in respect of the Business, the Seller including all exports, re-exports, sales or transfers of products, technology, software or services, have been effected in material compliance with all applicable export control and trade control (arms trafficking and brokering) rules; (d) the Company and, in respect of the Business, the Sellers are in material compliance with all other aspects of applicable International Trade Laws and Regulations; and (e) neither the Company, nor, in respect of the Business, the Sellers has conducted or initiated any internal investigation or made a voluntary disclosure to any government or Government Authority with respect to any alleged act or omission arising under the aforementioned laws. To the Company's Knowledge, no government or Government Authority has initiated or given written notice threatening to initiate any investigation, audit, review or prosecution of the Company, or, in each case in respect of the Business, the Sellers with respect to non-compliance with such laws.

3.28 **Internal Accounting Controls**. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance in accordance with customary business practices for non-public companies that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.29 **Conflict Minerals**. The Company has not manufactured, contracted to have manufactured for, or sold any product that contains a "conflict mineral" (as such term is defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to the Company and Sellers as set forth below as of the date hereof and as of the Closing Date.

4.1 **Organization and Good Standing**. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has full corporate power and authority to carry on its business as presently conducted, and to own and lease the assets and properties which it owns and leases.

4.2 **Power and Authorization; Enforceability**.

4.2.1 Buyer has all requisite right, power, authority and capacity to execute and deliver this Agreement and the other Buyer Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the Transactions. All necessary corporate action has been taken by Buyer to authorize the execution, delivery and performance by Buyer of this Agreement and each other Buyer Transaction Document. Buyer has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Buyer Transaction Document.

4.2.2 Assuming that this Agreement and each of the other Buyer Transaction Documents are valid and binding obligations of each of the other parties hereto and thereto, this Agreement is, and each other Buyer Transaction Document, when duly executed and delivered at or prior to the Closing by Buyer, will be, the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its respective terms, except as enforceability of such obligations may be limited by the Remedies Exception.

4.3 **No Violation or Conflict**.

4.3.1 Neither the execution, delivery and performance by Buyer of this Agreement or of the other Buyer Transaction Documents nor the consummation of the Transactions (with or without the passage of time or the giving of notice, or both) will:

(a) conflict with, or result in a breach of, the Governing Documents of Buyer;

(b) violate or conflict with any Judgments or Laws, in each case, binding upon or applicable to Buyer or by which it or any of its properties or assets are bound or require the consent, approval or action of, filing with or notice to any Governmental Authority or other Person; or

(c) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in, or provide the basis for, the termination of, or accelerate the performance required by, or excuse performance by any Person of any of its obligations under, or cause the acceleration of the maturity of any Indebtedness or obligation pursuant to, or result in the creation or imposition of any Lien upon any property or assets of Buyer under, any material Contract to which Buyer is a party or by which it or any of its properties or assets are bound;

except, in each case of clauses (a) through (c), where the failure of any of the above to be true would not reasonably be expected to impair, prevent or delay the consummation of the transactions contemplated by this Agreement.

4.4 **Compliance with Laws**. Buyer is in material compliance with all applicable Laws and Governmental Authorizations, except where the failure to comply would not reasonably be expected to impair, prevent or delay the consummation of the transactions contemplated by this Agreement.

4.5 **Litigation**. There are no unsatisfied Judgments against Buyer or any of its business properties or assets that would reasonably be expected to affect the ability of Buyer to perform its obligations under this Agreement. There is no Proceeding pending or, to the knowledge of Buyer, threatened in writing against Buyer which seeks to delay or prevent the consummation of the transactions contemplated by this Agreement by Buyer or would, if successful, be reasonably expected to adversely affect the ability of Buyer to perform its obligations under this Agreement.

4.6 **Brokers**. Except for Kanders & Company, Inc., no broker, investment banker, financial advisor, finder, agent or other intermediary has acted on Buyer's behalf in connection with this Agreement or any of the transactions contemplated hereby, and except for fees payable to Kanders & Company, Inc., there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any Contract with Buyer or any action taken by Buyer.

4.7 **Investment**. Buyer is acquiring the Transferred Interests for its own account, for investment only, and not with a view to any resale or public distribution thereof. Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Transferred Interests and is capable of bearing the economic and other risks of such investment. Buyer acknowledges that (a) such Transferred Interests have not been registered under the Securities Act of 1933, as amended, or any state securities laws, (b) there is no public market for such Transferred Interests and there can be no assurance that a public market will develop, and (c) it must bear the economic risk of its investment in such Transferred Interests for an indefinite period of time. As of the Closing, Buyer will be an "Accredited Investor" within the meaning of the Securities and Exchange Commission Rule 501 of Regulation D of the Securities Act of 1933, as presently in effect. Buyer is not acting as agent or representative of another party, and has no current plan or intention to resell any of the Transferred Interests or the assets or business of the Company to another Person.

4.8 **Available Funds**. The obligations of Buyer under this Agreement are not contingent on the availability of financing. Buyer has cash, available credit facilities or other sources of available funds in an aggregate amount sufficient to consummate the Transactions and will have immediately available cash, available credit facilities or other immediately available funds at the time of the Closing to consummate the Transactions.

4.9 **Solvency**. Immediately after giving effect to the Transactions, Buyer will be Solvent (as defined below). No transfer of property is being made, and no obligation is being incurred, in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Buyer. For purposes of this **Section 4.9**, "**Solvent**" means that, as of any date of determination, (a) the Present Fair Salable Value (as defined below) of the assets of Buyer will, as of such date, exceed all of its probable liabilities or its existing debts as they become absolute and matured, as of such date, (b) Buyer will not have, or have access to, as of such date, an unreasonably small amount of capital for the business in which it is engaged or will be engaged and (c) Buyer will be able to pay its liabilities as they become absolute and mature, in the Ordinary Course, taking into account the timing of and amounts of Cash to be received by it and the timing of and amounts of Cash to be payable on or in respect of its Indebtedness, in each case after giving effect to the Transactions. The term "**Solvency**" will have a correlative meaning. "**Present Fair Salable Value**" means the amount that may be realized if the aggregate assets (including goodwill) of Buyer are sold as an entirety with reasonable promptness in an arm's-length transaction under then-present conditions for the sale of comparable business enterprises.

4.10 **Tax and Legal Matters**. Buyer has reviewed with Buyer's own tax advisors and legal counsel the tax and other consequences of the Transactions and the legal effects thereof before Buyer's execution and delivery of this Agreement and each other Buyer Transaction Document. Buyer has relied solely on its own advisors and not on any statements or representations by Sellers, the Sellers' Representative, the Company, or any of their respective Representatives, except for the representations and warranties of Sellers in **Article 2** and **Article 3**. Buyer understands that it (and not Sellers, or the Seller's Representative) will be responsible for its own legal or Tax Liabilities that may arise as a result of the Transactions. Buyer agrees that it has been advised to consult with its own tax and legal counsel in connection with the foregoing.

ARTICLE 5
CERTAIN COVENANTS OF THE PARTIES

5.1 **Further Actions**. From and after the Closing, each Seller and Buyer agrees to, from time to time, execute and deliver such other documents, certificates, agreements, and other writings as any other Party reasonably requests, and to take such other actions, as may be reasonably necessary, proper, or advisable in order to consummate or implement expeditiously the Transactions. Notwithstanding the foregoing in this **Section 5.1**, none of Sellers, Buyer or any of their respective Affiliates will be obligated to make any payments, or otherwise pay any consideration, to any third party to obtain any applicable consent, waiver or approval.

5.2 **Access to Information**.

5.2.1 From and after the Closing, Sellers and Buyer will promptly afford the other Party and its Affiliates and their respective Representatives reasonable access to their respective properties, information, data, books, records, employees and auditors to the extent relating to the Company to the extent necessary or useful for the Party requesting such access in connection with any Proceeding (other than any Proceeding in connection with this Agreement, the other Transaction Documents or the Transactions). In addition, from and after the Closing Date, Buyer will, and will cause its Affiliates to, upon reasonable notice by Sellers or their respective Affiliates to Buyer, (a) provide to Sellers and their respective Affiliates and their respective Representatives reasonable access during reasonable working hours to their properties, information, data, books, records, employees and auditors to the extent relating to the Company with respect to any Pre-Closing Period or matter occurring prior to the Closing, (b) permit Sellers and their respective Affiliates and their respective Representatives to make such copies and inspections of any such information, data, books and records as any of them may reasonably request during reasonable hours to the extent reasonably required by the Sellers, (c) make reasonably available to Sellers and their respective Affiliates and their respective Representatives, the officers, employees and other Representatives of the Company and to provide reasonable assistance and cooperation in the review of information described in this **Section 5.2.1** and (d) cooperate with Sellers and their respective Affiliates and their respective Representatives to the extent reasonably necessary or appropriate in connection with any Proceeding arising out of the Business, in each case other than with respect to any Proceeding involving disputes (y) between Buyer, on the one hand, and Sellers, on the other hand or (z) for which Buyer seeks indemnification hereunder.

5.2.2 Anything to the contrary in **Section 5.2.1** notwithstanding, (a) access rights pursuant to **Section 5.2.1** will be exercised in such manner as not to interfere unreasonably with the conduct of the Business or any other business of the Party granting such access, (b) the Party granting access may withhold any document (or portions thereof) or information (i) that is subject to the terms of a non-disclosure agreement with a third party, (ii) that may constitute privileged attorney-client communications or attorney work product and the transfer of which, or the provision of access to which, as reasonably determined in writing by such Party's counsel, constitutes a waiver of any such privilege or (iii) if the provision of access to such document (or portion thereof) or information, as reasonably determined in writing by such Party's counsel, would reasonably be expected to conflict with applicable Laws or agreements with Governmental Authorities, (c) no Seller or any of its respective Affiliates or their respective Representatives will have any obligation to provide Buyer, its Affiliates or their respective Representatives access to any personnel records of Sellers or the Company relating to individual performance or evaluation records, medical histories, or other information in personnel records to the extent that providing such access would constitute a breach of Law by any of Sellers or the Company, and (d) the Party requesting access pursuant to **Section 5.2.1** will reimburse the other Party promptly for all reasonable and documented out-of-pocket costs and expenses incurred by the other Party in connection with any such request made after the Closing.

5.3 Confidentiality; Books and Records.

5.3.1 The Confidentiality Agreement will automatically terminate as of the Closing.

5.3.2 From and after the Closing, (a) Sellers and Buyer will, and will cause their respective Affiliates and Representatives to, maintain in confidence this Agreement and the other Transaction Documents and any written, oral or other information related to the negotiation hereof and thereof, (b) Sellers will, and will cause their respective Affiliates and Representatives to, maintain in confidence any written, oral or other information relating to the Company obtained by virtue of Sellers' ownership of the Company prior to the Closing and (c) Buyer will, and will cause its Affiliates and Representatives to, maintain in confidence any written, oral or other information of or relating to Sellers or their respective Affiliates obtained by virtue of Buyer's or Sellers' ownership, management or provision of services to the Company from and after the Closing, except, in each case, to the extent that the applicable Party is required to disclose such information by judicial or administrative process or pursuant to applicable Law or such information can be shown to have been in the public domain through no fault of the applicable Party.

5.3.3 Subject to **Sections 5.3.1** and **5.3.2**, Sellers, their respective Affiliates and their respective Representatives will have the right to retain copies of all books, data, files, information and records in any media (including, for the avoidance of doubt, Tax returns and other information and documents relating to Tax matters) of the Company relating to periods ending on or prior to the Closing Date or any Straddle Period (a) relating to information (including employment and medical records) regarding the Continuing Employees, (b) as may be required by any Governmental Authority, including pursuant to any applicable Law or regulatory request or (c) as may be necessary for Sellers or their respective Affiliates to perform their respective obligations pursuant to this Agreement or any other Transaction Document, in each case subject to compliance with all applicable privacy Laws. Buyer agrees that, with respect to all original books, data, files, information and records of the Company existing as of the Closing Date, it will (x) comply in all material respects with all applicable Laws relating to the preservation and retention of records, (y) apply preservation and retention policies that are no less stringent in the aggregate than those generally applied by Buyer to its own books and records and (z) until the later of seven (7) years after the Closing Date or the date on which Taxes may no longer be assessed under the applicable statutes of limitation, including any waivers or extensions thereof, preserve and retain all such original books, data, files, information and records.

5.4 **Restrictive Covenants**. The Parties agree that Buyer is relying on the covenants and agreements set forth in this **Section 5.4**, that without such covenants Buyer would not enter into this Agreement or consummate the Transactions and that the purchase price is sufficient consideration to make the covenants and agreements set forth herein enforceable.

5.4.1 **Non-Competition by Sellers**. During the Restriction Period, Sellers will not, directly or indirectly, and shall cause their respective Affiliates not to, directly or indirectly, as an employee, employer, consultant, agent, principal, partner, stockholder, officer, director, investor, lender, financier or broker, or in any other individual or representative capacity, engage or participate or plan or prepare to engage or participate in the Business or assist any Person in engaging or participating or planning or preparing to engage or participate in the Business, in each case in the United States of America, Europe, Mexico, Canada or any other geographic area where the Company is engaging in the Business immediately prior to the Closing or in which the Products are marketed immediately prior to the Closing or through the investment of capital, lending of money or property, rendering of services or capital, or otherwise, in any enterprise engaging in a business competitive with the Business or otherwise compete with the Company (the "**Prohibited Activities**"); provided, however, that nothing in this **Section 5.4.1** will prohibit any Seller from:

(a) performing duties as an employee or consultant of the Buyer; or

(b) owning two percent (2%) or less of the stock of any Person listed on a national securities exchange or traded in the over-the-counter market.

5.4.2 **Non-Solicitation by Sellers**. During the Restriction Period, no Seller nor any of its respective Affiliates will, directly or indirectly, hire, recruit or solicit any officers, directors, senior executives or other employees of the Company to become employed or engaged by any other Person or to terminate any such Person's employment or consulting relationship with Buyer or, after the Closing, the Company; provided, however, that the foregoing will not prohibit any general advertisements or solicitations of employment by Sellers or their respective Affiliates not specifically directed to officers, managers, employees or contractors of the Company, Buyer or their respective Affiliates and the hiring of any Person as a result of such general advertisement or solicitation not specifically directed to officers, managers, employees or contractors of the Company, Buyer or their respective Affiliates.

5.4.3 **Blue-Pencil**. If any court of competent jurisdiction will, at any time, deem the term of any particular restrictive covenant contained in this **Section 5.4** too lengthy or the scope too broad, the other provisions of this **Section 5.4** will nevertheless stand, and the covenant, as determined by a court of competent jurisdiction, will be deemed reformed such that the term will be deemed to be the longest period permissible by Law under the circumstances and the scope will be as broad as permissible by Law under the circumstances. The court of competent jurisdiction in each case will reduce the term and/or scope covered to permissible duration or breadth.

5.4.4 **Remedies**. Sellers represent that they are familiar with the covenants not to solicit contained herein and are fully aware of their respective obligations hereunder. Sellers further agree that the length of time and scope are reasonable given the benefits they have received hereunder. Sellers further acknowledge and agree that the covenants set forth in this **Section 5.4** are necessary for the protection of Buyer's business interests, including the goodwill and confidential information being transferred by reason of the Transactions, that irreparable injury will result to Buyer if Sellers breach any of the terms of this **Section 5.4**, and that in the event of an actual or threatened breach by Sellers of any of the provisions contained in this **Section 5.4**, Buyer will have no adequate remedy at Law. Sellers accordingly agree that in the event of any actual or threatened breach by any Seller of any of the provisions contained in this **Section 5.4**, Buyer will be entitled to seek injunctive and other equitable relief without the necessity for showing irreparable harm as a remedy for any such breach or threatened breach, and Sellers further agree to waive any requirement for the posting of any bond or other security in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of the provisions contained in this **Section 5.5** but shall be in addition to all other remedies available at law or in equity to Buyer. Nothing contained herein will be construed as prohibiting Buyer from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages that it is able to prove. Sellers will be liable for any breach by their respective Affiliates of this **Section 5.4**.

5.5 **Tax Matters**.

5.5.1 **Tax Returns.**

(a) The Company, under the direction of the Sellers' Representative, will be responsible for preparing any Company Returns for any Pre-Closing Tax Period (other than a Straddle Period) that is required to be filed after the Closing Date and will prepare such Company Returns in accordance with past practices of the Company.

(b) Buyer will be responsible for preparing any Company Returns for any Straddle Period and will prepare such Company Returns in accordance with past practices of the Company. No later than thirty (30) days prior to the due date for filing such Company Returns for any Straddle Period, taking into account any extensions of such filing date, Buyer will make such Company Returns available for review and approval by the Sellers' Representative. The Sellers' Representative shall have the right to object to such Return within ten (10) days of receipt of such Return. If the Sellers' Representative objects to a Return, the Sellers' Representative and the Buyer agree to use their best efforts to resolve the dispute. Any dispute not resolved within twenty (20) days after an objection shall be submitted to the Independent Accounting Firm. The Independent Accounting Firm's review shall be limited to the disputed item and the parties shall direct the Independent Accounting Firm to conclude its review within ten (10) days of submission of the objection to the Independent Accounting Firm. The fees and expenses of the Independent Accounting Firm shall be borne equally by the Buyer, on the one hand, and the Sellers, on the other hand.

(c) After the Closing Date, without the prior written consent of the Sellers' Representative, none of the Company or Buyer will amend any Company Return relating to a Pre-Closing Tax Period.

5.5.2 **Tax Contests**. Buyer, on behalf of the Company, will promptly notify the Sellers' Representative in writing upon receipt by Buyer or the Company of notice of any Tax audits, examinations or assessments with respect to Taxes of the Company that pertain to a Pre-Closing Tax Period or Straddle Period or that could give rise to indemnification under **Article 6**. The Sellers' Representative will control the portion of any such audit, examination or proceeding that relates to any Pre-Closing Tax Period and Buyer and the Sellers' Representative will jointly control with respect to any Straddle Period; provided, however, that with respect to any audit, examination or proceeding that relates to either a Pre-Closing Tax Period or Straddle Period, each of Buyer and the Sellers' Representative will be entitled to participate in the defense of such claim to the extent it could adversely affect that party and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel will be borne solely by that party.

5.5.3 **Tax Refunds**. Any refund of Taxes received by the Company relating to a Pre-Closing Tax Period (or any election to apply the right to such a refund as a payment of, or a credit against, future Taxes) (a "**Pre-Closing Tax Refund**"), will be credited to Sellers. Buyer will promptly pay, or cause to be paid, the amount of any such Pre-Closing Tax Refund, including the amount of interest actually received thereon, to Sellers upon receipt (or use) of such Pre-Closing Tax Refund by the Company or any of its Affiliates (it being understood that in the case of an election to use any such refund as a payment of, or a credit against, future Taxes, such refund will be considered to be used at the time such election is made).

5.5.4 **Books and Records; Cooperation**. Buyer and Sellers will, and will cause their respective Representatives to, (a) provide the other Party and its Representatives with such assistance as may be reasonably requested in connection with the preparation of any Tax Return or any audit or other examination by any Taxing Authority or Proceeding relating to Taxes with respect to the Company and (b) retain (until the expiration of the statute of limitations of the taxable periods to which the Tax Returns relate), and provide the other Party and its Representatives with reasonable access to, all records or information that may be relevant to such Tax Return (including analysis regarding any Tax refunds or Tax benefits), audit, examination or proceeding, provided, that the foregoing will be done at the expense of the Party making such request and in a manner so as not to interfere unreasonably with the conduct of the business of the Parties.

5.5.5 **Straddle Period**. For purposes of this Agreement, the portion of Tax with respect to the income, property or operations of the Company that is attributable to any Tax period that begins on or before the Closing Date and ends after the Closing Date (a "**Straddle Period**") will be apportioned between the portion of the Straddle Period that extends before the Closing Date through the Closing Date (the "**Pre-Closing Straddle Period**") and the portion of the Straddle Period that extends from the day after the Closing Date to the end of the Straddle Period (the "**Post-Closing Straddle Period**"). The portion of such Tax attributable to the Pre-Closing Straddle Period will (a) in the case of any Taxes other than sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the Pre-Closing Straddle Period and denominator of which is the number of days in the Straddle Period and (b) in the case of any sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed equal to the amount that would be payable if the Straddle Period ended on and included the Closing Date. The portion of Tax attributable to a Post-Closing Straddle Period will be calculated in a corresponding manner.

5.5.6 **Transfer Taxes**. All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) imposed in connection with the Transactions ("**Transfer Taxes**") will be borne and paid equally by the Buyer, on the one hand, and the Sellers, on the other hand, including, without limitation, any Transfer Taxes attributable to the deemed sale or transfer of the Owned Real Property or Leased Real Property, if any.

5.5.7 **Tax Treatment**. The Parties acknowledge that for United States federal and state income Tax purposes, the Transactions will be treated under Revenue Ruling 99-6 as if (i) each Seller had sold all of its respective Transferred Interests to Buyer, (ii) the Buyer had purchased all of the assets of the Company, and (iii) the Company's classification as a partnership terminated as of the Closing Date.

5.5.8 **Purchase Price Allocation**. To the extent relevant to the preparation of Tax Returns of Buyer, the Company, Sellers, and/or the shareholders of Sellers, including without limitation for purposes of (i) adjusting the Tax basis of the Company's assets after the Closing Date, and (ii) computing the amount of gain, if any, described in Section 751 of the Code with respect to Sellers' sale of the Transferred Interests, the purchase price and any Company liabilities and other amounts deemed to be paid for the Company's assets shall be allocated among the assets of the Company based upon their relative fair market values. Such fair market values shall be determined using the agreed upon values and valuation methodology set forth on Section 5.5.8 of the Disclosure Schedule, which values may be adjusted as reasonably determined by Sellers with the consent of Buyer, such consent not to be unreasonably withheld, conditioned or delayed, to reflect a review of the assets of the Company completed prior to the date hereof, and such adjusted values will be provided to Buyer no later than sixty (60) days after the Closing Date (as adjusted, the "**Allocation Schedule**"). Any post-Closing adjustments to the purchase price pursuant to this Agreement shall be allocated in a manner consistent with the Allocation Schedule. Buyer, the Company and Sellers shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule and will not take any position inconsistent therewith in connection with any examination of any such Tax Returns or in any administrative or judicial proceedings relating to such Tax Returns, unless required by a determination of the applicable Taxing Authority that is final.

5.6 **Employee Matters**.

5.6.1 **Employment Terms and Benefits**. With respect to the employees of the Company who are employed by the Company as of the Closing Date (the "**Continuing Employees**"), for a period extending until the earlier of the termination of a Continuing Employee's employment by the Buyer or its Affiliates or one (1) year following the Closing Date (or, with respect to continuation of bonus or commission opportunity, until the end of calendar 2017), Buyer agrees that each Continuing Employee will be provided with compensation and benefits that are substantially comparable in the aggregate to the compensation and benefits provided to each such Continuing Employee immediately prior to the Closing Date. Nothing in this Agreement shall change the "at-will" status of any at-will Employee or otherwise require Buyer or the Company to continue to employ any particular Employee of the Company following the Closing Date.

5.6.2 **Service Credit**. Buyer will ensure that, as of the Closing Date, each Continuing Employee receives full credit (for all purposes, including eligibility to participate, vesting, vacation entitlement and severance benefits, but excluding benefit accrual under any defined-benefit pension plan), for service with Sellers, the Company or any Affiliates (or predecessor employers to the extent such past service credit is provided under the applicable Employee Benefit Plans) under each of the comparable employee benefit plans of the Company, Buyer or its Affiliates in which such Continuing Employee becomes a participant; provided, however, that no such service recognition will result in any duplication of benefits. As of the Closing Date, Buyer or its Affiliates will assume the amount of vacation time that each Continuing Employee had accrued under any applicable employee benefit plan as of the Closing Date. With respect to each health or welfare benefit plan maintained by Buyer or its Affiliates for the benefit of any Continuing Employee, subject to any required approval of the applicable insurance provider, if any, which Buyer will use commercially reasonable efforts to procure, Buyer will (a) cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan and (b) cause each Continuing Employee to be given credit under such plan for all amounts paid by such Continuing Employee under any similar employee benefit plan for the plan year that includes the Closing Date for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the applicable plan maintained by the Company, Buyer or its Affiliates for the plan year in which the Closing Date occurs.

5.6.3 **COBRA**. Buyer or its Affiliates will bear and be responsible for all liabilities and obligations to provide any former employees of the Company or any Continuing Employees who terminate employment after the Closing Date with COBRA continuation coverage in accordance with the requirements of Section 4980B of the Code and any applicable state Law.

5.6.4 **BHH Plans**. Effective as of the Closing Date, except with respect to the BHH Management, Inc. 401(k) Profit Sharing Plan as contemplated below, the Company will cease to be a participating employer in any Employee Benefit Plans sponsored by BHH, and the Continuing Employees will have no further rights to participate in such BHH Employee Benefit Plans as active employees after the Closing Date. Effective as of the Closing Date, Buyer and its Affiliates shall have no liability under any such Employee Benefit Plans sponsored by BHH, are not adopting, assuming or maintaining any Employee Benefit Plan sponsored by BHH and shall, subject to **Article 6**, be indemnified and held harmless by Sellers against and in respect of any and all Losses arising out of the Employee Benefit Plans sponsored by BHH. The Parties hereby agree that the BHH Management, Inc. 401(k) Profit Sharing Plan will be adopted and assumed by the Company effective as of the Closing Date, and will not be considered an Employee Benefit Plan sponsored by BHH for purposes of this **Section 5.6.4**.

5.6.5 **Miscellaneous**. Nothing contained in this Agreement, whether express or implied, will (a) be treated as an amendment of any Employee Benefit Plan or other benefit plan maintained by Sellers, Buyer or any of their respective Affiliates, or will be construed to prohibit Sellers, Buyer or any of their respective Affiliates from amending or terminating any such Employee Benefit Plan or other benefit plan, (b) limit the right of Sellers, Buyer or any of their respective Affiliates to terminate the employment of any Person, (c) provide any Person with any right to continued employment or (d) create any third party beneficiary rights in any Person who is not a party to this Agreement.

5.7 **Directors' and Officers' Exculpation; Indemnification**.

5.7.1 Buyer will cause the Company to assume, and the Company hereby assumes the obligations with respect to all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Closing Date in favor of the members of the Company as of immediately prior to the Closing (the "**Members**") and the current or former directors, managers, officers or other employees or agents of the Company or the Members currently indemnified by the Company (collectively, the "**Covered Persons**") as provided in the Governing Documents of the Company as in effect immediately prior to the Closing, and such obligations will survive the consummation of the Transactions and will continue in full force and effect in accordance with their terms for not less than six (6) years from the Closing Date.

5.7.2 This **Section 5.7** is (a) intended to be for the benefit of, and will be enforceable by, each Covered Person and such Covered Person's heirs, legatees, representatives, successors and assigns, it being expressly agreed that such Covered Persons will be third party beneficiaries of this **Section 5.7**, and (b) in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Covered Person may have by contract or otherwise as set forth on Section 5.7.2 of the Disclosure Schedule.

5.7.3 If all or substantially all of the business or assets of the Company are sold, whether by merger, consolidation, sale of assets or securities or otherwise, in one transaction or a series of transactions, then Buyer and the Company will, and in each such case, cause their respective successors and assigns to assume the obligations set forth in this **Section 5.7**. This **Section 5.7** will apply to all such successors and assigns.

5.8 **Representation & Warranty Insurance Policy**. Buyer (or one or more of its Affiliates) has entered into the Representation and Warranty Insurance Policy. Buyer will not (and will cause its Affiliates to not) amend, modify, terminate or waive any provision concerning the rights of subrogation contained in the Representation and Warranty Insurance Policy or any other provision thereof in a manner materially adverse to Sellers without the prior written consent of the Sellers' Representative.

ARTICLE 6
INDEMNIFICATION

6.1 **Indemnification by Sellers**. Subject to the terms of this **Article 6**, each Seller will, severally and not jointly with any other Person, based on each such Seller's Pro Rata Portion (provided that each Seller will be liable for the full amount of any indemnification obligations arising from a breach of any covenant or obligation of such Seller under this Agreement or any other Transaction Document, and the non-breaching Seller will have no liability for such amount), indemnify and hold Buyer and its Affiliates (including, after the Closing, the Company) and each of their respective officers, directors, shareholders, managers, members, employees, agents, Representatives, successors and permitted assigns (each a "**Buyer Indemnified Party**" and, collectively, the "**Buyer Indemnified Parties**") harmless against and in respect of any and all Losses, which such Buyer Indemnified Party has suffered, incurred or become subject to arising out of, based upon or otherwise in respect of:

6.1.1 any breach or non-fulfillment of any covenant or obligation of the Company or such Seller under this Agreement or of any Transaction Document;

6.1.2 any Closing Indebtedness or Closing Transaction Expenses, to the extent such amounts have not been paid pursuant to **Section 1.3** or included in the calculation of Closing Date Purchase Price;

6.1.3 any claim for payment of fees and/or expenses as a broker or finder in connection with the origin, negotiation or execution of this Agreement or the other Transaction Documents or the consummation of the Transactions based upon any agreement, arrangement or understanding between the claimant and any Seller or any of its respective agents or Representatives or, prior to the Closing, the Company or any of its agents or Representatives;

6.1.4 any Taxes of the Company or the non-payment thereof for any taxable period ending on or prior to the Closing Date or any portion of the Pre-Closing Tax Period through the end of the Closing Date; and

6.1.5 any claim related to any failure of the BHH Management, Inc. 401(k) Profit Sharing Plan to be administered, maintained, funded and sponsored in compliance with its terms and applicable Laws, including ERISA and the Code, at any time prior to the Closing Date.

For the avoidance of doubt, Sellers will not indemnify the Buyer Indemnified Parties for any breach of any representation or warranty made by the Sellers in **Article 2** or **Article 3** of this Agreement or of any Transaction Documents. The Representation & Warranty Insurance Policy will be Buyer's sole and exclusive remedy for any and all claims for breach of any representation or warranty made by the Sellers in **Article 2** or **Article 3** of this Agreement or of any Transaction Documents.

6.2 **Indemnification by Buyer**. Subject to the terms of this **Article 6**, Buyer and, after the Closing, the Company, will jointly and severally indemnify and hold Sellers and their respective Affiliates, and each of their respective officers, directors, shareholders, managers, members, trustees, employees, agents, Representatives, successors and permitted assigns (each a "**Seller Indemnified Party**" and, collectively, the "**Seller Indemnified Parties**") harmless against and in respect of any and all Losses which such Seller Indemnified Party has suffered, incurred or become subject to arising out of, based upon or otherwise in respect of:

6.2.1 any breach of any representation or warranty made by Buyer in **Article 4** of this Agreement;

6.2.2 any breach or non-fulfillment of any covenant or obligation of Buyer or, after the Closing, the Company, under this Agreement; and

6.2.3 any claim for payment of fees and/or expenses as a broker or finder in connection with the origin, negotiation or execution of this Agreement or the other Transaction Documents or the consummation of the Transactions based upon any agreement, arrangement or understanding between the claimant and Buyer or any of its agents or Representatives.

6.3 **Claims**.

6.3.1 **Inter-Party Claims**. In order for a Buyer Indemnified Party or a Seller Indemnified Party (each, an "**Indemnified Party**") to be entitled to any indemnification pursuant to this **Article 6**, the Indemnified Party will notify the other Party or Parties from whom such indemnification is sought (the "**Indemnifying Party**") in writing promptly after becoming aware of the facts or circumstances giving rise to such Indemnified Party's claim for indemnification, specifying in reasonable detail the basis of such claim (an "**Inter-Party Claim**"); provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party will have been actually prejudiced as a result of such failure.

6.3.2 **Third Party Claims**.

(a) In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim made by any Person (other than by an Indemnified Party, which claims are addressed in **Section 6.3.1**) against the Indemnified Party (a "**Third Party Claim**"), such Indemnified Party must notify the Indemnifying Party in writing of the Third Party Claim (which notice will specify in reasonable detail the events giving rise to such Third Party Claim) promptly after receipt by such Indemnified Party of notice of the Third Party Claim; provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party will have been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party will deliver to the Indemnifying Party, promptly following the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim. If a Third Party Claim is made, the Indemnifying Party will be entitled to participate in the defense thereof. The Indemnifying Party may also assume the defense of any Third Party Claim with counsel selected by the Indemnifying Party, at such party's sole expense (without prejudice to the right of the Indemnified Party to participate at its own expense through counsel of its own choosing); provided that if the Indemnifying Party desires to assume control of the defense, settlement, adjustment or compromise of any Third Party Claim, with counsel reasonably acceptable to the Indemnified Party, the Indemnifying Party must give written notice to the Indemnified Party of its intention to do so no later than twenty (20) days following receipt of notice of claims by an Indemnified Party or such shorter time period as required so that the interests of the Indemnified Party would not be materially prejudiced as a result of the failure to have received such notice; provided, however, that the Indemnifying Party may only assume control of such defense if it acknowledges in writing to the Indemnified Party that any Losses that are assessed against the Indemnified Party in connection with such Third Party Claim constitute Losses for which the Indemnified Party shall be fully indemnified pursuant to, but subject to the limitations of, this **Article 6**. If the Indemnified Party reasonably concludes that separate counsel is required because either (i) a conflict of interest would otherwise exist or (ii) the Third Party Claim and any claims that may be related thereto could reasonably be likely to exceed the amount of indemnification available to the Indemnified Party (either pursuant to the terms of this **Article 6** or as a result of the Indemnifying Party(ies) available financial resources), the Indemnified Party shall have the right to select separate counsel to participate in the defense of such action on its behalf, at the expense of the Indemnifying Party, and in such case the Indemnifying Party and Indemnified Party shall use all reasonable efforts to cooperate in such defense. Notwithstanding anything else to the contrary contained herein, the Indemnifying Party may not control the defense of a Third Party Claim (A) involving criminal liability, (B) in which any relief other than monetary damages is sought against the Indemnified Party, (C) in which an adverse judgment, in the reasonable and good faith judgment of the Indemnified Party is likely to establish a precedential custom or practice adverse to the business interests or reputation of the Buyer or any of its Affiliates, (D) the defense of which the insurer under the Representation & Warranty Insurance Policy elects to assume control, (E) that is covered by the Representation & Warranty Insurance Policy, (F) with respect to which the Indemnified Party reasonably and in good faith determines that the conduct of the defense or any proposed settlement of any such Third Party Claim by the Indemnifying Party might be expected to adversely affect the ability of the Indemnified Party to conduct its business (including, relationships with Governmental Authorities, employees, customers, suppliers or other Persons with whom the Indemnified Party conducts business) or (G) the defense, settlement, adjustment or compromise of which the Indemnifying Party is not actively and diligently pursuing.

(b) The party controlling the defense (the "**Controlling Party**") shall keep the party not controlling the defense (the "**Non-Controlling Party**") reasonably advised from time-to-time of the status of the Third Party Claim. The Non-Controlling Party shall furnish the Controlling Party with such information as it may have with respect to the Third Party Claim and proceedings related thereto (including copies of any summons, complaint or other pleading which may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with and assist the Controlling Party in the defense of the Third Party Claim. If the Indemnifying Party does not choose to assume control of the defense, settlement, adjustment or compromise of any such Third Party Claim for which any Indemnified Party would be entitled to indemnification hereunder or if the Indemnifying Party is not entitled pursuant to **Section 6.3.2** to defend such Third Party Claim, then (i) the reasonable fees and expenses of one outside counsel (and not any fees and expenses allocated to any internal counsel) to the Indemnified Party shall be considered "Losses" for purposes of this Agreement and (ii) the Indemnifying Party shall have the right to elect to join in the defense, settlement, adjustment or compromise of any such Third Party Claim, and to employ counsel to assist such Indemnifying Party in connection with the handling of such claim, at the sole expense of the Indemnifying Party, and no such claim shall be settled, adjusted or compromised, or the defense thereof terminated by the Indemnified Party, without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed) unless and until the Indemnifying Party shall have failed, after the lapse of a reasonable period of time, but in no event more than ten (10) days after written notice to it of the Third Party Claim, to join in the defense, settlement, adjustment or compromise of the same.

(c) No Indemnifying Party may settle, compromise or consent to the entry of any judgment in any Third Party Claim without the prior written consent of each Indemnified Party, which consent shall not be withheld or delayed if such settlement, compromise or consent (i) is for money damages only, (ii) obligates the Indemnifying Party to assume complete financial responsibility for such settlement, compromise or consent (and the Indemnifying Party demonstrates to the Indemnified Party that it has available all required financial resources therefor), (iii) could not otherwise be likely to cause a material adverse effect on the Indemnified Party and (iv) includes an express, unconditional release of the Indemnified Party and its directors, managers, officers, agents, shareholders, members, consultants, employees and controlling Persons from all Liabilities and obligations arising therefrom.

6.4 **Survival**. The respective representations, warranties, covenants and agreements of the Parties contained in this Agreement, and the rights of the Parties to seek indemnification with respect to such covenants and agreements, will survive the Closing; provided, however, that, (a) except in respect of any claims for indemnification as to which written notice will have been duly given pursuant to **Section 6.3** prior to the date that is 36 months after the Closing Date (the "**General Indemnification Period**"), and subject to the other provisions of this **Article 6**, such representations, warranties, covenants and agreements, and the rights of the parties to seek indemnification with respect to such covenants and agreements, will expire at the end of the General Indemnification Period, except that the Fundamental Representations will survive for 72 months and (b) this **Section 6.4** will not limit any covenant or agreement of the Parties that, by its terms, requires performance after the General Indemnification Period, which covenant or agreement will survive the General Indemnification Period in accordance with its terms only for such period as is required for the respective Party to perform under such covenant or agreement. If proper notice of an indemnification claim is given in accordance with this **Article 6** before expiration of the applicable covenant or agreement, then notwithstanding the expiration thereof, any claim based on such covenant or agreement shall survive until, but only for purposes of, the resolution of such claim. Nothing in this **Article 6** shall limit or prohibit the rights of the Buyer to pursue recoveries under the Representation & Warranty Insurance Policy.

6.5 **Certain Limitations on Indemnification**.

6.5.1 Notwithstanding anything to the contrary in this Agreement, the amount of Losses (except for Losses described in **Section 6.10**) that may be recovered by the Buyer Indemnified Parties pursuant to any and all claims for indemnification made under **Section 6.1** will be limited, individually and in the aggregate, to the Indemnification Cap. Nothing in this **Article 6** will be deemed to limit or prohibit any rights of the Buyer Indemnified Parties as against any insurer under the Representation & Warranty Insurance Policy.

6.5.2 Sellers will have no obligation to indemnify the Buyer Indemnified Parties against Losses under this Agreement, unless the aggregate amount of Losses is greater than the Threshold, in which case the Buyer Indemnified Party will, subject to **Section 6.5.1** hereof, be entitled to indemnification for all Losses including those that are less than the Threshold; provided, however, that the Threshold will not apply to Losses based on a breach of the Fundamental Representations and/or claims for indemnification made under **Sections 6.1.3**, **6.1.4** and/or **6.1.5**, for which there will be no minimum threshold before recovery.

6.6 **Certain Other Restrictions on Indemnification**.

6.6.1 Notwithstanding anything contained in this Agreement to the contrary, no Buyer Indemnified Party will have any right to indemnification under this Agreement with respect to any Losses to the extent (and only to the extent) such Losses (i) constitute liabilities in the amounts reserved or accrued for (whether in whole or in part) in the calculation of the Closing Working Capital (as finally agreed upon or determined pursuant to **Section 1.4**), (ii) arise solely out of changes after the Closing Date in applicable Law or interpretations or applications thereof, or (iii) are duplicative of Losses that have previously been recovered hereunder.

6.6.2 Upon payment in full of any Inter-Party Claim pursuant to **Section 6.3.1** or the payment of any Judgment with respect to a Third Party Claim pursuant to **Section 6.3.2**, the Indemnifying Party will be subrogated to the extent of such payment to the rights of the Indemnified Party against any Person with respect to the subject matter of such Inter-Party Claim or Third Party Claim, unless the Indemnified Party has a continuing commercial relationship with the counterparty to the Third Party Claim or Inter-Party Claim (other than any insurance company that has issued an insurance policy that is applicable to such Third Party Claim or Inter-Party Claim). The Indemnified Parties will assign or otherwise reasonably cooperate with the Indemnifying Parties, at the cost and expense of the Indemnified Parties, to pursue any claims against, or otherwise recover amounts from, any Person liable or responsible for any Losses for which indemnification has been received pursuant to this Agreement.

6.6.3 No Buyer Indemnified Party will have any right to assert any claim against any Indemnifying Party with respect to any Loss, cause of action or other claim to the extent such Loss is a Loss, cause of action or claim with respect to which such Buyer Indemnified Party or any of its Affiliates has taken action (or caused action to be taken) with the primary intent of accelerating the time period in which such matter is asserted or payable in order to cause a claim to be made prior to the applicable expiration date set forth in **Section 6.4**.

6.6.4 To the extent an Indemnified Party or its Affiliates recognizes any net Indemnification Tax Benefits (as defined below) as a result of any Losses, such Indemnified Party will pay the amount of such Indemnification Tax Benefits to the Indemnifying Party within sixty (60) days of such Indemnification Tax Benefits being recognized by the Indemnified Party (to the extent such Indemnification Tax Benefits are recognized prior to the payment of the Losses, the amount of the Losses will be reduced by the amount of Indemnification Tax Benefits actually recognized). For this purpose, the Indemnified Party will be deemed to recognize a tax benefit (an "**Indemnification Tax Benefit**") with respect to a taxable year if, and to the extent that, the Indemnified Party's liability for Taxes for such taxable year, calculated by excluding any Tax items attributed to the Losses, exceeds the Indemnified Party's actual liability for Taxes for such taxable year, calculated by taking into account any Tax items attributed to the Losses.

6.6.5 Notwithstanding any other provision of this Agreement, Sellers will have no obligation to indemnify the Buyer Indemnified Parties for any Taxes arising in a Post-Closing Tax Period.

6.6.6 Buyer and Sellers agree to treat any indemnification payments received pursuant to this Agreement for all Tax purposes as an adjustment to the Closing Date Purchase Price to the extent permitted by applicable Law.

6.6.7 Under no circumstances will the maximum aggregate amount of indemnifiable Losses (except for Losses described in **Section 6.10**) which may be recovered by the Seller Indemnified Parties for indemnification pursuant to this **Article 6** be greater than the Indemnification Cap.

6.7 **Calculation and Mitigation of Losses**.

6.7.1 The amount of any Losses for which indemnification is provided under this **Article 6** will be net of any amounts recovered by such Indemnified Party under insurance policies or other collateral sources with respect to such Losses in excess of the sum of (i) reasonable, out-of-pocket costs and expenses relating to collection under such policies or other collateral sources, and (ii) the deductible associated therewith to the extent actually paid. The Indemnified Parties will use their commercially reasonable efforts to pursue such insurance policies or collateral sources (which efforts will not require the initiation of litigation), and in the event the Indemnified Parties receive any recovery, the amount of such recovery will be applied first, to refund any payments made by the Indemnifying Parties in respect of indemnification claims pursuant to this **Article 6** which would not have been so paid had such recovery been obtained prior to such payment, and second, any excess to the Indemnified Parties. If a Buyer Indemnified Party fails to pursue recoveries under any "occurrence" based insurance policies or other collateral sources, then Sellers will have the right of subrogation to pursue such insurance policies or other collateral sources and may take any reasonable actions necessary to pursue such rights of subrogation in their name or the name of the party from whom subrogation is obtained. Buyer will reasonably cooperate, and cause its Representatives and Affiliates (including, after the Closing, the Company) to reasonably cooperate, with Sellers to pursue any such subrogation claim.

6.7.2 Each Party's right to indemnification hereunder will be subject to its obligations under applicable Law, including under common law, to mitigate damages.

6.8 **Acknowledgment**. For purposes of Section 6.1, any inaccuracy in, or breach of any statement, or nonfulfillment, nonperformance or other breach of any covenant or agreement by any Sellers or the Company, and the amount of any Losses associated therewith, will be determined without regard for any materiality, material adverse effect or similar qualification.

6.9 **Exclusive Remedy**. The Parties acknowledge, on behalf of themselves and on behalf of the other Indemnified Parties that, from and after the Closing, except as provided in **Sections 1.4**, **6.10** and **8.18**, their sole and exclusive remedy with respect to the subject matter of this Agreement will be pursuant to the indemnification provisions set forth in this **Article 6**. In furtherance of the foregoing, each Party hereby waives, on behalf of itself and each of the other Indemnified Parties, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action it may have against any other Parties arising under or based upon any applicable Law or otherwise (except pursuant to the indemnification provisions set forth in this **Article 6** or as provided in **Section 6.10**), including, but not limited to, its right to pursue any action or claim other than as expressly stated in this Agreement.

6.10 **Special Rule for Fraud**. Nothing in this **Article 6** will operate to limit the common law liability of a Party (the "**Liable Party**") to another Party for Losses arising from the fraud of such Liable Party if such Liable Party is finally determined by a court of competent jurisdiction to have willfully and knowingly committed fraud against such other Party, with the specific intent to deceive and mislead such other Party, regarding the representations and warranties made by (i) if a Seller is the Liable Party, such Seller in **Article 2** or **Article 3** or (ii) if Buyer is the Liable Party, Buyer in **Article 4**.

ARTICLE 7
SELLERS' REPRESENTATIVE

7.1 **Sellers' Representative Appointment and Powers**. The Sellers' Representative (or any successor thereto appointed in accordance with **Section 7.4**) will serve as representative of Sellers with full power and authority to take all actions under this Agreement and the other Transaction Documents on behalf of Sellers. Each Seller, by executing this Agreement, hereby irrevocably confirms, designates and appoints the Sellers' Representative as the agent, proxy and attorney-in-fact for such Seller for all purposes of this Agreement and the other Seller Transaction Documents, including full and exclusive power and authority on such Seller's behalf (a) to consummate the Transactions, (b) to communicate to, and receive all communications and notices from Buyer, (c) to execute and deliver on behalf of such Seller any amendment or waiver of this Agreement or the other Seller Transaction Documents, (d) to take all other actions to be taken by or on behalf of such Seller in connection herewith, (e) to incur fees and expenses as determined by the Sellers' Representative, (f) to agree to, negotiate, enter into settlements and compromises of, and commence, prosecute, defend, participate in, settle, dismiss or otherwise terminate, as applicable, any Proceeding relating to the Company, any Seller, this Agreement, any of the Transaction Documents or the Transactions, and to comply with orders of courts and awards of courts, mediators and arbitrators with respect to such Proceeding and (g) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and in general, to do any and all things and to take any and all actions that the Sellers' Representative, in its sole discretion, may consider necessary or proper or convenient in connection with or to carry out the Transactions. The Sellers' Representative will for all purposes be deemed the sole authorized agent of Sellers until the agency has terminated. Each Seller agrees that such agency and proxy are coupled with an interest, are therefore irrevocable without the consent of the Sellers' Representative and will survive the death, incapacity or bankruptcy of any Seller and will be binding upon the executors, heirs, legal representatives and successors of each Seller. All actions and decisions of the Sellers' Representative will be binding upon each Seller, and no Seller will have the right to object, dissent, protest or otherwise contest such actions or decisions. Neither the Sellers' Representative nor any agent employed by it will incur any liability to any Person relating to the performance of its duties hereunder except for actions or omissions constituting fraud, bad faith, gross negligence or willful misconduct.

7.2 **Fees and Expenses**. Any expenses or liabilities incurred by the Sellers' Representative in connection with the performance of its duties in such capacity under this Agreement or the other Transaction Documents will be reimbursed to the Sellers' Representative from the Sellers' Representative Amount. At such time as the Sellers' Representative Amount has been exhausted, all additional fees, expenses and liabilities incurred by the Sellers' Representative in connection with the performance of its duties hereunder will be paid severally by Sellers in proportion to their Pro Rata Portion. No Seller will seek reimbursement or indemnification for such fees, expenses or liabilities or otherwise from any of the Company or Buyer or any of their respective Affiliates. In addition to any other rights or remedies, the Sellers' Representative may, upon prior or contemporaneous written notice, offset any amounts determined by it to be owed to the Sellers' Representative against the Sellers' Representative Amount and against any amounts to be paid to Sellers. The Sellers' Representative will distribute any portion of the Sellers' Representative Amount that has not been utilized by it to satisfy its liabilities or expenses as the Sellers' Representative or other obligations of Sellers hereunder based on their respective Pro Rata Portions (net of any amounts owed by any Seller to the Sellers' Representative) at such time or times as the Sellers' Representative may determine in its reasonable discretion.

7.3 **Liability of Sellers' Representative**. Each Seller will severally, but not jointly, based on such Seller's Pro Rata Portion, indemnify and hold harmless, the Sellers' Representative from any and all losses, liabilities and expenses (including the reasonable fees and expenses of counsel) arising out of or in connection with the Sellers' Representative's execution and performance (solely in its capacity as the Sellers' Representative and not in its capacity as a Seller) of this Agreement and the other Transaction Documents, except for fraud, bad faith, gross negligence or willful misconduct by the Sellers' Representative. This indemnification obligation will survive the termination of this Agreement and the other Transaction Documents. The Sellers' Representative may, in all questions arising under this Agreement, rely on the advice of counsel, and for anything done, omitted or suffered in good faith by the Sellers' Representative in accordance with such advice, the Sellers' Representative will not be liable to Sellers or any other Person. In no event will the Sellers' Representative (solely in its capacity as the Sellers' Representative and not in its capacity as a Seller) be liable hereunder or in connection herewith to any Seller for any indirect, punitive, special or consequential damages.

7.4 **Resignation or Removal of the Sellers' Representative**. Sellers who, immediately prior to Closing, are entitled in the aggregate to receive more than fifty percent (50%) of the Estimated Closing Date Purchase Price may, from time to time upon advance written notice to Buyer, (a) remove the Sellers' Representative and appoint a new Sellers' Representative or (b) appoint a new Sellers' Representative upon the death, incapacity or resignation of the Sellers' Representative and such substituted representative will be deemed to be the Sellers' Representative for all purposes under this Agreement. Subject to the appointment and acceptance of a successor Sellers' Representative as provided below, the Sellers' Representative may resign at any time thirty (30) days after giving notice thereof to Sellers. If no successor Sellers' Representative will have been appointed by Sellers and accepted such appointment within twenty (20) days after the retiring Sellers' Representative's giving of notice of resignation or Sellers' removal of the Sellers' Representative, then the retiring or removed Sellers' Representative may, on behalf of Sellers, appoint a successor. Upon the acceptance of any appointment as the Sellers' Representative hereunder, such successor Sellers' Representative will thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Sellers' Representative, and the retiring or removed Sellers' Representative will be discharged from its duties and obligations hereunder. After any retiring or removed Sellers' Representative's resignation or removal, as applicable, hereunder as the Sellers' Representative, this **Article 7** will continue in effect for such retiring Sellers' Representative's benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Sellers' Representative.

7.5 **Reliance**. Buyer is entitled to rely conclusively upon any document delivered by the Sellers' Representative as (a) being genuine and correct and (b) having been duly signed or sent by the Sellers' Representative.

ARTICLE 8
MISCELLANEOUS

8.1 **Fees and Expenses**. Except as expressly set forth in this Agreement, each Party will pay all fees and expenses incurred by it incident to preparing for, entering into and performing its obligations under this Agreement and the consummation of the Transactions, whether or not the Transactions are consummated.

8.2 **Notices**. All notices or other communications permitted or required under this Agreement will be in writing and will be sufficiently given if and when hand delivered to the Persons set forth below or if sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by facsimile or email, receipt acknowledged, addressed as set forth below or to such other Person or Persons and/or at such other address or addresses as will be furnished in writing by any Party to the other Parties. Any such notice or communication will be deemed to have been given as of the date received, in the case of personal delivery, or on the date shown on the receipt or confirmation therefor in all other cases.

If to Buyer or, following the Closing, the Company:

Clarus Corporation
2084 E 3900 S
Salt Lake City, Utah 84124
Attn: Aaron J. Kuehne
Email: akuehne@bdel.com

With a copy (which will not constitute notice) to:

Kane Kessler, P.C.
666 Third Avenue
New York, New York 10017
Attn.: Robert L. Lawrence, Esq.
Email: rlawrence@kanekessler.com

If to any Seller, the Sellers' Representative or, prior to the Closing, the Company:

BHH Management, Inc.
445 South Figueroa Street, Suite 3250
Los Angeles, CA 90071
Attn: Stephen F. Hinchliffe, Jr.
Email: shinchliffe@bhhmgmt.com

With a copy (which will not constitute notice) to:

O'Melveny & Myers LLP
400 South Hope St., 18th Floor
Los Angeles, CA 90071
Attention: John A. Laco, Esq.
Email: jlaco@omm.com

Any Party may at any time change the address to which notices may be sent under this **Section 8.2** by the giving of notice of the change to the other Parties in the manner set forth in this **Section 8.2**.

8.3 **Releases**.

8.3.1 All Contracts between and among the Company, on the one hand, and any Seller or any of its Affiliates (other than the Company), on the other hand, will be terminated in their entirety upon the Closing by the parties thereto and will be deemed voided, cancelled and discharged in their entirety and the Company will not have any liability in respect of such Contracts or the termination thereof.

8.3.2 Effective as of the Closing, each Seller, on behalf of itself and each of its Affiliates, the officers, directors, employees, investors, shareholders, members or partners of such Seller, agents in their capacity as an agent of such Seller, successors, permitted assigns, the executors or administrators of such Seller (each, a "**Seller Releasing Party**" and, collectively, the "**Seller Releasing Parties**"), hereby releases, acquits and forever discharges the Company, its Affiliates, parent and subsidiary companies, predecessors, successors and permitted assigns (including Buyer and its Affiliates), and their respective former, present and future officers, directors, employees, shareholders, members, managers, partners and agents (collectively, the "**Buyer Released Parties**") of and from any and all manner of action or inaction, cause or causes of action, Proceedings, debts, Liens, Contracts, Taxes, promises, liabilities, claims, demands, damages (whether for compensatory, special, incidental or punitive damages, equitable relief or otherwise), Losses, fees, costs or expenses, of any kind or nature whatsoever, past, present, or future, at law, in equity or otherwise (including with respect to conduct which is negligent, grossly negligent, willful, intentional, with or without malice, or a breach of any duty, Law or rule), existing or occurring prior to the Closing, whether known or unknown, whether fixed or contingent, whether concealed or hidden, whether disclosed or undisclosed, whether liquidated or unliquidated, whether foreseeable or unforeseeable, whether anticipated or unanticipated, whether suspected or unsuspected, which the Seller Releasing Parties, or any of them, ever have had or ever in the future may have against the Buyer Released Parties, or any of them, arising by virtue of or in connection with any actions or inactions with respect to the Company or its affairs on or before the Closing Date; provided, however, that the foregoing release will not release, impair or diminish, and will not include, in any respect, any rights of such Seller or any other Seller Indemnified Party under this Agreement, any other Transaction Document or any other Contract entered into pursuant to this Agreement or in connection with the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Agreement will be interpreted to release Buyer from any of its obligations to Sellers under this Agreement, any other Transaction Document or any other Contract entered into pursuant to this Agreement or in connection with the transactions contemplated hereby.

8.3.3 Effective as of the Closing, Buyer, on behalf of itself and each of its Affiliates (including the Company), the officers, directors, employees, investors, shareholders, members or partners of Buyer and each of its Affiliates, agents in their capacity as an agent of Buyer and each of its Affiliates, successors, permitted assigns, the executors or administrators of Buyer and each of its Affiliates (each, a "**Buyer Releasing Party**" and, collectively, the "**Buyer Releasing Parties**" and, together with the Seller Releasing Parties, the "**Releasing Parties**"), hereby releases, acquits and forever discharges each Seller and its Affiliates, parent and subsidiary companies, predecessors, successors and assigns, and their respective former, present and future officers, directors, employees, shareholders, members, managers, partners, agents and attorneys (including, without limitation, OMM) (collectively, the "**Seller Released Parties**" and, together with the Buyer Released Parties, the "**Released Parties**") of and from any and all manner of action or inaction, cause or causes of action, Proceedings, debts, Liens, Contracts, Taxes, promises, liabilities, claims, demands, damages (whether for compensatory, special, incidental or punitive damages, equitable relief or otherwise), Losses, fees, costs or expenses, of any kind or nature whatsoever, past, present, or future, at law, in equity or otherwise (including with respect to conduct which is negligent, grossly negligent, willful, intentional, with or without malice, or a breach of any duty, Law or rule), existing or occurring prior to the Closing, whether known or unknown, whether fixed or contingent, whether concealed or hidden, whether disclosed or undisclosed, whether liquidated or unliquidated, whether foreseeable or unforeseeable, whether anticipated or unanticipated, whether suspected or unsuspected, which the Buyer Releasing Parties, or any of them, ever have had or ever in the future may have against the Seller Released Parties, or any of them, arising by virtue of or in connection with any actions or inactions with respect to the Company or its affairs on or before the Closing Date; provided, however, that the foregoing release will not release, impair or diminish, and will not include, in any respect any rights of Buyer under this Agreement, any other Transaction Document or any other Contract entered into pursuant to this Agreement or in connection with the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Agreement will be interpreted to release Sellers from any of their respective obligations to Buyer under this Agreement, any other Transaction Document or any other Contract entered into pursuant to this Agreement or in connection with the transactions contemplated hereby.

8.3.4 Each Releasing Party hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim or commencing, instituting or causing to be commenced any Proceeding of any kind against any Released Party based upon any matter purported to be released hereby.

8.4 **Assignment and Benefit**. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned, by operation of Law or otherwise, by any Party to any other Person without the prior written consent of the other Party, and any such attempted assignment will be null and void; provided, however, that (a) Buyer may assign its rights and obligations under this Agreement in whole or in part to any of its Affiliates and/or, to the extent granting a security interest, to any financing sources without the prior written consent of Sellers (provided, that Buyer will remain primarily liable hereunder following any such assignment and will be deemed to have unconditionally guaranteed the performance of its obligations hereunder by any such assignee) and (b) any Seller may assign its rights and obligations under this Agreement to any of its Affiliates without the prior written consent of Buyer (provided, that such Seller will remain primarily liable hereunder following any such assignment and will be deemed to have unconditionally guaranteed the performance of its obligations hereunder by any such assignee). The assigning Party will provide the other Party written notice of any such assignment within ten (10) Business Days following the date of the assignment. Subject to the foregoing, this Agreement and the rights and obligations in this Agreement will inure to the benefit of, and be binding upon, the Parties and each of their respective permitted successors, heirs and assigns.

8.5 **Amendment, Modification and Waiver**. Any provision of this Agreement may be amended, modified, extended or waived, but only by a written instrument signed by Buyer and the Sellers' Representative. The waiver by a Party of any breach of any provision of this Agreement will not constitute or operate as a waiver of any other breach of such provision or of any other provision hereof, nor will any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

8.6 **Due Diligence Review; No Additional Representations and Warranties** . Buyer is an informed and sophisticated purchaser, and, together with Buyer's Representatives, is experienced in the evaluation and purchase of businesses such as the Company. Buyer acknowledges and agrees, on behalf of itself and its Affiliates, that (a) Buyer has completed to its satisfaction its own due diligence investigation, and based thereon, formed its own independent judgment, with respect to the execution, delivery, and performance of this Agreement and the Transaction Documents, (b) Buyer has been furnished with, or given full access to, such documents and information about Sellers and the Company as Buyer and its Representatives have deemed necessary to enable Buyer to make an informed decision with respect to the execution, delivery, and performance of this Agreement and the Transaction Documents, (c) in entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties by Sellers and the Company expressly set forth in **Article 2**and **Article 3**, respectively, (d) except as expressly set forth in **Article 2** and **Article 3**, no representation or warranty has been or is being made by any Person as to the accuracy or completeness of any information provided or made available to Buyer or its Representatives and (e) none of Sellers, the Company or any other Person will have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer and its Representatives and Affiliates, or Buyer's or any of its Representatives' or Affiliates' use, of any written or oral information, and any information, documents or material made available to Buyer and its Representatives in any form (including any Projections (as defined below)), other than, in each case, the Transaction Documents. Buyer acknowledges that it and its Representatives have been provided access to the Data Room and have reviewed the materials contained therein.

8.7 **Disclaimer Regarding Projections**. In connection with Buyer's investigation of the Company, Buyer and its Representatives have received from Sellers (directly or through its Representatives) certain projections, estimates and other forecasts and certain business plan information (collectively, the "**Projections**"). Buyer acknowledges that there are uncertainties inherent in attempting to make the Projections, that it is familiar with such uncertainties, that it is making its own evaluation of the adequacy and accuracy of all the Projections so furnished to it and any use of, or reliance by, it on the Projections will be at its sole risk, and without limiting any other provisions of this Agreement, that it will have no claim against anyone with respect to the Projections; provided, however, that the foregoing will not be interpreted to waive any rights that Buyer has with respect to recovery for breaches of representations and warranties made by Sellers in **Article 3**.

8.8 **Interpretation**.

8.8.1 Except as otherwise provided or unless the context otherwise requires, whenever used in this Agreement, (a) any noun or pronoun will be deemed to include the plural and the singular, (b) the use of masculine pronouns will include the feminine and neuter, (c) the terms "include" and "including" will be deemed to be followed by the phrase "without limitation," (d) the word "or" will be inclusive and not exclusive, (e) all references to Sections or Articles refer to the Sections or Articles of this Agreement, all references to Schedules refer to the Schedules attached to or delivered with this Agreement, as appropriate, and all references to Exhibits refer to the Exhibits attached to this Agreement, each of which is made a part of this Agreement for all purposes, (f) each reference to "herein" means a reference to "in this Agreement," (g) each reference to "$" or "dollars" will be to United States dollars, (h) each reference to "days" will be to calendar days, and (i) unless otherwise specified, each reference to any Contract or Law will be to such Contract or Law as amended, supplemented, waived (in the case of Contracts) or otherwise modified from time to time.

8.8.2 The provisions of this Agreement will be construed according to their fair meaning and neither for nor against any Party irrespective of which Party caused such provisions to be drafted. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that drafted it is of no application and is hereby expressly waived. Each Party acknowledges that it has been represented by an attorney in connection with the preparation and execution of the Transaction Documents.

8.8.3 Unless otherwise expressly provided in this Agreement, the measure of a period of one (1) month or one (1) year for purposes of this Agreement will be that date of the following month or year corresponding to the starting date; provided, however, that if no corresponding date exists, the measure will be that date of the following month or year corresponding to the next day following the starting date. For example, one (1) month following February 18th is March 18th, and one (1) month following March 31 is May 1.

8.8.4 The Disclosure Schedule is hereby incorporated into this Agreement to the same extent as though fully set forth in this Agreement (provided, that in no event will any information or disclosures therein be deemed or interpreted to broaden or otherwise amplify the representations and warranties in this Agreement). The Disclosure Schedule is arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the disclosures in any section or subsection of the Disclosure Schedule will qualify each other section and subsection in this Agreement to the extent it is reasonably apparent from a reading of the text of the disclosure that such disclosure is applicable to such other section and subsection. Information in the Disclosure Schedule under any particular schedule or section therein will be deemed disclosed with respect to all other schedules or sections therein and any representations, warranties or covenants therein of the Company, Sellers or Buyer where the applicability of such information to such other schedules or sections or representations, warranties or covenants is readily apparent, regardless of whether a cross-reference to the applicable section or schedule is actually made. Any matter disclosed in any of the Disclosure Schedule will not be deemed an admission or representation as to the materiality of the item so disclosed, and matters disclosed in the Disclosure Schedule are not necessarily limited to matters required by this Agreement to be disclosed in the Disclosure Schedule. Nothing in the Disclosure Schedule constitutes an admission of any liability or obligation of the Company, any Seller or the Buyer, as the case may be, to any third party or will confer or give to any third party any remedy, claim, liability, reimbursement, cause of action or other right.

8.9 **Governing Law**. This Agreement is made pursuant to, and will be construed and enforced in accordance with, the laws of the State of Delaware, irrespective of the principal place of business, residence or domicile of the Parties, and without giving effect to otherwise applicable principles of conflicts of Law that would give effect to the Laws of another jurisdiction.

8.10 **Jurisdiction**. Each party to this Agreement, by its execution hereof, hereby (a) irrevocably submits, and agrees to cause each of its Affiliates to submit, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware or, to the extent the Court of Chancery of the State of Delaware does not have subject matter jurisdiction, any federal court within the State of Delaware for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise) arising out of or based upon this Agreement, any Transaction Document (unless otherwise set forth therein) or relating to the subject matter hereof or thereof, (b) waives, and agrees to cause each of its Affiliates to waive, to the extent not prohibited by applicable Law, and agrees not to assert, and agrees not to allow any of its Affiliates to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement, any Transaction Document (unless otherwise set forth therein) or the subject matter hereof or thereof may not be enforced in or by such court and (c) agrees not to commence or to permit any of its Affiliates to commence any action, claim, cause of action or suit (in contract, tort or otherwise) arising out of or based upon this Agreement or relating to the subject matter hereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise) to any court other than one of the above-named court whether on the grounds of inconvenient forum or otherwise. NOTWITHSTANDING THE FOREGOING, (I) THE SEEKING OF INJUNCTIVE RELIEF (INCLUDING, WITHOUT LIMITATION, FOR SPECIFIC PERFORMANCE) SHALL BE SUBJECT TO THE PROVISIONS OF **SECTION 8.18** HEREOF AND (II) THE EXCLUSIVE CHOICE OF FORUM SET FORTH ABOVE SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN SUCH FORUM OR THE TAKING OF ANY ACTION UNDER THIS AGREEMENT TO ENFORCE THE SAME IN ANY APPROPRIATE JURISDICTION.

8.11 **Waiver of Jury Trial**. EACH PARTY HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 8.11**. EACH OF THE PARTIES MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES TO IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING OT THIS AGREEMENT OR ANY OTHER TRANSACTION AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

8.12 **Conflicts and Privilege.** The Company, Buyer and Sellers agree that, notwithstanding any current or prior representation of any Seller or its Affiliates by O'Melveny & Myers LLP ("**OMM**"), OMM will be allowed to represent Sellers or any of their respective Affiliates (which will no longer include the Company after the Closing) in any matters and disputes, including in any matter or dispute adverse to Buyer and its Affiliates (excluding, after the Closing, the Company) that either is existing on the date hereof or that arises in the future (provided that this waiver will not extend to any such future matter or dispute to the extent such future matter or dispute is unrelated to this Agreement and the Transactions), and Buyer does hereby, and agrees to cause its Affiliates (including, after the Closing, the Company) to, (a) waive any claim they have or may have that OMM has a conflict of interest or is otherwise prohibited from engaging in such representation and (b) agree that, in the event of such a matter or dispute, OMM may represent Sellers or such Affiliate in such dispute even though the interests of Sellers or such Affiliate may be directly adverse to Buyer or its Affiliates (including the Company) and even though OMM may have represented the Company in a matter substantially related to such dispute, or may be handling ongoing matters for Buyer or the Company. Buyer further agrees, and agrees to cause its Affiliates (including, after the Closing, the Company) to agree, that, as to all communications among OMM and Sellers and their respective Affiliates (including, prior to the Closing, the Company) and any files of OMM that relate in any way to the Transactions contemplated by this Agreement, the attorney-client privilege, the expectation of client confidence and any attorney work product belongs to, and may be controlled by, Sellers and will not pass to or be claimed by Buyer or its Affiliates (including, after the Closing, the Company). Accordingly, none of Buyer or its Affiliates (including the Company) will have access to such communications or to the files of OMM relating to the Transactions from and after the Closing. Notwithstanding the foregoing, if a dispute arises between Buyer or its Affiliates (including the Company) and a third party other than a Party to this Agreement after the Closing, the Company will give prompt notice to Sellers and OMM and assert the attorney-client privilege to prevent disclosure of confidential communications by OMM and any files of OMM to such third party, and in such case, Buyer and its Affiliates (including the Company) shall have access to such communications or files, provided they arise from OMM's representation of the Company (and, for the avoidance of doubt, do not exclusively arise from OMM's representation of parties other than the Company); provided, however, that the Company may not waive such privilege or other protection, and Buyer and its Affiliates (including the Company) shall not have such access, without the prior written consent of the Sellers' Representative, which consent shall not be unreasonably withheld, delayed or conditioned. Sellers agree that, as to all communications between OMM and the Company prior to the Closing that do not relate in any way to the Transactions contemplated by this Agreement, the attorney-client privilege, the expectation of client confidence and any attorney work product belongs to, and may be controlled by, Buyer and passes to Buyer (including, after the Closing, the Company). Accordingly, from and after the Closing, Buyer (and, after the Closing, the Company) will have access to such communications and to the files of OMM relating to OMM's representation of the Company other than with respect to the Transactions. Nothing herein is intended to waive OMM's rights to protect its own work product.

8.13 **Section Headings**. The section headings of this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

8.14 **Severability**. If any provision of this Agreement (or portion thereof) or the application of any such provision (or portion thereof) to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced pursuant to any applicable Law or public policy, all other provisions of this Agreement (or remaining portion of such provision) will nevertheless remain in full force and effect. Upon such determination by a court of competent jurisdiction that any provision (or portion thereof) of this Agreement is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner, to the end that the Transactions as originally contemplated are fulfilled to the extent possible.

8.15 **Counterparts; Third-Party Beneficiaries**. This Agreement may be executed in one or more counterparts, including by facsimile or PDF transmission, each of which will be deemed an original, but all of such counterparts together will be deemed to be one and the same agreement. This Agreement will be binding upon and inure solely to the benefit of each Party, and, except as set forth in **Section 5.7** or **Article 6**, nothing in this Agreement, express or implied, is intended to or will confer upon any other Person (other than OMM) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.16 **Entire Agreement**. This Agreement, together with the Disclosure Schedule and the other Transaction Documents, constitute the entire agreement among the Parties with respect to the Transactions and supersede all prior and contemporaneous agreements and understandings, both written and oral, with respect to the subject matter hereof. There are no warranties, representations, or other agreements between the Parties hereto, or on which any of them has relied in connection with the subject matter hereof, except as specifically set forth in this Agreement or in the other Transaction Documents.

8.17 **Attorneys' Fees**. Subject to the limitations set forth in this Agreement, in the event of any dispute related to or based upon this Agreement, the prevailing Party will be entitled to recover from the other Party its reasonable attorneys' fees and costs.

8.18 **Specific Performance**. Each Party acknowledges and agrees that the other Parties would be damaged irreparably if any of the provisions of this Agreement were not performed in accordance with their specific terms or otherwise were breached or violated. Accordingly, each Party agrees that, without posting bond or other undertaking, the other Parties will be entitled to an injunction or injunctions to prevent breaches or violations of this Agreement and to enforce specifically this Agreement in any claim, action, cause of action or suit (whether in Contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, notice or proceeding to, from, by or before any Governmental Authority having jurisdiction over the Parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity, and that Party agrees to cooperate fully in any attempt by the other Parties in obtaining any such equitable remedy. Each Party further agrees that, in the event of any action for specific performance in respect of such breach or violation, it will not assert the defense that a remedy at law would be adequate or that the consideration reflected in this Agreement was inadequate or that the terms of this Agreement were not just and reasonable.

8.19 **Incorporation of Schedules and Exhibits**. The Schedules and Exhibits identified in this Agreement are incorporated herein by reference and made a part of this Agreement.

8.20 **Termination of Operating Agreement**. Each Seller agrees that the Limited Liability Company Agreement of the Company dated as of December 15, 1995 (the "**Operating Agreement**"), will be of no further force and effect from and after the Closing, and hereby waives any and all (a) notice requirements and (b) rights or restrictions with respect to the transfer of the capital stock, membership interests or other Equity Interests of the Company set forth in the Operating Agreement. Effective upon such termination of the Operating Agreement, each of the Sellers hereby waives any and all rights under the Operating Agreement and, except for the continuing obligations provided for in this Agreement or the other Transaction Documents, releases all other parties to the Operating Agreement from all obligations, commitments, liabilities or claims arising thereunder.

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IN WITNESS WHEREOF, each Party has duly executed this Agreement, or has caused this Agreement to be duly executed on its behalf by a duly authorized Representative, all as of the date first set forth above.

"COMPANY"

Sierra Bullets, L.L.C.,
a Delaware limited liability company

By: BHH Management, Inc., its Managing Member

By: */s/ Stephen F. Hinchliffe, Jr.*
Name: Stephen F. Hinchliffe, Jr.
Title: President and Secretary

[Signatures Continue on Next Page]

"BHH"

BHH Management, Inc.,
a California corporation

By: */s/ Stephen F. Hinchliffe, Jr.*
Name: Stephen F. Hinchliffe, Jr.
Title: President and Secretary

[Signatures Continue on Next Page]

"LMI"

Lumber Management, Inc.,
a Delaware Corporation

By: */s/ George D. Herrmann, Jr.*
Name: George D. Herrmann, Jr.
Title: Chairman and Chief Executive Officer

[Signatures Continue on Next Page]

"SELLERS' REPRESENTATIVE"

BHH Management, Inc.,
a California corporation

By: */s/ Stephen F. Hinchliffe, Jr.*
Name: Stephen F. Hinchliffe, Jr.
Title: President and Secretary

[Signatures Continue on Next Page]

"BUYER"

Everest/Sapphire Acquisition, LLC
a Delaware limited liability company

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

EXHIBIT A

DEFINITIONS

"**Accounting Principles**" means GAAP, as applied using the same accounting methods, policies, principles, practices and procedures (including classifications, judgments and estimation methodologies) as were used in the preparation of the Financial Statements, in each case subject to the specific methods, policies, principles, practices and procedures used in the preparation of the Estimated Closing Statement pursuant to **Section 1.4.1** and **Exhibit C**.

"**Affiliate**" means, with respect to any Person, any other Person controlling, controlled by, or under common control with such other Person. For purposes of this definition, "**control**," when used with respect to any Person, means 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, and the terms "**controlling**" and "**controlled**" have correlative meanings. Notwithstanding the foregoing, for purposes of this Agreement, the Company will not be considered an Affiliate of any Seller.

"**Base Purchase Price**" means an amount in cash equal to seventy-nine million dollars ($79,000,000).

"**Bonus Payments**" means, collectively (i) a payment to Patrick Daly in the amount of one million eight hundred ninety-two thousand eight hundred ninety-five dollars ($1,892,895) in accordance with that certain Bonus Agreement dated as of July 1, 2014, between Patrick Daly and the Company, and (ii) a payment to Roy Douglas Wickham in the amount of one million eight hundred ninety-two thousand eight hundred ninety-five dollars ($1,892,895) in accordance with that certain Bonus Agreement dated as of July 1, 2014, between Roy Douglas Wickham and the Company.

"**Business**" means the business and operations of the Company, as conducted as of the Closing Date.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in the State of Delaware are authorized or required by law to close.

"**Buyer Transaction Documents**" means those Transaction Documents to which Buyer is or, as of the Closing, will be, a party.

"**Cash**" means the aggregate cash and cash equivalents (including bank account balances and deposits in transit or not yet recorded), including any evidences of short-term, highly liquid investments with original maturities of ninety (90) days or less, calculated in accordance GAAP.

"**Closing Date Purchase Price**" means an amount equal to

(i) the sum of the following amounts, without duplication:

(A) the Base Purchase Price;

(B) the Closing Cash;

(C) an amount equal to the absolute value of the Closing Working Capital less the Target Working Capital, if a positive number; and

(ii) less the sum of the following amounts, without duplication:

(A) the Closing Indebtedness;

(B) the Closing Transaction Expenses;

(C) the Sellers' Representative Amount; and

(D) an amount equal to the absolute value of the Closing Working Capital less the Target Working Capital, if a negative number.

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

"**Company's Knowledge**" with respect to the Company means the actual knowledge, after due inquiry, of each of the Key Employees and the Sellers.

"**Confidentiality Agreement**" means that certain Confidentiality Agreement, dated March 23, 2017, between the Company and Clarus Corporation (formerly known as Black Diamond, Inc.).

"**Consent**" means any consent, approval, authorization, notice, waiver, filing or notification required to be obtained by any Seller or the Company from, filed by any Seller or the Company with, or delivered by any Seller or the Company to, any Person in connection with the consummation of the Transactions.

"**Contract**" means any legally binding contract, lease or other property agreement, license, indenture, note, bond, agreement, undertaking, arrangement, indemnity, lease, permit, concession, franchise, commitment, purchase order, mortgage, partnership or joint venture agreement, instrument or other legally binding agreement whether in writing or not.

"**Copyrights**" means all copyrightable works of authorship (whether published or unpublished), all registered or unregistered copyrights, all copyright registrations, applications for registration and renewals, extensions, and all rights corresponding to the foregoing throughout the world, including rights to prepare, reproduce, perform, display, and distribute copyrighted works and copies, unregistered copyrightable works and works of authorship, compilations and derivative works thereof.

"**Data Room**" means the electronic data room as of the Closing Date with Intralinks entitled "Project Emerald".

"**Defect**" means a defect or impurity, whether in design, manufacture, processing, or otherwise, including any dangerous propensity associated with any reasonably foreseeable use of a Product, or the failure to warn of the existence of any defect, impurity, or dangerous propensity.

"**Disclosure Schedule**" means the schedules attached hereto as **Exhibit B**.

"**Environmental Claim**" means any and all administrative, regulatory or judicial orders, suits, demands, demand letters, directives, claims, liens, administrative proceedings, or written notices of noncompliance or violation, by any Person (including, without limitation, any Governmental Authority) alleging liability or potential liability (including, without limitation, potential responsibility for or liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, closure costs, supplemental environmental projects, property damages, personal injuries, penalties, and leaking underground storage tanks) arising out of, based on or resulting from (a) the presence, or Release or threatened Release, of any Hazardous Materials at the Real Property, or (b) circumstances forming the basis of any violation or alleged violation of any Environmental Law, or (c) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of any Hazardous Materials.

"**Environmental Law**" means any applicable Law relating to the pollution or the protection of the environment or natural resources, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.) ("**CERCLA**"), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 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.), and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.) and the regulations promulgated pursuant thereto.

"**Environmental Permits**" means the Governmental Authorizations required under applicable Environmental Laws reasonably necessary to operate the Business.

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

"**ERISA Affiliate**" means any Person that, together with the Company, would be deemed a "single employer" within the meaning of Sections 414(b), (c), (m) or (o) of the Code.

"**Estimated Closing Date Purchase Price**" means an amount equal to

(i) the sum of the following amounts, without duplication:

(A) the Base Purchase Price;

(B) the Estimated Closing Cash;

(C) an amount equal to the absolute value of the Estimated Closing Working Capital less the Target Working Capital, if a positive number; and

(ii) less the sum of the following amounts, without duplication:

(A) the Estimated Closing Indebtedness;

(B) the Estimated Closing Transaction Expenses;

(C) the Sellers' Representative Amount; and

(D) an amount equal to the absolute value of the Estimated Closing Working Capital less the Target Working Capital, if a negative number.

"**Equity Interests**" means, with respect to any Person, (a) the capital stock, partnership interests, membership interests, beneficial interests or any other equity or ownership interests in such Person or (b) any instruments convertible into or exchangeable for, or whose value is determined by reference to, any such interests.

"**Fundamental Representations**" means (i) with respect to each Seller, the representations of such Seller set forth in **Sections 2.1** (Organization and Good Standing), **2.2** (Power and Authorization; Enforceability), **2.4** (Ownership), as applicable, **Sections 3.1** (Organization and Good Standing), **3.2** (Power and Authorization; Enforceability), **3.4** (Capitalization), **3.17** (Environmental Matters), **3.18** (Tax Matters) and **3.22** (Brokers) and (ii) with respect to Buyer, the representations and warranties of Buyer set forth in **Sections 4.1** (Organization and Good Standing), **4.2** (Power and Authorization; Enforceability) and **4.6** (Brokers).

"**GAAP**" means United States generally accepted accounting principles as in effect on the Closing Date.

"**Governing Documents**" means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, certificate of formation or memorandum or articles of association (or the equivalent organizational documents) of such Person, (b) the bylaws or operating agreement (or the equivalent governing documents) of such Person and (c) any document setting forth the designation, amount or relative rights, limitations and preferences of any class or series of such Person's authorized stock or other Equity Interests.

"**Governmental Authority**" means (i) the United States federal government or the government of any other country, (ii) the government of any state, commonwealth, province, county, city, territory, or possession or (iii) any quasi-government, municipality, political subdivision, courts, departments, commissions, boards, bureaus, tribunals, agencies, arbitrator, mediator or other instrumentalities of any of the foregoing in subparts (i) and (ii).

"**Governmental Authorization**" means any approval, consent, license, permit or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Laws.

"**Hazardous Material**" means petroleum, petroleum by-products, polychlorinated biphenyls, friable asbestos, radon, radioactive materials or wastes, lead or lead-containing materials, urea formaldehyde foam insulation, and any other chemicals, materials, substances or wastes which are, as of the date of this Agreement or the Closing Date, defined or regulated as "hazardous substances," "hazardous materials," "hazardous wastes," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "toxic air pollutants," "hazardous air pollutants," "pollutants," or "contaminants" under any Environmental Law or that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws.

"**Indebtedness**" means, with respect to any Person, at a particular time, the sum of all of the following without duplication, whether or not included as indebtedness in accordance with the Accounting Principles: (a) all obligations of such Person for borrowed money, whether secured or unsecured, and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or similar debt instruments; (b) all obligations (contingent or otherwise) of such Person to pay the deferred purchase price of any property or services (including the maximum potential amount payable with respect to earn-outs, purchase price adjustments or other payments related to acquisitions) (other than accrued expenses and accounts payable in the Ordinary Course and reflected as a current liability in the calculation of Closing Working Capital); (c) all obligations of such Person in respect of any lease of (or other arrangements conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for under the Accounting Principles as a capital lease; (d) all liabilities under any swap, future or option agreement or other similar Contracts, instruments or derivatives designed to protect the Company against fluctuations in interest rates, foreign exchange or other capital market risks; and (e) all indebtedness referred to in the foregoing clauses (a) through (d) which is directly or indirectly guaranteed by such Person.

"**Indemnification Cap**" means an amount equal to ten percent (10%) of the Base Purchase Price.

"**Independent Accounting Firm**" means Ernst & Young or, if Ernst & Young is unavailable or unwilling to serve, a mutually acceptable nationally recognized firm of independent certified public accountants that has not provided services to either Sellers or Buyer and its Subsidiaries in the preceding two (2) years; provided, that if Buyer and the Sellers' Representative are unable to select such firm or expert within sixty (60) days after delivery of written notice of a disagreement, either Buyer or the Sellers' Representative may request the American Arbitration Association to appoint, within twenty (20) Business Days from the date of such request, an independent accounting firm meeting the requirements set forth above or a neutral and impartial certified public accountant with significant arbitration experience related to purchase price adjustment disputes relating to transactions of a similar nature.

"**Intellectual Property**" means all United States, foreign, international and state: (i) Patents, (ii) Trademarks, (iii) Internet domain names, (iv) Copyrights, including in computer software and databases, (v) registrations and applications for any of the foregoing (i) through (iv), (vi) Trade Secrets; (vii) uniform resource locators and Internet domain names and related registrations and applications and any and all renewals or extensions; (viii) moral rights associated with any of the foregoing; (ix) rights of privacy and publicity, including the names, likenesses, voices and biographical information of real persons; (x) other intellectual property rights, in each case whether registered or unregistered and including any and all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future or in any part of the world; and (xi) all other intellectual property and proprietary rights.

"**Judgment**" means any judgment, decision, order, decree, writ, injunction or ruling entered or issued by any Governmental Authority.

"**Key Employees**" means Patrick Daly and Roy Douglas Wickham.

"**Laws**" means any federal, national, provincial, state, local, United States, foreign or other law (both common and statutory law and civil and criminal law), statute, rule, regulation, treaty, ordinance, convention, rule, code, decree, Judgment, writ, regulatory code (including statutory instruments, guidance notes, circulars, directives, decisions, rules, regulations or restrictions) or other order, or other requirement or rule of law of any Governmental Authority.

"**Lien**" means any mortgage, deed of trust, hypothecation, pledge, lien (statutory or otherwise), security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest) and, with respect to capital stock, any option or other right to purchase or any restriction on voting or other rights.

"**Losses**" means any and all direct and actual losses, damages, penalties, fines, amounts paid in settlement, costs and expenses (including settlement and court costs and reasonable attorneys' fees and expenses) net of any corresponding insurance proceeds of any of the foregoing, but excluding any punitive damages. For the avoidance of doubt, Losses shall include the reasonable fees and disbursements of one firm of counsel to an Indemnified Party incurred in connection with a claim brought against an Indemnifying Party pursuant to **Article 6** whether or not such claim is a Third Party Claim.

"**Material Adverse Effect**" means a material adverse effect on (i) the Company or the assets, results of operations or financial condition thereof, taken as a whole, or (ii) the ability of Sellers to consummate the Transactions; provided, that any such change or effect resulting from any of the following, individually or in the aggregate, will not be considered when determining whether a Material Adverse Effect has occurred for purposes of clause (i) above: (A) any change in economic conditions generally or capital and financial markets generally, including changes in interest or exchange rates, (B) any change in the industry in which the Company operates, (C) any change in Laws or accounting standards, or the enforcement or interpretation thereof, applicable to the Company, (D) conditions caused by acts of war, sabotage, terrorism or military actions, or any escalation or worsening of any of the foregoing, (E) any hurricane, flood, tornado, earthquake or other natural disaster or (F) the failure in and of itself of the Company to achieve any financial projections or forecasts (but not the underlying cause of such failure); provided, that any adverse effects resulting from matters described in any of the foregoing clauses (A), (B), (C), (D) or (E) may be taken into account in determining whether there is or has been a Material Adverse Effect to the extent, and only to the extent, that they have a disproportionate effect on the Company relative to other participants in the industries in which the Company operates.

"**Net Working Capital**" means (without duplication), with respect to the Company at any given time, the current assets of the Company less the current liabilities of the Company, in each case, as calculated in accordance with the Accounting Principles.

"**Ordinary Course**" means in the ordinary course of the Business, consistent with past practices.

"**Patents**" means all patents and patent applications, patentable inventions and improvements, and provisionals, non-provisionals, continuations, continuations in part, reissues, reexaminations, divisions, renewals, extensions, or disclosures relating to any of the foregoing, industrial designs, industrial design registrations and applications for industrial design registrations, certificates of invention, utility models and any and all other rights to inventions.

"**Permitted Liens**" means (i) Liens for Taxes and other governmental charges and assessments that are not yet due and payable, and Liens for current Taxes and other charges and assessments of any Governmental Authority that may thereafter be paid without penalty or that are being contested in good faith by appropriate proceedings, in each case for which adequate reserves are being maintained in accordance with the Accounting Principles, (ii) Liens of landlords, lessors, carriers, warehousemen, employees, mechanics and materialmen and other like Liens arising in the Ordinary Course, (iii) all restrictions of record identified in any title reports obtained by or made available to Buyer; provided same do not prohibit the use of any Real Property as it is currently being used by the Company, (iv) all non-exclusive licenses to Intellectual Property, (v) all local and other Laws, including building and zoning Laws, now or hereafter in effect relating to or affecting any real property, provided same do not impair the use and operation of such real property for the Business conducted thereon (vi) Liens of lenders incurred in deposits made in the Ordinary Course in connection with maintaining bank accounts, and (vii) deposits or pledges to secure the payment of workers' compensation, unemployment insurance, social security benefits or obligations arising under similar Laws, or to secure the performance of public or statutory obligations, surety or appeal bonds, and other obligations of a like nature.

"**Person**" means an individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, unincorporated organization, association, organization or other entity or form of business enterprise or Governmental Authority.

"**Personal Information**" means any information that alone or in combination with other information held by the Company can be used, directly or indirectly, to specifically identify an individual, other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose.

"**Post-Closing Tax Period**" means any period (or portion thereof) beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any period (or portion thereof) ending on or prior to the Closing Date.

"**Pro Rata Portion**" means with respect to each Seller, the percentage of the Estimated Closing Date Purchase Price of such Seller set forth opposite such Seller's name on **Exhibit D** attached hereto under the heading "Pro Rata Portion" (which percentages will be provided by the Company (with a copy to the Sellers' Representative) on behalf of Sellers pursuant to **Section 1.3**).

"**Proceeding**" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

"**Product**" means any product designed, manufactured, sold, distributed and/or otherwise introduced into the stream of commerce, by or on behalf of the Company, including any product sold by the Company as the distributor, agent, or pursuant to any other contractual relationship with a manufacturer.

"**Release**" has the meaning set forth in CERCLA.

"**Remedies Exception**" means applicable bankruptcy, insolvency, reorganization, moratorium and other similar existing or future Laws relating to or limiting creditors' rights generally, and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief.

"**Representative**" or "**Representatives**" means, with respect to a particular Person, any director, manager, member, limited or general partner, officer, employee, agent, consultant, advisor or other representative of such Person, including outside legal counsel, accountants and financial advisors.

"**Restriction Period**" means the period beginning on the Closing Date and ending upon the fifth (5^{th}) anniversary of the Closing Date.

"**Rights**" means any subscriptions, options, warrants, rights (including phantom equity or equity appreciation rights), preemptive rights, voting, approval or proxy rights, or right of registration, conversion or exchange with respect to any of the Equity Interests of the Company, or any Contract obligating the Company, or any Affiliate of the Company, to issue, sell, purchase or register any Equity Interests of the Company or to grant, extend or enter into any Contract with respect to the Equity Interests of the Company.

"**Sellers' Representative Amount**" means an amount in cash equal to five hundred thousand dollars ($500,000).

"**Step-down Date**" means the date which is the twelve (12) month anniversary of Closing.

"**Subsidiary**" means, with respect to any specified Person, any corporation, partnership, limited liability company, or other entity of which more than fifty percent (50%) of the outstanding capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company, or other entity is at the time directly or indirectly owned by, or the management is otherwise controlled by, such Person (irrespective of whether, at the time, capital stock or other ownership interests of any other class or classes of such corporation, partnership, limited liability company, or other entity have or might have voting power by reason of the happening of any contingency).

"**Target Working Capital**" means ten million four hundred thousand dollars ($10,400,000).

"**Tax**" or "**Taxes**" means all federal, state, local or foreign income taxes (including any tax on or based upon net income, gross income, or income as specially defined, or earnings, profits, or selected items of income, earnings or profits) and all gross receipts, sales, use, ad valorem, transfer, franchise, license, capital stock, withholding, social security, unemployment, disability, or windfall profit taxes, alternative or add-in minimum taxes, together with any interest and any penalties and additions to tax.

"**Tax Agreement**" means an agreement the principal purpose of which is the sharing or allocation of, or indemnification for, Taxes.

"**Tax Return**" means all federal, state, local, provincial and foreign return, declaration, report, or information return or statement relating to Taxes, including any schedules and amendments thereto.

"**Taxing Authority**" means any Governmental Authority responsible for the assessment, imposition or collection of any Tax.

"**Threshold**" means $800,000 in the aggregate until the Step-down Date. After the Step-down Date the Threshold shall be reduced to the lesser of (i) $400,000 in the aggregate and (ii) the difference of (x) $800,000, minus (y) the total amount of Losses then incurred or reasonably expected to be incurred by the Buyer Indemnified Parties that are not excluded under the Representation and Warranty Insurance Policy, resulting from claims noticed to the insurer under the Representation and Warranty Insurance Policy on or prior to the Step-down Date.

"**Trademarks**" means all trademarks, service marks, certification marks, corporate names, trade names, trade dress, fictitious names, assumed names, logos, slogans, other indicia of commercial source or origin, general intangibles of like nature, and any and all registrations and applications for any of the foregoing, together with all goodwill related to the foregoing.

"**Trade Secrets**" means all non-public technology, inventions, invention disclosures, trade secrets and know-how and other proprietary information, including proprietary processes, formulae, algorithms, models and methodologies;

"**Transaction Documents**" means this Agreement, the Disclosure Schedule and the other agreements, certificates, schedules and other documents contemplated by or delivered or executed by the Parties in connection with this Agreement, including, but not limited to, the Buyer Transaction Documents, the Company Transaction Documents and the Seller Transaction Documents.

"**Transaction Expenses**" means, without duplication, the sum of any fees, costs and expenses incurred or payable by the Company or Sellers in connection with the drafting, negotiation, execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transactions, including, without limitation, all Bonus Payments and any sale bonus, success, retention, change of control or similar payment, severance or other payment incurred or payable by the Company as a result of the consummation of the Transactions (including any such payments under any Benefit Plan), together with all payroll, employment or similar Taxes imposed with respect to any such payment, but excluding the Sellers' Representative Amount.

"**Voting Debt**" means Indebtedness having general voting rights and debt convertible into securities having such rights.

"**WARN Act**" means the Worker Adjustment and Retraining Notification Act of 1988.

Other capitalized terms defined elsewhere in the Agreement and not defined in this **Exhibit A** will have the meanings assigned to such terms in this Agreement in the sections referenced below.

Term	Section
Agreement	Introduction
Allocation Schedule	Section 5.5.8
BHH	Introduction
BHH Interest	Background Paragraph A
Buyer	Introduction
Buyer Indemnified Parties	Section 6.1
Buyer Indemnified Party	Section 6.1
Buyer Released Parties	Section 8.3.2
Buyer Releasing Parties	Section 8.3.3
Buyer Releasing Party	Section 8.3.3
Closing	Section 1.1
Closing Cash	Section 1.4.2
Closing Date	Introduction
Closing Indebtedness	Section 1.4.2
Closing Statement	Section 1.4.2
Closing Transaction Expenses	Section 1.4.2
Company	Introduction
Company Insurance Policy	Section 3.11
Company IP Agreements	Section 3.14.3
Company Licensed Intellectual Property	Section 3.14.3
Company Owned Intellectual Property	Section 3.14.2
Company Returns	Section 3.18.1
Company Transaction Documents	Section 3.2.1
Continuing Employees	Section 5.6.1
Controlling Party	Section 6.3.2(b)
Covered Person	Section 5.7.1
Customer Contract Forms	Section 3.10.6
Determination Date	Section 1.4.5
Disputed Items	Section 1.4.3
Employee Benefit Plans	Section 3.16.1
Employees	Section 3.15.2
ERISA	Section 3.16.1
Estimated Closing Cash	Section 1.4.1
Estimated Closing Indebtedness	Section 1.4.1
Estimated Closing Statement	Section 1.4.1
Estimated Closing Transaction Expenses	Section 1.4.1
Estimated Closing Working Capital	Section 1.4.1
Financial Statements	Section 3.7.1
General Indemnification Period	Section 6.4
Indemnification Tax Benefit	Section 6.6.4
Indemnified Party	Section 6.3.1
Indemnifying Party	Section 6.3.1
Insurance Organizations	Section 3.9.5
Inter-Party Claim	Section 6.3.1
Latest Balance Sheet	Section 3.7.1

Latest Balance Sheet Date	Section 3.7.1
Leased Real Property	Section 3.9.2
Liabilities	Section 3.7.2
Liable Party	Section 6.10
LMI	Introduction
LMI Interest	Background Paragraph A
Material Contracts	Section 3.10.1
Members	Section 5.7.1
Most Recent Fiscal Year End	Section 3.7.1
OECD Convention	Section 3.25
OMM	Section 8.12
Operating Agreement	Section 8.20
Owned Real Property	Section 3.9.1
Non-Controlling Party	Section 6.3.2(b)
Parties	Introduction
Party	Introduction
Payoff Amounts	Section 1.3.1(c)
Payoff Letters	Section 1.3.1(c)
Post-Closing Straddle Period	Section 5.5.5
Pre-Closing Straddle Period	Section 5.5.5
Pre-Closing Tax Refund	Section 5.5.3
Present Fair Salable Value	Section 4.9
Prohibited Activities	Section 5.4.1
Projections	Section 8.7
Real Property	Section 3.9.2
Real Property Leases	Section 3.9.2
Real Property Permits	Section 3.9.5
Receivables	Section 3.20.2
Registered Owned Intellectual Property	Section 3.14.1
Released Parties	Section 8.3.3
Releasing Parties	Section 8.3.3
Representation and Warranty Insurance Policy	Section 1.3.2(c)
Resolution Period	Section 1.4.4
Seller Indemnified Parties	Section 6.2
Seller Indemnified Party	Section 6.2
Seller Released Parties	Section 8.3.3
Seller Releasing Parties	Section 8.3.2
Seller Releasing Party	Section 8.3.2
Seller Transaction Documents	Section 2.2.1
Sellers	Introduction
Sellers' Representative	Introduction
Solvency	Section 4.9
Solvent	Section 4.9
Straddle Period	Section 5.5.5
Third Party Claim	Section 6.3.2
Threshold	Section 6.5.2
Top Customers	Section 3.19.1
Top Suppliers	Section 3.19.2
Transactions	Background Paragraph B
Transfer Taxes	Section 5.5.6
Transferred Interests	Background Paragraph A

Unaudited Financial Statements	Section 3.7.1
Unresolved Items	Section 1.4.5
Work Interference	Section 3.15.1

Exhibit 10.2

THIRD AMENDED AND RESTATED LOAN AGREEMENT

among

ZB, N.A. dba ZIONS FIRST NATIONAL BANK,
as Lender,

CLARUS CORPORATION
BLACK DIAMOND EQUIPMENT, LTD.
BLACK DIAMOND RETAIL, INC.
EVEREST/SAPPHIRE ACQUISITION, LLC
BD NORTH AMERICAN HOLDINGS, LLC
PIEPS SERVICE, LLC
BD EUROPEAN HOLDINGS, LLC
SIERRA BULLETS, L.L.C.,
as Co-Borrowers

and

THE OTHER
LOAN PARTIES FROM TIME TO TIME PARTY HERETO

Effective Date: August 21, 2017

THIRD AMENDED AND RESTATED LOAN AGREEMENT

This Third Amended and Restated Loan Agreement is made and entered into as of August 21, 2017 (the "Effective Date") by and among ZB, N.A. dba Zions First National Bank, as Lender, Clarus Corporation, a Delaware corporation (f/k/a Black Diamond, Inc.); Black Diamond Equipment, Ltd., a Delaware corporation; Black Diamond Retail, Inc., a Delaware corporation; Everest/Sapphire Acquisition, LLC, a Delaware limited liability company; BD North American Holdings, LLC, a Delaware limited liability company; PIEPS Service, LLC, a Delaware limited liability company; BD European Holdings, LLC, a Delaware limited liability company; and Sierra Bullets, L.L.C., a Delaware limited liability company, collectively as Borrowers, and the other Loan Parties from time to time party hereto.

RECITALS

A. Lender and Borrowers have entered into that certain Second Amended and Restated Loan Agreement dated as of October 31, 2014, as amended by that certain (i) First Amendment to Second Amended and Restated Loan Agreement dated as of November 9, 2015, (ii) Second Amendment to Second Amended and Restated Loan Agreement dated as of March 11, 2016, and (iii) Third Amendment to Second Amended and Restated Loan Agreement dated as of March 3, 2017 (collectively, the "Second A&R Loan Agreement"), pursuant to which, among other things, Lender extended to Borrowers a revolving line of credit in the maximum principal amount of $20,000,000 as evidenced by that certain Third Amended and Restated Promissory Note (Revolving Loan) dated March 3, 2017 (the "Third A&R Promissory Note") executed by Borrowers in favor of Lender in the maximum principal amount of $20,000,000.

B. Lender and Borrowers now desire to enter into this Third Amended and Restated Loan Agreement for the purpose of amending and restating the Second A&R Loan Agreement in its entirety.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions

1.1 Definitions

Terms defined in the singular shall have the same meaning when used in the plural and vice versa. As used herein, the term:

"Accordion Allowance Amount" means an amount equal to the lesser of (i) the aggregate amount of all reductions of the Revolving Loan under Section 2.2i Reductions in Revolving Loan and (ii) $20,000,000.

"Accounting Standards" means (i) in the case of financial statements and reports, conformity with generally accepted accounting principles fairly representing in all material respects the financial condition as of the date thereof and the results of operations for the period or periods covered thereby, consistent in all material respects with other financial statements of that company previously delivered to Lender in connection with the Loan, and (ii) in the case of calculations, definitions, and covenants, generally accepted accounting principles consistent in all material respects with those used in the preparation of financial statements of the Loan Parties previously delivered to Lender.

"Administrator" shall have the meaning set forth in Section 10.18 Jury Trial Waiver, Arbitration, and Class Action Waiver.

"Acquisition" means the transactions contemplated in the Acquisition Agreement and the other Acquisition Documents.

"Acquisition Agreement" means that certain Purchase and Sale Agreement dated as of the Effective Date by and among Sierra, Sellers, and BHH Management, Inc., in its capacity as the representative of Sellers.

"Acquisition Documents" means, collectively, the Acquisition Agreement and the other Transaction Documents (as defined in the Acquisition Agreement) and, in each case, all schedules, exhibits and annexes thereto.

"Affiliate" means, with respect to a specified Person, another Person (i) which directly or indirectly controls or is controlled by or is under common control with the Person specified, (ii) which is a Subsidiary of the Person specified, or (iii) which directly or indirectly beneficially owns or holds more than 50% of any voting class of any equity interest of the Person specified. As used in this definition, "control" or "controlled" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting equity interests, by contract, or otherwise.

"Agreement" means this Third Amended and Restated Loan Agreement, as amended, supplemented, restated, amended and restated, or otherwise modified from time to time and together with any exhibits, schedules and addendums hereof and thereto.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to Borrowers or any of their Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Margin" means, for any day, the applicable percentage set forth as follows:

Tier	Total Net Debt Leverage Ratio	Applicable Percentage	Non-Use Fee
1	Greater than or equal to 2.75	4.00%	0.50%
2	Greater than or equal to 2.00, but less than 2.75	3.00%	0.40%
3	Greater than or equal to 1.00, but less than 2.00	2.00%	0.30%
4	Less than 1.00	1.50%	0.25%

The Applicable Margin shall be adjusted from time to time upon delivery to Lender of the quarterly financial statements of Black Diamond required to be delivered pursuant to Section 6.7 Financial Statements and Reports accompanied by a written calculation of the Total Net Debt Leverage Ratio certified on behalf of the Borrowers by a Responsible Officer of the Borrowers as of the end of the fiscal quarter for which such financial statements are delivered. If such calculation indicates that the Applicable Margin shall increase or decrease, then on the first day of the calendar month following the date of delivery of such financial statements and written calculation the Applicable Margin shall be adjusted in accordance therewith; provided, however, that if the Borrowers shall fail to deliver any such financial statements for any such fiscal quarter by the date required pursuant to Section 6.7 Financial Statements and Reports, then, at Lender's election, effective as of the first day of the calendar month following the end of the fiscal quarter during which such financial statements were to have been delivered, and continuing through the first day of the calendar month following the date (if ever) when such financial statements and such written calculation are finally delivered, the Applicable Margin shall be conclusively presumed to equal Tier 1 specified in the pricing table set forth above. As of the Effective Date and for each period on or prior to the delivery of the financial statements in respect of the fiscal quarter ending on September 30, 2017**,** the Applicable Margin shall be deemed to equal Tier 2 specified in the pricing table set forth above.

In the event that any financial statement delivered pursuant to Section 6.7 Financial Statements and Reports is inaccurate, and such inaccuracy, if corrected, would have led to the imposition of a higher Applicable Margin for any period than the Applicable Margin applied for that period, then (i) the Borrowers shall immediately deliver to Lender a corrected financial statement with an accompanying corrected written calculation certified by a Responsible Officer of the Borrowers for that period, (ii) the Applicable Margin shall be determined based on the corrected calculation for that period, and (iii) the Borrowers shall immediately pay to Lender the accrued additional interest owing as a result of such increased Applicable Margin for that period. This paragraph shall survive the termination of this Agreement until the payment in full in cash of the aggregate outstanding principal balance of the Loans.

"Arbitration Order" shall have the meaning set forth in Section 10.18 Jury Trial Waiver, Arbitration, and Class Action Waiver.

"Asset Coverage" means (i) 70% of the sum of the net book value of the accounts receivable, inventory and property, plant and equipment, less (ii) Total Senior Net Liabilities of Borrowers on a Consolidated basis, as reflected on Black Diamond's Consolidated Financial Statements.

"Asset Protection Trust" shall have the meaning set forth in Section 6.27 Creation of Trusts; Transfers to Trusts.

"Auto-Extension Letter of Credit" shall have the meaning set forth in Section 2.2e Letters of Credit.

"Banking Business Day" means any day not a Saturday, Sunday, legal holiday in the State of Utah, or day on which national banks in the State of Utah are authorized to close and, when used with respect to all notices and determinations in connection with, and payments of principal and interest on, advances of the Loan bearing interest at a LIBOR Rate, any day on which dealings in dollar deposits are also carried on in the London Interbank market and banks are open for business in London.

"BDEH" means BD European Holdings, LLC, a limited liability company organized and existing under the laws of the State of Delaware.

"BDEL" means Black Diamond Equipment, Ltd., a corporation organized and existing under the laws of the State of Delaware.

"BDNA" means BD North American Holdings, LLC, a limited liability company organized and existing under the laws of the State of Delaware.

"BD-Retail" means Black Diamond Retail, Inc., a corporation organized and existing under the laws of the State of Delaware.

"Black Diamond" means Clarus Corporation, a corporation organized and existing under the laws of the State of Delaware (f/k/a Black Diamond, Inc.).

"Borrowers" means, collectively, Black Diamond, BDEL, BD-Retail, Everest, BDNA, PIEPS Service, BDEH, Sierra and any domestic Subsidiaries of Borrowers formed by Borrowers as provided in Section 6.21 Subsidiaries or acquired pursuant to a Permitted Acquisition, or any of them.

"Borrowing Base" shall have the meaning set forth in Section 2.2g Maximum Availability; Borrowing Base.

"Borrowing Base Certificate" means a certificate executed by a Responsible Officer of Black Diamond in a form provided by or otherwise reasonably acceptable to Lender, as described in Section 6.7 Financial Statements and Reports.

"Borrowing Base Threshold" shall have the meaning set forth in Section 2.2g Maximum Availability; Borrowing Base.

"Capital Expenditures" means expenditures for fixed or capital assets as determined in accordance with Accounting Standards.

"Cash Equivalents" means cash equivalents as determined in accordance with Accounting Standards.

"Change of Control" shall have the meaning set forth in Section 6.19 Change of Control.

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

"Collateral" means any and all property owned, leased or operated by a Person covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of Lender to secure the Obligations.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance satisfactory to Lender, between Lender and any third party (including any bailee, consignee, customs broker or similar Person) in possession of any Collateral or any landlord of any Loan Party for any real property where any Collateral is located, as the same may be amended, restated, or otherwise modified from time to time.

"Collateral Documents" means, collectively, all security agreements, assignments, pledges, control agreements, financing statements, deeds of trust, mortgages, and other documents creating, granting, evidencing or perfecting a Lien upon the Collateral as security for payment of the Obligations, including, without limitation, the Pledge and Security Agreement, the Real Property Security Documents, and all amendments, modifications, addendums, and replacements thereof, whether presently existing or created in the future.

"Collateral Exam" shall have the meaning set forth in Section 6.9 Inspection; Collateral Exam.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § et seq.), as amended from time to time, and any successor statute.

"Compliance Certificate" means a certificate executed by the Loan Parties, as described in Section 6.7 Financial Statements and Reports, substantially in the form attached hereto as Exhibit A.

"Consolidated" or "on a Consolidated basis" means, with respect to calculations, amounts, reports, statements, or certificates required hereunder, such calculations, amounts, reports, statements or certificates of a Person and their Subsidiaries.

"Consolidated Financial Statements" means the Consolidated financial statements of Black Diamond prepared in accordance with Accounting Standards.

"Control Agreement" means, with respect to any deposit account, securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to Lender, among Lender, the financial institution or other Person at which such account is maintained or with which such entitlement or contract is carried and the Loan Party maintaining such account or owning such entitlement or contract, effective to grant "control" (within the meaning of Articles 8 and 9 under the applicable UCC) over such account to Lender, as the same may be amended, restated, or otherwise modified from time to time.

"Covenant Liquidity" means unencumbered (i) cash or Cash Equivalents in one or more deposit or approved investment accounts owned by Borrowers plus (ii) all Marketable Securities owned by Borrowers, in each case, maintained in accounts located in the United States.

"Debt" means, with respect to any Person and without duplication, (i) indebtedness or liability for borrowed money; (ii) obligations evidenced by bonds, debentures, notes, or other similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (iii) obligations for the deferred purchase price of property or services (excluding trade obligations incurred in the ordinary course of business not more than 120 days past due), including earnouts that in accordance with Accounting Standards would be included as liabilities on the balance sheet of such Person, and other accounts payable; (iv) obligations as lessee under capital leases that in accordance with Accounting Standards would be included as liabilities on the balance sheet of such Person; (v) current liabilities in respect of unfunded vested benefits under Plans covered by ERISA; (vi) obligations under acceptance facilities; (vii) any Disqualified Equity Interests of such Person; (viii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder and all reimbursement or payment obligations with respect to letters of credit, amounts demanded under performance bonds, bid bonds, appeal bonds, surety bonds, and other similar instruments issued by or for the account of such Person; (ix) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (x) the principal balance outstanding under any synthetic lease, off-balance sheet loan or similar off balance sheet financing product; (xi) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person, or otherwise to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (xii) reserved; and (xiii) obligations secured by any mortgage, deed of trust, lien, pledge, or security interest or other charge or encumbrance on property, whether or not such Person has assumed or become liable for the payment of any such obligation.

"Default" means an event which, with the passage of time or giving of notice or both, without waiver or timely cure, would constitute an Event of Default.

"Default Rate" means 3.0% per annum above the LIBOR Rate plus the Tier 1 Applicable Margin.

"Disbursement Instructions Letter" shall mean that certain Disbursement Instructions letter, dated as of the Effective Date, or flow of funds memo in form and substance satisfactory to Lender.

"Dispute" shall have the meaning set forth in Section 10.18 Jury Trial Waiver, Arbitration, and Class Action Waiver.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interest 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, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days following the final maturity date of the Loan (excluding any provisions requiring redemption upon a "change of control" or similar event; provided that such "change of control" or similar event results in the prior payment in full in cash of the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted), the termination of all commitments to lend hereunder and the termination of this Agreement), (b) is convertible into or exchangeable for (1) debt securities or (2) any Equity Interest referred to in (a) above, in each case, at any time on or prior to the date that is 91 days following the final maturity date of the Loan, or (c) is entitled to receive scheduled dividends or distributions in cash prior to the time that the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted) are paid in full in cash.

"Distributions" means any payment to any shareholder of the Loan Parties for dividends, repurchases, redemptions, retirements or reacquisitions of capital stock, whether in cash or assets.

"EBITDA" means earnings before Interest Expense, Income Tax Expense, depreciation, and amortization and with the following charges or losses to be added back to EBITDA and the income or gains to be subtracted from EBITDA: (i) all non-cash income and charges (including, but not limited to, gains on the sale of non-inventory assets and stock-based compensation); (ii) all non-recurring gains and losses (including, but not limited to, proceeds from the sale of non-inventory assets, transaction costs and restructuring costs); and (iii) all extraordinary gains and losses, not realized in the ordinary course of business, in each case, as approved by Lender in its sole discretion and as determined in accordance with Accounting Standards. For the purposes of calculating EBITDA for any period, if at any time during such period Borrowers shall have consummated a Permitted Acquisition or any other acquisition permitted hereunder or if consented to by Lender, the EBITDA for such period shall be calculated after giving pro forma effect thereto, with pro forma adjustments arising out of events which are directly attributable to such acquisition, are factually supportable, and are expected to have a continuing impact, and, in each case, which are certified to by a Responsible Officer of Black Diamond, reasonably acceptable to Lender and are recommended by any due diligence financial review conducted by financial advisors retained by Borrowers and reasonably acceptable to Lender or otherwise mutually and reasonably agreed upon by Borrowers and Lender, in each case, as if such acquisition occurred on the first day of such period. For purposes of calculating EBITDA as of any date of measurement ending on or before September 30, 2018, EBITDA (for purposes of calculating Total Leverage Ratio, Total Net Debt Leverage Ratio and Fixed Charge Coverage Ratio), solely in respect of Sierra, for any period set forth below included in the Trailing Twelve Months ending on such date shall be deemed to equal the amount set forth below for such period:

Period:	**Pre-Closing EBITDA**
Calendar quarter ending December 31, 2016	$ 1,947,000
Calendar quarter ending March 31, 2017	$ 4,058,000
Calendar quarter ending June 30, 2017	$ 3,131,000

Further, to the extent the calendar months of July, August and September 2017 are included in such Trailing Twelve Months, EBITDA for such quarter and/or period shall be deemed to equal actual EBITDA for such period, plus add-backs and plus or minus other adjustments consistent with the methodology utilized by the parties to this Agreement in determining the other amounts set forth in the table above.

"Effective Date" shall have the meaning ascribed to such term in the introduction of this Agreement.

"Environmental Condition" means any condition involving or relating to Hazardous Materials and/or the environment affecting the Real Property, whether or not yet discovered, which is reasonably likely to or does result in any damage, loss, cost, expense, claim, demand, order, or liability to or against the Loan Parties or Lender by any third party (including, without limitation, any government entity), including, without limitation, any condition resulting from the operation of the Loan Parties' business and/or operations in the vicinity of the Real Property and/or any activity or operation formerly conducted by any Person on or off the Real Property.

"Environmental Health and Safety Law" means any legal requirement that governs the Loan Parties or the Real Property that requires or relates to:

a. advising appropriate authorities, employees, or the public of intended or actual releases of Hazardous Materials, violations of discharge limits or other prohibitions, and of the commencement of activities, such as resource extraction or construction, that do or could have significant impact on the environment;

b. preventing or reducing to acceptable levels the release of Hazardous Materials;

c. reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;

d. assuring that products are designed, formulated, packaged, and used so that they do not present unreasonable risks to human health or the environment when used or disposed of;

e. protecting resources, species, or ecological amenities;

f. use, storage, transportation, sale, or transfer of Hazardous Materials or other potentially harmful substances;

g. cleaning up Hazardous Materials that have been released, preventing the threat of release, and/or paying the costs of such clean up or prevention; or

h. making responsible parties pay for damages done to the health of others or the environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"Equity Interests" means shares of capital stock, partnership interests, membership interests or units 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.

"ERISA" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"ERISA Affiliate" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Event of Default" shall have the meaning set forth in Section 7.1 Events of Default.

"Everest" means Everest/Sapphire Acquisition, LLC, a limited liability company organized and existing under the laws of the State of Delaware.

"Excluded Swap Obligations" means, with respect to any Guarantor or other non-Borrower pledgor, 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 or pledgor 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 or pledgor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor, the pledge of such pledgor, or the grant of such security interest becomes 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, pledge or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Lender or required to be withheld or deducted from a payment to any Lender under this Agreement: (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 Lender being organized under the laws of, or having its principal office or its applicable lending office located in the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes; (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from any Loan Party with respect to such withholding Tax pursuant to Section 2.9a Payments Free of Taxes (provided that such Lender has complied with Section 2.9d Status of Lenders); (c) Taxes attributable to such Lender's failure to comply with Section 2.9d Status of Lenders; and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Debt" means the existing debt of Borrowers and their Subsidiaries as set forth on Exhibit B attached hereto and incorporated hereby.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FASB" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Fiscal Year" means the fiscal year of Black Diamond.

"Fiscal Year End" means December 31 for any year.

"Fixed Charge Coverage Ratio" means (a) Consolidated Trailing Twelve Month EBITDA of Black Diamond minus (i) $3,000,000 (representing an amount of expected recurring Capital Expenditures), and (ii) dividends, distributions, repurchases, redemptions, and Income Tax Expense, in each case (other than item (a)(i)), paid in cash for the Trailing Twelve Months; divided by (b) Interest Expense paid in cash for the Trailing Twelve Months, plus scheduled principal or other non-interest payments due on the current portion of all long-term Debt (including reductions under the Revolving Loan, but excluding any lump sum payments due and owing upon maturity of such Debt). For purposes of calculating the Fixed Charge Coverage Ratio as of any date ending on or prior to August 21, 2018, Interest Expense shall equal Interest Expense during the period from the Effective Date through the date of determination, multiplied by a ratio equal to 365 divided by the number of days which have elapsed since the Effective Date.

"Foreign Lender" means any Lender that is not a U.S. Person.

"Guarantee" means the guarantee made by Guarantor in favor of Lender pursuant to the terms and conditions of a guarantee agreement in form and substance as requested by Lender.

"Guarantor" means, individually and collectively, as the context requires, any guarantor of the Loan from time to time, together with their successors and assigns.

"Hazardous Materials" means (i) "hazardous waste" as defined by the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et. seq.), including any future amendments thereto, and regulations promulgated thereunder, and as the term may be defined by any contemporary state counterpart to such act; (ii) "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et. seq.), including any future amendments thereto, and regulations promulgated thereunder, and as the term may be defined by any contemporary state counterpart of such act; (iii) asbestos; (iv) polychlorinated biphenyls; (v) underground or above ground storage tanks, whether empty or filled or partially filled with any substance; (vi) any substance the presence of which is or becomes prohibited by any federal, state, or local law, ordinance, rule, or regulation; and (vii) any substance which under any federal, state, or local law, ordinance, rule or regulation requires special handling or notification in its collection, storage, treatment, transportation, use or disposal.

"Hedging Termination Value" means, in respect of any one or more Hedging Transactions, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Transactions, (a) for any date on or after the date such Hedging Transactions have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to market value(s) for such Hedging Transactions, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Transactions (which may include Lender or any Affiliate of Lender).

"Hedging Transaction" means and includes any transaction now existing or hereafter entered into between any of the Loan Parties and Lender or an Affiliate of Lender which 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 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, including without limitation the transactions entered into pursuant to the Hedging Transaction Documents; *provided that* such Hedging Transaction (A) is (or was) entered into by such Loan Party for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by the Loan Parties and not for speculative purposes, and (B) does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party.

"Hedging Transaction Documents" means and includes all ISDA Master Agreements and Schedules thereto, and all Confirmations (as such term is defined by any ISDA Master Agreement) between any of the Loan Parties and Lender or an Affiliate of Lender in connection with any Hedging Transactions, together with all renewals, extensions, modifications, and consolidations of or substitutions for any of the foregoing "Income Tax Expense" means expenditures and accruals for federal and state income taxes and foreign income taxes, each determined in accordance with Accounting Standards.

"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 the Loan Parties under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Intellectual Property" shall have the meaning set forth in Section 5.17(b) Intellectual Property.

"Intercompany Loans" means any loan or extension of credit from a Loan Party or non-Loan Party Subsidiary to any Loan Party or non-Loan Party Subsidiary, now existing or in the future.

"Interest Expense" means expenditures and accruals for interest determined in accordance with Accounting Standards.

"Joinder Agreement" means an agreement whereby a company which is the subject of a Permitted Acquisition or which otherwise becomes a Subsidiary of any Loan Party agrees to become a Borrower or Guarantor and be bound by the terms and conditions of the Loan Documents, in form and substance satisfactory to Lender in its reasonable discretion.

"Laws" means any law, statute, rule, regulation or order of any domestic or foreign government, or any instrumentality or agency thereof having jurisdiction over the conduct of any Loan Party's business or the ownership of its properties.

"LC Sublimit" means, at any time, a portion of the Revolving Loan amount available from time to time for the issuance of Letters of Credit equal to the lesser of (a) the undrawn amount under the Revolving Loan (including amounts frozen for outstanding Letters of Credit) at the time of determination and (b) $5,000,000, in each case, subject to the Borrowing Base to the extent the Revolving Loan is subject to the Borrowing Base pursuant to Section 2.2g Maximum Availability; Borrowing Base.

"Lender" means ZB, N.A. dba Zions First National Bank, its successors, and assigns.

"Letter of Credit" means any standby or commercial letter of credit issued by Lender under this Agreement pursuant to Section 2.2e Letters of Credit for the account of Borrower.

"LIBOR Rate" means the rate per annum quoted by Lender as its One Month LIBOR Rate based upon the London Interbank Offered Rate for Dollar deposits published by Bloomberg or other comparable services selected by Lender, as determined for the date of any adjustment thereof at approximately 11:00 a.m. London time two Banking Business Days prior to such date of adjustment. If such LIBOR Rate is not available at such time for any reason, then the LIBOR Rate will be determined by such alternate method as reasonably selected by Lender. This definition of LIBOR Rate is to be strictly interpreted and is not intended to serve any purpose other than providing an index to determine the interest rate used herein. The LIBOR Rate of Lender may not necessarily be the same as the quoted offered side in the Eurodollar time deposit market quoted by any particular institution or service. It is not necessarily the lowest rate at which Lender may make loans to any of its customers, either now or in the future. Notwithstanding anything in this Agreement to the contrary, if both (i) the LIBOR Rate as provided above would be less than zero percent (0.00%) and (ii) no Hedging Transaction is then in effect pursuant to which Lender is the Floating Rate Payor (as defined in the Hedging Transaction Documents) and the floating rate specified in the Hedging Transaction Documents is the LIBOR Rate or calculated using the LIBOR Rate (a "LIBOR Loan Swap"), then the LIBOR Rate shall be deemed to be zero percent (0.00%); provided, however, if a LIBOR Loan Swap is then in effect, then the LIBOR Rate shall be permitted to be less than zero percent (0.00%) in respect of the Loans solely to the extent, and up to an amount not to exceed, the notional amount under such LIBOR Loan Swap.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge, security interest, assignment, deposit arrangement, or other preferential arrangement of any nature, in, on, of or with respect to such asset, (b) the interest of a vendor or 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, (c) under the Uniform Commercial Code of any jurisdiction, any financing statement filed identifying or including such asset as collateral, and (d) without limiting the foregoing, in the case of Equity Interests, any purchase option, call or similar right of a third party with respect to such Equity Interests.

"Loan" means the Revolving Loan.

"Loan Documents" means this Agreement, the Promissory Note, any Hedging Transaction Documents, the Collateral Documents, all other agreements, documents or instruments governing, evidencing, securing, guaranteeing or otherwise pertaining to the Obligations, and all other agreements and documents contemplated by any of the aforesaid documents. 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, addendums and replacements thereto, whether presently existing or created in the future, 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 Parties" means Borrowers, each domestic Subsidiary of any of the foregoing, and each Person who becomes a party to this Agreement as a borrower.

"Marketable Security" means any common stock, debt security or other security of a Person which is (or will, upon distribution thereof, be) listed on the NYSE, the American Stock Exchange, NASDAQ or any other national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended, or approved for quotation in any system of automated dissemination of quotations of securities prices in the United States or for which there is a recognized market maker or trading market provided any such security (i) has a rating of BBB or higher of S&P or Baa2 of Moody's, (ii) is not subject to a contractual lock up or similar agreement restricting transferability, (iii) may be distributed or resold without volume limitation or other restrictions on transfer under Rule 144 under the Securities Act of 1933, as amended (or any successor provision thereof), including without application of paragraphs (c), (e), (f) and (h) of such Rule 144, and (iv) is not subject to any other prohibitions or material restrictions on transfer under applicable securities laws.

"Material Adverse Effect" means a material adverse effect on Black Diamond's and its Subsidiaries' financial condition, conduct of their business, or ability to perform their obligations under the Loan Documents, in each case taken as a whole.

"Material Contract" means any contract or agreement entered into by any Loan Party, the termination of which could reasonably be expected to have a Material Adverse Effect.

"Maturity Date" means August 21, 2022.

"Maximum Availability" means, at the time of determination, an amount equal to the Maximum Principal Amount of the Revolving Loan set forth in Section 2.2i Reductions in Revolving Loan, minus the aggregate principal amount of all advances outstanding under the Revolving Loan (including amounts frozen for outstanding Letters of Credit).

"Maximum Revolving Loan Balance" means, at the time of determination, an amount equal to (i) the outstanding principal balance under the Revolving Loan plus (ii) amounts frozen for outstanding Letters of Credit.

"Multi-Employer Plan" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Negative Pledge" shall have the meaning set forth in Section 6.15 Negative Pledge.

"Net Proceeds" means, with respect to any 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, net of (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 Debt (other than the Loan) 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 the Loan Parties).

"Net Worth" means total assets minus total liabilities.

"Obligations" means and includes without limitation (but without duplication): (i) any and all obligations, indebtedness and liabilities of any of the Loan Parties, whether individual, joint and several, absolute or contingent, direct or indirect, liquidated or unliquidated, now or hereafter existing, in favor of Lender, including without limitation all unpaid principal of and accrued and unpaid interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any proceeding relating to any Loan Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) on the Loan, all accrued and unpaid fees and all expenses (including all fees and expenses of counsel to Lender incurred and payable by the Loan Parties pursuant to this Agreement or any other Loan Document), reimbursements, indemnities and other obligations of the Loan Parties to Lender or any indemnified party arising under the Loan Documents; (ii) any and all obligations of any of the Loan Parties, whether individual, joint and several, absolute or contingent, direct or indirect, liquidated or unliquidated, now or hereafter existing, in favor of Lender with respect to any treasury management services, including, without limitation, controlled disbursements, automated clearinghouse transactions, interstate depository network services, credit or debit or purchasing cards, or other cash management services; and (iii) any and all obligations of any of the Loan Parties to Lender or its Affiliates arising under or in connection with any Hedging Transaction now existing or hereafter entered into between any such Loan Party and Lender or its Affiliates, in each case, together with all renewals, extensions, modifications or refinancings thereof; provided, that Obligations of any Guarantor shall not include any Excluded Swap Obligations of such Guarantor. The amount of any net obligation under any Hedging Transaction on any date shall be deemed to be the Hedging Termination Value thereof as of such date.

"Organizational Documents" means, in the case of a corporation, its Articles or Certificate of Incorporation and By-Laws; in the case of a general partnership, its Articles or Certificate of Partnership and Partnership Agreement; in the case of a limited partnership, its Articles or Certificate of Limited Partnership and Partnership Agreement; in the case of a limited liability company, its Articles of Organization or Certificate of Formation and Operating Agreement, Limited Liability Company Agreement or Regulations, if any; in the case of a limited liability partnership, its Articles or Certificate of Limited Liability Partnership; and all amendments, modifications, and changes to any of the foregoing which are currently in effect.

"Other Connection Taxes" means, with respect to any recipient of a payment under any Loan Document, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, sold or assigned of any interest in, engaged in any other transaction pursuant to or enforced any Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes, charges or similar levies that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are imposed with respect to an assignment.

"PBGC" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Permitted Acquisitions" shall have the meaning set forth in Section 6.17 Mergers, Consolidations, Acquisitions, Sale of Assets.

"Permitted Business" means any business in which the Loan Parties are engaged on the Effective Date or any other business in the outdoor recreation industry, including without limitation, climbing, hiking, skiing, cycling and camping products, accessories and apparel, and any business reasonably similar, ancillary, related or complementary thereto, or a reasonable extension, development or expansion thereof.

"Permitted Joint Venture" shall have the meaning set forth in Section 6.18 Joint Ventures and Investments.

"Permitted Liens" shall have the meaning set forth in Section 6.15 Negative Pledge.

"Person" means any natural person, any unincorporated association, any corporation, firm, any joint venture, any partnership, any limited liability company, any association, any enterprise, any trust or other legal entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"PIEPS Service" means PIEPS Service, LLC, a limited liability company organized and existing under the laws of the State of Delaware.

"Plan" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Pledge and Security Agreement" means one or more security agreements in respect of any assets of a Loan Party subject to a Lien in favor of Lender including, without limitation, that certain Pledge and Security Agreement dated as of the Effective Date made by and among the Loan Parties and Lender, as any of the same may be amended, modified, extended, renewed, restated or supplemented from time to time.

"Prepayment Event" means (a) any sale, transfer or other disposition of any property or asset of any Loan Party (other than sales of inventory in the ordinary course of business) to the extent such asset or property has a fair value immediately prior to such event in excess of (i) $100,000 for any single sale, transfer or disposition or (ii) $250,000 in the aggregate with all other such sales, transfers and dispositions; (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 in respect of which any Loan Party, individually or in the aggregate, shall receive Net Proceeds in excess of $100,000; or (c) the occurrence of any Change of Control.

"Promissory Note" means the Revolving Note.

"Qualified Account" means an account receivable of Borrowers which meets the following specifications at the time it is created and at all times thereafter until collected in full:

a. The account meets all applicable representations and warranties concerning the Collateral set forth in the Loan Documents.

b. The account is not more than the lesser of (i) three times the selling/billing terms and (ii) 90 days past due.

c. The account is a bona fide obligation of the account debtor for the amount identified on the records of Borrowers and there have been no payments, deductions, credits, payment terms, or other modifications or reductions in the amount owing on such account except (i) discounts allowed in the ordinary course of business which have been disclosed in the Borrowing Base Certificate; and (ii) as otherwise shown on the Consolidated records of Black Diamond and disclosed to Lender prior to Lender making any advance based upon the account.

d. There are no defenses or setoffs to payment of the account which can be asserted by way of defense or counterclaim against Borrowers or Lender and the account will be timely paid in full by the account debtor; provided that any amount in excess of the asserted amount of such defense or setoff shall be considered a Qualified Account.

e. Performance of all services giving rise to the account has been completed and all goods giving rise to the account have been delivered. Borrowers have possession of or has submitted to Lender shipping or delivery receipts for all such goods.

f. All services performed and goods sold which give rise to the account have been rendered or sold in compliance with all applicable laws, ordinances, rules and regulations and were performed or sold in the ordinary course of the applicable Loan Party's business.

g. There have been no extensions, modifications, or other agreements relating to payment of the account except as otherwise shown on the Consolidated records of Black Diamond and disclosed to Lender prior to Lender making any advance based upon the account.

h. The account debtor (i) is located or authorized to do business within the United States of America and maintains an office and transacts business in the United States of America, or the Canadian Provinces of British Columbia, Alberta, Saskatchewan, Manitoba or Ontario or (ii) is located outside of the United States of America and is supported by insurance, bonds, or other assurances satisfactory to Lender.

i. No proceeding has been commenced or petition filed under United States Bankruptcy Code or any other bankruptcy or insolvency law by or against the account debtor; no receiver, trustee or custodian has been appointed for any part of the property of the account debtor; and no property of the account debtor has been assigned for the benefit of creditors.

j. If 20% or more of the accounts owing to Borrowers by any particular account debtor do not meet the specifications of Paragraph b, above, all accounts owing by such account debtor shall not be Qualified Accounts.

k. The account is not owing by an account debtor for whom the terms of sale by Borrowers are cash on delivery ("COD") or considered a cash sale.

l. Borrowers do not owe an account payable to the account debtor which could be set off against the account receivable.

m. If the total of all outstanding accounts owing by any single account debtor exceeds 20% of the total outstanding current accounts owing to Borrowers, the amount of accounts owing by such account debtor which exceed such 20% requirement shall not be Qualified Accounts unless Lender has received satisfactory credit information concerning such account debtor and Lender has agreed in writing to accept the amount in excess of such 20% requirement as Qualified Accounts.

n. The account is not subject to any type of retainage.

o. The account does not arise from goods placed on consignment, guaranteed sale, or other terms by reason of which the payment by the account debtor may be conditional.

p. The account is not owing by an employee, officer, or director of a Loan Party or any of its Subsidiaries, sister company, or other company related to or an Affiliate of a Loan Party.

q. The account is not owing by a parent, shareholder, Subsidiary, or other Affiliate of a Loan Party.

r. The account is not owing by the United States government or any agency, department, or division thereof.

s. The account has not been reasonably deemed by Lender to be unacceptable.

t. The account is not owing by an account debtor reasonably deemed by Lender to be unacceptable.

u. In respect of account debtors that are located or authorized to do business within the United States of America, the account is subject to a valid first priority, fully-perfected security interest under the Laws of the United States of America (or any territory or state thereunder) in favor of Lender and is subject to no other security interest, lien, or encumbrance of any nature whatsoever.

v. The account does not arise from any construction or installation project with respect to which a performance bond has been issued and is outstanding.

w. The account is not owing by a Sanctioned Person.

"Qualified Equipment" means "Equipment" (as defined under the UCC) that: (i) is owned by Borrowers and pursuant to which Borrowers have good title; (ii) that are not subject to any Liens other than Liens in favor of Lender created by the Loan Documents except any Liens for current taxes and assessments which are not delinquent; (iii) Borrowers have the right to subject such Equipment to a Lien in favor of the Lender; (iv) the full purchase price for such Equipment has been paid by Borrowers; (v) such Equipment is located on premises (a) owned by Borrowers or (b) leased by Borrowers where the lessor has delivered to the Lender a Collateral Access Agreement on the Effective Date or by no later than 90 days following the Effective Date (or such later date as Lender may approve in its sole and absolute discretion); (vi) that are located at Borrowers' facilities in the United States of America; (vii) such Equipment is in good working order and condition (ordinary wear and tear excepted) and is used or held for use by Borrowers in the ordinary course of business; (viii) such Equipment (a) is not subject to any agreement which restricts the ability of Borrowers to use, sell, transport or dispose of such Equipment or which restricts the Lender's ability to take possession of, sell or otherwise dispose of such Equipment and (b) has not been purchased from a Sanctioned Person; and (ix) such Equipment does not constitute "Fixtures" under the applicable laws of the jurisdiction in which such Equipment is located.

"Qualified Equipment Value" means the value of all Qualified Equipment, as determined in each case as 100% of net book value of each such Qualified Equipment depreciated in accordance with Accounting Standards.

"Qualified Inventory" means inventory, including inventory in transit or in the form of raw materials, of Borrowers located in the United States of America which is subject to no Lien of any nature whatsoever with priority over the security interest created by the Loan Documents, except any Liens for current taxes and assessments which are not delinquent, but excluding: (i) inventory which, in the reasonable discretion of Lender, is damaged, outdated or obsolete or has been owned by Borrowers for more than six months; (ii) work in progress; (iii) inventory which is not for direct resale, including, but not limited to, packaging, labeling, and manufacturing supplies; (iv) inventory which is prohibited from being sold by any federal, state or local government agency; (v) inventory which Lender deems, in its reasonable discretion, unacceptable; or (vi) inventory which is located at a property not owned by a Loan Party the lessor or warehousemen, as the case may be, has not executed and delivered to Lender a Collateral Access Agreement regarding the Collateral on the Effective Date or by no later than 90 days following the Effective Date (or such later date as Lender may approve in its sole and absolute discretion).

"Real Property" means any and all real property or improvements thereon owned or leased by any Loan Party or in which any Loan Party has any other interest of any nature whatsoever.

"Real Property Security Documents" means, collectively, any deed of trust, mortgage, deed to secure debt or other similar instrument executed by any Loan Party, as trustor, mortgagor, or grantor, and in favor of Lender, creating a lien on real property in a position acceptable to Lender, and all other buildings, fixtures and improvements now or hereafter owned or acquired by any Loan Party and situated thereon, and all rights and easements appurtenant thereto, securing the Obligations, all in form and substance reasonably acceptable to Lender, as such any such instruments may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Reimbursement Agreement" shall have the meaning set forth in Section 2.2e Letters of Credit.

"Reportable Event" shall have the meaning set forth in Section 5.8 Compliance with ERISA.

"Responsible Officer" means, with respect to any Borrower, the president, chairman, vice chairman, chief executive officer, chief financial officer, vice president, treasurer, secretary or controller of such Borrower.

"Revolving Loan" means the revolving loan described in Section 2.2 Revolving Loan.

"Revolving Note" means, individually and collectively, the revolving line of credit promissory note to be executed by Borrowers and delivered to Lender pursuant to Section 2.2c Revolving Note hereto, and any and all renewals, extensions, modifications, and replacements thereof.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, 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 all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury 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.

"Second A&R Loan Agreement" shall have the meaning set forth in the recitals of this Agreement.

"Sellers" means BHH Management, Inc., a California corporation, and Lumber Management, Inc., a Delaware corporation.

"Sierra" means Sierra Bullets, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware.

"Subordinated Debt" means any Debt of any Loan Party, now existing or hereafter created, incurred or arising, which is unsecured and subordinated in right of payment to the payment of the Obligations in a manner and to an extent that Lender has approved in writing prior to the creation of such Debt.

"Subsidiaries" means any existing or future domestic or foreign corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned by any Borrower, or the management of which is otherwise controlled by any Borrower, directly, or indirectly through one or more intermediaries. As used in this definition, "control" or "controlled" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting equity interests, by contract, or otherwise.

"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.

"Sweep Account" means any account or accounts of Borrowers established with Lender pursuant to the Sweep Account Agreement, now or in the future.

"Sweep Account Agreement" means any agreement between Borrowers and Lender establishing a sweep account arrangement, and all amendments, modifications and replacements thereof.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed, levied, withheld or assessed by any governmental authority, including any interest, additions to tax or penalties applicable thereto.

"Third A&R Promissory Note" shall have the meaning set forth in the recitals of this Agreement.

"Title Commitment" means Title Company's unconditional commitment to issue the Title Insurance Policy, which shall show all exceptions to title and be accompanied by legible copies of all such recorded exceptions.

"Title Company" means a title insurance company reasonably acceptable to Lender.

"Title Insurance Policy" means a title insurance policy in the form of an American Land Title Association Loan Policy-2006 extended coverage (without revision, modification or amendment) issued by the Title Company, in form and substance satisfactory to Lender and containing such endorsements as Lender may require (in form and substance satisfactory to Lender in its sole and absolute discretion), insuring that the Real Property Security Documents granted to Lender is a first Lien, subject only to the permitted exceptions provided therein.

"Total Debt" means the sum of Black Diamond Consolidated Debt (including outstanding letters of credit but excluding committed but then undrawn amounts outstanding under the Revolving Loan and obligations of any of Borrowers as a lessee under any operating lease) owing by Borrowers, as determined in accordance with Accounting Standards, but not including any Intercompany Loans.

"Total Leverage Ratio" means the ratio of (i) Total Debt to (ii) Black Diamond Consolidated Trailing Twelve Month EBITDA.

"Total Net Debt" means Total Debt minus the sum of an amount equal to cash on hand, Marketable Securities and Cash Equivalents in excess of $10,000,000.

"Total Net Debt Leverage Ratio" means the ratio of (i) Total Net Debt to (ii) Black Diamond Consolidated Trailing Twelve Month EBITDA.

"Total Senior Net Liabilities" means total Black Diamond Consolidated liabilities minus the sum of: (i) an amount equal to cash on hand, Marketable Securities and Cash Equivalents in excess of $10,000,000, (ii) Subordinated Debt, and (iii) deferred tax liabilities.

"Trailing Twelve Month" means the 12 calendar month period immediately preceding the date of calculation.

"Transaction Expenses" means reasonable and customary costs and fees paid or accrued in connection with the closing of any acquisitions, including all legal, accounting, banking and underwriting fees and expenses, commissions, discounts and other issuance expenses (including, for the avoidance of doubt, financial consultants engaged for the purpose of determining and implementing a best practices strategy with respect to the integration of the Person acquired into the overall Black Diamond operations, accounting systems, culture and so forth).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Utah or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

1.2 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 "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, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) 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, (d) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) 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.

2. The Loan

2.1 Intentionally Omitted

2.2 Revolving Loan

a. Amount of Revolving Loan. Upon fulfillment of all conditions precedent set forth in this Agreement, subject to the terms of the Revolving Note, and so long as no Event of Default exists which has not been waived or timely cured, and no other breach has occurred which has not been waived or timely cured under the Loan Documents, Lender agrees to loan Borrowers up to a maximum principal amount at any time outstanding of $40,000,000, as such maximum principal amount shall be reduced from time to time as set forth in Section 2.2i Reductions in Revolving Loan or as may be expanded from time to time as set forth in Section 2.2j Accordion Allowance.

b. Nature and Duration of Revolving Loan. The Revolving Loan shall be a reducing revolving loan payable upon the dates and upon the terms and conditions provided in this Agreement and in the Revolving Note. Lender and Borrowers intend the Revolving Loan to be in the nature of a line of credit under which Borrowers may repeatedly draw funds on a revolving basis in accordance with the terms and conditions of this Agreement and the Revolving Note. If, at any time prior to the Maturity Date, the Revolving Note shall have a zero balance owing, the Revolving Note shall not be deemed satisfied or terminated and shall remain in full force and effect for future draws unless terminated or suspended upon other grounds. The right of Borrowers to draw funds and the obligation of Lender to advance funds under the Revolving Loan shall not accrue until all of the conditions set forth in Section 4.2 Conditions to Subsequent Loan Disbursements have been fully satisfied, and shall terminate: (i) upon occurrence and during the continuation of a Default or Event of Default, or (ii) upon the maturity of the Revolving Loan, unless the Revolving Loan is renewed or extended by Lender in which case such termination shall occur upon the maturity of the final renewal or extension of the Revolving Loan. Upon such termination, any and all amounts owing to Lender pursuant to the Revolving Note and this Agreement shall thereupon be due and payable in full.

c . Revolving Note. The Revolving Loan shall be evidenced by a Fourth Amended and Restated Promissory Note (Revolving Loan) (the "Revolving Note") which shall amend and restate the Third A&R Promissory Note in its entirety. The Revolving Note shall be executed and delivered to Lender upon execution and delivery of this Agreement. Proceeds of the Revolving Loan may be disbursed by Lender by wire transfer.

d . Notice and Manner of Borrowing. Borrowers shall give Lender at least one Banking Business Days prior written notice of any advances requested under the Revolving Loan no later than 2:00 p.m. Mountain Time of the Banking Business Day on which the requested advance is to be made. The minimum principal draw amount for any Revolving Loan shall be no less than $1,000,000 and in increments of $100,000 in excess thereof.

Additionally, at the election of Borrowers, the Revolving Loan may be linked to the Sweep Account pursuant to the Sweep Account Agreement. Borrowers and Lender may each unilaterally terminate the Sweep Account at any time. To the extent, if any, the terms of the Sweep Account are inconsistent with or contradict the terms of the Loan Documents, the terms of the Loan Documents shall govern. All references in the Sweep Account Agreement to a "Commercial Loan Line" or similar references to a line of credit are amended to refer to the Revolving Loan.

If such election is made, (i) Lender is authorized and directed to disburse funds under the Revolving Loan for deposit into the Sweep Account on each Banking Business Day as needed to cover all checks and other charges against the Sweep Account; (ii) disbursements shall be made up to the lesser of (A) the Maximum Availability and (B) the Borrowing Base to the extent the Revolving Loan is subject to the Borrowing Base pursuant to Section 2.2g Maximum Availability; Borrowing Base , at the time of determination; (iii) upon occurrence of a Default or Event of Default, Lender may, in its sole discretion, cease all disbursements under the Revolving Note into the Sweep Account; and (iv) Lender is authorized and directed to disburse all collected funds in the Sweep Account on each Banking Business Day to Lender to be applied on the Revolving Loan.

It is acknowledged that posting of credits and debits to and from the Sweep Account are made on the same Banking Business Day the transactions occur and that the posting of credits and debits to and from the Revolving Loan are made one Banking Business Day after the transactions occur but are deemed effective as of the prior Banking Business Day.

e . Letters of Credit. Borrowers may request that Lender or Lender's affiliates issue Letters of Credit against the Revolving Loan. Any Letter of Credit issued hereunder shall be in form and content acceptable to Lender. All requests for issuance of Letters of Credit shall require two Banking Business Days' prior notice, and shall, unless otherwise agreed by Lender, have an expiry date which is the earlier of one year after its issuance or the Maturity Date provided that the expiry date of any Letter of Credit may be up to 12 months later than the Maturity Date if Borrowers agree at the time of issuance of such Letter of Credit that, at least 30 days prior to the Maturity Date, Borrowers will provide Lender with cash collateral in the amount of 105% of the stated amount of the applicable Letter of Credit. Lender may require Borrowers to execute Lender's standard application and reimbursement agreement for Letters of Credit (the "Reimbursement Agreement"), provided that, in the event of any conflict between the terms of the Reimbursement Agreement and this Agreement, the terms of this Agreement shall apply, including terms with respect to the disbursement of funds hereunder to reimburse Lender for drawings on Letters of Credit.

If any Borrower so requests, Lender shall, subject to the other conditions set forth in this Section 2.2e and so long as no Default or Event of Default has occurred and is continuing and there is availability therefor under the Loan, issue Letters of Credit under this Agreement that have automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must (i) permit Lender to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued, and (ii) not be permitted to have an expiry date later than the maturity date of the Revolving Loan unless Borrowers satisfy the requirements set forth in this Section 2.2e. Unless otherwise directed by Lender in writing, Borrowers shall not be required to make a specific request to Lender for any such extension. In no event shall the aggregate amount frozen for outstanding Letters of Credit exceed the LC Sublimit at any time.

Borrowers shall pay quarterly, in advance all fees and charges for issuance of Letters of Credit, including: (i) fees customarily charged by Lender, (ii) for standby Letters of Credit, an issuance fee equal to the Applicable Margin then in effect of the face amount of each such Letter of Credit, and (iii) any fees set forth in this Agreement or the Reimbursement Agreement. Upon issuance of a Letter of Credit against the Revolving Loan, an amount of the Revolving Loan equal to the amount of the Letter of Credit shall be frozen and unavailable for disbursement upon request of Borrowers so long as the Letter of Credit is outstanding or subject to payment. Upon payment by Lender of any drawing on any Letter of Credit issued against the Revolving Loan, Lender shall disburse funds under the Revolving Loan to reimburse Lender for the amount of the drawing and, for the avoidance of doubt, the LC Sublimit shall be correspondingly increased to reflect the reduction of the outstanding Letter of Credit obligations.

f . Non-Use Fee. Borrowers shall pay to Lender a non-use fee based on the unused portion of the maximum commitment amount of the Revolving Loan at the time of determination, calculated on the average unused daily balance of the Revolving Loan for each calendar quarter or portion thereof based on a 360 day year and actual days elapsed based on the applicable per annum percentage stipulated in the definition of Applicable Margin. For purposes of calculating the unused portion of the Revolving Loan, outstanding Letters of Credit issued hereunder shall be considered usage of the Revolving Loan. The fee shall be payable quarterly, in arrears, and shall be due no later than the fifth Banking Business Day after receipt by Borrowers of a statement therefor from Lender.

g . Maximum Availability; Borrowing Base . No advances shall be made under the Revolving Loan if any such advance exceeds the Maximum Availability at the time of determination. If at any time the Maximum Availability is less than $0, Borrowers shall immediately make payment to Lender in a sufficient amount to have the Maximum Availability equal to an amount not less than $0. Notwithstanding anything to the contrary in the Loan Documents, to the extent (a) an Event of Default has occurred and remains continuing or (b) if the outstanding balance under the Revolving Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) exceeds $30,000,000 (the "Borrowing Base Threshold"), in each case, no advances shall be made under the Revolving Loan if, after making the requested advance, the Maximum Revolving Loan Balance exceeds the sum of the following (collectively, the "Borrowing Base"):

(i) 80% of the outstanding aggregate amount of the Qualified Accounts;

(ii) 50% of the book value, as reasonably determined by Lender, of the Qualified Inventory; and

(iii) 30% of the Qualified Equipment Value, as reasonably determined by Lender.

If at any time the Maximum Revolving Loan Balance exceeds the Borrowing Base, and to the extent the Borrowing Base Threshold has been exceeded or an Event of Default has occurred and remains continuing, Borrowers shall immediately make a payment on the Revolving Loan to Lender in an amount sufficient to eliminate such excess. Lender shall be entitled to adjust in good faith the definitions of Qualified Accounts, Qualified Inventory, Qualified Equipment, Qualified Equipment Value and Borrowing Base based on the results of any Collateral Exam.

h . Payments on Revolving Loan. Principal and interest under the Revolving Loan shall be payable as follows: Interest shall be paid monthly in arrears on the first day of each calendar month beginning September 1, 2017. All principal, unpaid interest and all other amounts due under the Revolving Loan shall be paid in full on the Maturity Date, unless required to be paid or prepaid at an earlier date in accordance with this Agreement.

i . Reductions in Revolving Loan. Notwithstanding anything to the contrary in the Loan Documents, the maximum principal amount that may be outstanding under the Loan at any time shall be automatically reduced to the "Maximum Principal Amount" as of each corresponding "Principal Reduction Date" identified below. If at any such principal reduction date the outstanding principal balance under the Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) exceeds the corresponding maximum principal amount, the Borrowers shall immediately make payment to Lender (and/or cash collateralize Letters of Credit issued against the Loan in a manner reasonably acceptable to Lender) in a sufficient amount to eliminate such excess.

Principal Reduction Date		Maximum Principal Amount
Effective Date	$	40,000,000
January 1, 2018	$	38,750,000
April 1, 2018	$	37,500,000
July 1, 2018	$	36,250,000
October 1, 2018	$	35,000,000
January 1, 2019	$	33,750,000
April 1, 2019	$	32,500,000
July 1, 2019	$	31,250,000
October 1, 2019	$	30,000,000
January 1, 2020	$	28,750,000
April 1, 2020	$	27,500,000
July 1, 2020	$	26,250,000
October 1, 2020	$	25,000,000
January 1, 2021	$	23,750,000
April 1, 2021	$	22,500,000
July 1, 2021	$	21,250,000
October 1, 2021	$	20,000,000

j . Accordion Allowance. From time to time following the Effective Date the Borrowers may request that Lender increase the Revolving Loan in an amount not to exceed the Accordion Allowance Amount provided all of the following conditions are satisfied: (i) the Borrowers provide Lender not less than 30 days' prior written notice that they wish to increase the maximum principal amount under the Revolving Loan by an amount not to exceed the Accordion Allowance Amount at the time of determination; (ii) the Loan Documents are amended in any manner required by Lender, in its sole and absolute discretion, in order to give effect to any such increase in the Revolving Loan; and (iii) Lender has agreed, in its sole and absolute discretion, to increase the maximum principal amount under the Revolving Loan. For the avoidance of doubt, the maximum commitment amount of the Revolving Loan after giving effect to any such increase pursuant to this Section shall not exceed $40,000,000.

2.3 Interest on Loan

a . Interest Rate on Loan. Interest on the Loan shall be calculated on the basis of a 360 day year and actual days elapsed as follows: The LIBOR Rate from time to time in effect, adjusted as of the day that is two Banking Business Days prior to the first day of each calendar month, plus the Applicable Margin.

b. Interest Rate Unavailable or Unacceptable.

(i) Notwithstanding the foregoing, if the adoption of any applicable law, rule, or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by Lender with any request or directive (whether or not having the force of law) of any such authority, central bank, or comparable agency, shall make it unlawful or impossible for Lender to maintain balances based on the LIBOR Rate then in effect, then upon notice to Borrowers by Lender, the outstanding principal amount of the balances based on the LIBOR Rate then in effect, together with interest accrued thereon, shall be repaid immediately upon demand of Lender if such change or compliance with such request, in the judgment of Lender, requires immediate repayment or, if such repayment is not required, such balances will accrue interest at an interest rate determined by a substantially comparable alternate rate method as selected by Lender plus the Applicable Margin.

(ii) Notwithstanding anything to the contrary herein, if Lender determines (which determination shall be conclusive) that (A) quotations of interest rates referred to in the definition of the LIBOR Rate then in effect are not being provided in the relevant amounts or for the relevant maturities for purposes of determining such LIBOR Rate, or (B) the LIBOR Rate then in effect does not accurately cover the cost to Lender of making or maintaining advances based on such LIBOR Rate, then Lender may give notice thereof to Borrowers, whereupon until Lender notifies Borrowers that the circumstances giving rise to such suspension no longer exist (1) the right of Borrowers to request interest pricing based on the LIBOR Rate shall be suspended; and (2) Borrowers shall repay in full the then outstanding principal amount based on the LIBOR Rate together with accrued interest thereon, on the last day of the then current calendar month, or, at Borrowers' option, convert the outstanding principal balances based on the LIBOR Rate to balances based on an interest rate determined by a substantially comparable alternate method as reasonably selected by Lender on the last day of the then current calendar month plus the Applicable Margin, with such adjustment thereto reasonably determined by Lender to take into account such alternate method.

c . Accrual of Interest. Interest on the Loan shall accrue from the date of disbursement of any principal amount or portion thereof until paid, both before and after judgment, in accordance with the terms set forth herein.

d . Default Rate. Upon the occurrence and during the continuation of an Event of Default, at the election of Lender, the Loan and all other Obligations hereunder shall bear interest at the Default Rate, both before and after judgment, until paid.

2.4 Prepayments; Account Debit

a . Optional Prepayments. Borrowers may not prepay in full or in part any balances unless Borrowers shall make Lender whole and Borrowers shall pay to Lender all costs incurred by Lender in connection with such prepayment and compensate Lender for any loss and any breakage costs arising from the re-employment of funds at rates lower than the rate provided herein, cost to Lender of such funds, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the Loan and any related costs.

b. Mandatory Payments of Loan.

(i) In the event and on each occasion that any Net Proceeds are received by or on behalf of any Loan Party in respect of any Prepayment Event, Borrowers shall promptly, but in any event within five Banking Business Days after such Net Proceeds are received by such Person, make a payment on the Loan in an aggregate amount equal to 100% of such Net Proceeds (without resulting in any permanent reduction in the Revolving Loan commitment hereunder, except in the case of a Change of Control); provided that, in the case of any event described in clauses (a) or (b) of the definition of the term "Prepayment Event," if Borrowers shall deliver to Lender a certificate of the president, chief executive officer, chief financial officer or controller of Borrowers to the effect that Borrowers 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 equipment or other tangible or capitalized assets to be used in the business of Borrowers, and certifying that no Event of 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, further, that to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such 180 day period, a prepayment shall be required in an amount equal to such Net Proceeds that have not been so applied. Except as specifically set forth herein, nothing contained in this paragraph shall be or be deemed to be a consent to any Prepayment Event.

c . Account Debit. Borrowers hereby irrevocably authorizes Lender to charge any of Borrowers' deposit accounts maintained with Lender for the amounts from time to time necessary to pay any then due Obligations; provided that Borrowers acknowledge and agree that Lender shall not be under an obligation to do so and Lender shall not incur any liability to Borrowers or any other Person for Lender's failure to do so.

d . Application of Payments. All payments on the Loan shall be applied (i) first, to reimbursable fees, late charges, costs and expenses payable by Borrowers under this Agreement or any of the other Loan Documents, (ii) second, to accrued interest and (iii) the remainder, if any, to principal.

2.5 Recovery of Additional Costs

If the imposition of or any change in any law, rule, regulation or treaty, the issuance of any request, rule, guideline or directive, 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 and any changes imposed by (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives issued under or in connection with such act and (ii) 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 impose, modify, or make applicable any taxes (except federal, state, or local income or franchise taxes imposed on Lender), 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 Lender for extending, maintaining or funding the Loan, (b) reduce the amounts payable to Lender under the Loan, or (c) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the Loan, then Borrowers agree to pay Lender such additional amounts as will compensate Lender therefor, within five Banking Business Days after Lender's demand for such payment. Lender'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 Borrowers, which explanation and calculations shall be conclusive in the absence of manifest error.

2.6 Funding Fee

Upon execution and delivery of this Agreement, Borrowers shall pay to Lender a closing fee in the amount of $60,000. No portion of such loan fee or any other fee paid hereunder shall be refunded in the event of early termination of this Agreement or any termination or reduction of the right of Borrowers to request advances under this Agreement. Lender is authorized and directed, upon execution of this Agreement and fulfillment of all conditions precedent hereunder, to disburse a sufficient amount of the Loan proceeds to pay the loan fees in full.

2.7 Late Fee

If any payment hereunder is more than ten days past due, Lender may charge, and Borrowers shall pay upon demand, a late fee equal to 5% of the amount of such payment or $50, whichever is greater, to compensate Lender for administrative expenses and other costs of delinquent payments, and such late fee shall be in addition to and not as a waiver of, Lender's remedies arising from Borrowers' failure to make such payment. The amount of any late fee shall be added to the principal balance of the Loan and shall accrue interest hereunder at the Default Rate until paid in full.

2.8 Consideration Among Co-Borrowers

The transactions evidenced by the Loan Documents are in the best interests of Borrowers, including non-Borrower Subsidiaries, and creditors of Borrowers, including non-Borrower Subsidiaries. Borrowers and non-Borrower Subsidiaries are a single integrated financial enterprise and each of the Borrowers and non-Borrower Subsidiaries receives a substantial benefit from the availability of credit under the Loan Documents. Borrowers and non-Borrower Subsidiaries would not be able to obtain financing in the amounts or upon terms as favorable as provided in the Loan Documents on an individual basis. The Loan will enable each of the Borrowers and non-Borrower Subsidiaries to operate their business more efficiently, more profitably, and to expand their businesses. The direct and indirect benefits that inure to each of the Borrowers and non-Borrower Subsidiaries by entering into the Loan Documents constitute substantially more than "reasonable equivalent value" (as such term is used in § 548 of the United States Bankruptcy Code) and "valuable consideration", "fair value", and "fair consideration" (as such terms are used in state fraudulent transfer law).

2.9 Taxes

a . 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 free and clear of and 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 a Loan Party) requires the deduction or withholding of any Tax from any such payment, then (i) the applicable Loan Party shall be entitled to make such deduction or withholding, (ii) the applicable Loan Party shall timely pay the full amount deducted or withheld to the relevant governmental authority in accordance with applicable law, and (iii) 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 deductions or withholdings applicable to additional amounts payable under this Section) the applicable recipient of such payment 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 Borrowers . The Loan Parties shall timely pay to the relevant governmental authority in accordance with applicable law, or at the option of Lender timely reimburse it for the payment of, any Other Taxes.

c . Indemnification by Borrowers . The Loan Parties shall jointly and severally indemnify Lender, within 10 Banking Business Days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed on or attributable to amounts payable under this Section) paid or payable by the applicable recipient of such payment 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 showing in reasonable detail the calculation of the amount of such payment or liability delivered to the Loan Parties by a Lender shall be conclusive absent manifest error.

d. Status of Lender.

(i) Any Lender that is entitled to an exemption from, reduction of or withholding of any Tax with respect to payments made under any Loan Document shall deliver to Borrowers, at the time or times reasonably requested by Borrowers, such properly completed and executed documentation reasonably requested by Borrowers 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 Borrowers, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrowers as will enable Borrowers to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(ii) Without limiting the generality of the foregoing, if any Borrower is a US Person:

(1) any Lender that is a U.S. Person shall deliver to Borrowers 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 Borrowers), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(2) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers (in such number of copies as shall be requested by Borrowers) 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 Borrowers), whichever of the following is applicable: (I) an IRS Form W-8BEN establishing an exemption from U.S. federal withholding Tax, (II) an IRS Form W-8ECI, (III) to the extent a Foreign Lender is not the beneficial owner of a payment received under any Loan Document, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-9, and/or other certification documents from each beneficial owner, or (IV) 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 Borrowers to determine the withholding or deduction required to be made; and

(3) 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 Borrowers at the time or times prescribed by law and at such time or times reasonably requested by Borrowers 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 Borrowers as may be necessary for Borrowers 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, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any material respect, it shall update such form or certification or promptly notify Borrowers in writing of its legal inability to do so

e . 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 2.9 (including by the payment of additional amounts pursuant to this Section 2.9), 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 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 (e) (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 (e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (e) 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 indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph 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.

3. Security for Loan

3.1 Collateral

The Obligations shall be secured by the Collateral, which shall include, without limitation, a security interest in substantially all assets of the Loan Parties pursuant to and in accordance with, among other things, the Pledge and Security Agreement and the other Collateral Documents from time to time required by Lender.

Each Loan Party acknowledges its intention that the Loan is a "Related Debt" as defined in the Hedging Transaction Documents, and agrees that the intention and interpretation of said interest rate management transaction is that the Loan is a "Related Debt" thereunder. The priority of the interests in the Collateral securing the Loan and any Hedging Transactions shall be pari passu.

4. Conditions to Loan Disbursements

4.1 Conditions to Initial Loan Disbursements

Lender's obligation to disburse any of the Loan on the Effective Date is expressly subject to, and shall not arise until all of the conditions set forth below have been satisfied or waived. All of the documents referred to below must be in a form and substance acceptable to Lender.

a. All of the Loan Documents and all other documents contemplated to be delivered to Lender prior to funding have been fully executed and delivered to Lender.

b. All other conditions precedent provided in or contemplated by the Loan Documents or any other agreement or document have been performed.

c. As of the Effective Date, the following shall be true and correct: (i) all representations and warranties made by Borrowers in the Loan Documents are true and correct in all material respects as of the date of such disbursement; and (ii) no Default or Event of Default has occurred which has not been waived or timely cured.

d. Lender has received certificates of insurance pursuant to Section 6.8 Insurance reasonably acceptable to Lender.

e. Lender has received a Quality of Earnings report in respect of Sierra acceptable to Lender.

f. Lender has received a certificate of the corporate secretary, an assistant secretary or equivalent partner, manager or member, as applicable, of Borrowers, in a form and content reasonably acceptable to Lender, attaching or including as applicable: (i) certified copies of all Organizational Documents of Borrowers, (ii) resolutions of the board of directors or managers, as applicable, and of the shareholders or members, as applicable, of Borrowers authorizing and approving the execution, delivery and performance of each Loan Document to which such Person is a party; (iii) good standing certificates or their equivalents from the respective states of organization and the respective states in which the principal places of business of each is located, each to be dated a recent date prior to the Effective Date; and (iv) signature and incumbency certificates of the Responsible Officers of Borrowers executing the Loan Documents.

g. Lender shall have received the initial funding fee referenced in Section 2.6 Funding Fee and all fees and other amounts due and payable on or prior to the Effective Date, including, reimbursement or payment of all reasonable legal fees and expenses of Lender's counsel, and all reasonable out-of-pocket expenses required to be reimbursed or paid by Borrowers under the Loan Documents.

h. The Acquisition shall have been, or simultaneously with the funding of the Loan will be, consummated on the Effective Date in material compliance with applicable Law and in accordance with the Acquisition Documents without material waiver of any term or condition thereof which is materially adverse to Lender which has not been consented to by Lender (such consent not to be unreasonably withheld, conditioned or delayed).

i. The Loan Parties shall have delivered to Lender a certified copy of the final, fully executed Acquisition Documents and any amendments, modifications or waivers thereto.

j. Lender shall have received payoff statements from each of Sierra's existing creditors in a form acceptable to Lender, which shall include the commitment of each such lender to release its liens and terminate any existing UCC financing statements which name Sierra as debtor, trustor, or grantor, or similar designations, or which authorize any Loan Party or Lender to terminate such UCC financing statements upon payment in full of all indebtedness owing by Sierra to such lender.

k. Lender has received a pro forma Consolidated unaudited balance sheet dated as of June 30, 2017**,** in a form reasonably acceptable to Lender and with results reasonably acceptable to Lender, which includes a certification by a Responsible Officer of Black Diamond that such Consolidated balance sheet fairly presents in all material respects the financial condition of the Loan Parties as of such date.

l. Each Loan Party shall have provided to Lender the documentation and other information requested by Lender to enable Lender to verify the Loan Parties' identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

m. The Loan Parties shall have a capital structure reasonably acceptable to Lender.

n. As of the Effective Date, there has not been any Material Adverse Effect (as such term is defined in the Acquisition Documents).

o. The Loan Parties shall have delivered to Lender a Disbursement Instructions Letter.

p. Lender has received a Borrowing Base Certificate dated on or about the Effective Date covering the period ending June 30, 2017.

q. The Loan Parties shall have provided a completed Compliance Certificate certifying that (A) the Loan Parties are in compliance with all terms and conditions of this Agreement and (B) after giving effect to all transactions on the Effective Date, the Total Leverage Ratio of Borrowers is not greater than 3.25 to 1.00.

All conditions precedent set forth in this Agreement and any of the Loan Documents are for the sole benefit of Lender and may be waived unilaterally by Lender.

4.2 Conditions to Subsequent Loan Disbursements

After the Effective Date, Lender's obligation to make any disbursements of the Loan, and to issue, extend or renew any Letter of Credit, shall be subject to the satisfaction or waiver of the following conditions precedent:

a. At the time of each such disbursement or the issuance, extension or renewal of such Letter of Credit, and also immediately after giving effect thereto, the outstanding principal balance of the Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) plus the amount of any requested disbursement thereunder (or the stated amount of any requested Letter of Credit) shall not exceed the lesser of (i) the Maximum Availability at the time of determination and, to the extent the Borrowing Base Threshold would be exceeded at the time of determination, (ii) the Borrowing Base.

b. All other conditions precedent for subsequent disbursements provided in or contemplated by the Loan Documents or any other agreement or document have been performed.

c. At the time of each such disbursement of the Loan, or the issuance, extension or renewal of such Letter of Credit, and also immediately after giving effect thereto, (i) there shall exist no Default or Event of Default, and (ii) all representations and warranties of the Loan Parties contained herein or in the other Loan Documents shall be true and correct in all material respects (except that to the extent any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such disbursement of the Loan or issuance, extension or renewal of any Letter of Credit, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties shall have been true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) as of such earlier date.

d. The acceptance of the benefits of each disbursement of the Loan or issuance, extension or renewal of any Letter of Credit shall constitute a representation and warranty by the Loan Parties to Lender that all of the applicable conditions specified in this Section 4.2 have been satisfied as of the times referred to in this Section.

4.3 No Default, Adverse Change, False or Misleading Statement

Lender's obligation to advance any funds at any time pursuant to this Agreement and the Promissory Note shall, at Lender's sole discretion, terminate upon the occurrence of any Event of Default or any event which could have a Material Adverse Effect. Upon the exercise of such discretion, Lender shall be relieved of all further obligations under the Loan Documents.

5. Representations and Warranties

Each Loan Party as to itself represents and warrants to Lender as follows:

5.1 Organization and Qualification

Black Diamond is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and that it is qualified and in good standing as a foreign corporation in the State of Utah.

BDEL is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and that it is qualified and in good standing as a foreign corporation in the States of Utah and California.

BD-Retail is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and that it is qualified and in good standing as a foreign corporation in the State of Utah.

Each of Everest, BDNA, PIEPS Service, Sierra and BDEH is a limited liability company duly organized and existing in good standing under the laws of the State of Delaware, and that, if required, it is qualified and in good standing as a foreign limited liability company in the State of Utah or, in the case of Sierra, in the State of Missouri.

Each other Loan Party not listed above is a corporation or limited liability company, as applicable, duly organized and validly existing in good standing under the laws of the State of its organization.

Each Loan Party is duly qualified to do business and is in good standing as a foreign corporation or limited liability company, as applicable, in each jurisdiction where the conduct of its business requires qualification, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

Each Loan Party has the requisite power and authority to own its property and to conduct the business in which it engages and to enter into and perform its Obligations under the Loan Documents.

Each Loan Party has delivered to Lender or Lender's counsel accurate and complete copies of its Organizational Documents which are operative and in effect as of the Effective Date.

5.2 Authorization

The execution, delivery and performance by such Loan Party of the Loan Documents and the transactions contemplated thereby have been duly authorized by all necessary corporate or limited liability company action on the part of such Loan Party and are not inconsistent with such Loan Party's Organizational Documents or any resolution of the shareholders or board of directors or members or managers, as applicable, of such Loan Party, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract, or other instrument to which such Loan Party is a party or by which it is bound, where such contravention or default would reasonably be expected to have a Material Adverse Effect, and that upon execution and delivery thereof, the Loan Documents will constitute legal, valid, and binding agreements and Obligations of such Loan Party, enforceable in accordance with their respective terms except as enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors generally and limitations on the availability of equitable remedies.

5.3 Corporate Relationships

The shareholders or members, as applicable, of each Loan Party (other than Black Diamond) and their respective number and percentage of issued and outstanding Equity Interests in each Loan Party are as set forth on Schedule 5.3 hereto.

5.4 No Governmental Approval Necessary

No consent by, approval of, giving of notice to, registration with, or taking of any other action with respect to or by any federal, state, or local governmental authority or organization is required for such Loan Party's execution, delivery, or performance of the Loan Documents, except where any failure to so obtain such consent or approval or take any other action could not reasonably be expected to have a Material Adverse Effect.

5.5 Accuracy of Financial Statements

The Consolidated audited financial statements of Black Diamond and its Subsidiaries heretofore delivered to Lender have been prepared in accordance with Accounting Standards.

The Consolidated unaudited financial statements of Black Diamond and its Subsidiaries heretofore delivered to Lender fairly present in all material respects Black Diamond's and its Subsidiaries' financial condition as of the date thereof and the results of its operations for the period or periods covered thereby and are consistent in all material respects with other financial statements previously delivered to Lender.

Since the dates of the most recent Consolidated audited and Consolidated unaudited financial statements delivered to Lender, there has been no event which would have a Material Adverse Effect on the financial condition of Black Diamond and its Subsidiaries, taken as a whole.

5.6 No Pending or Threatened Litigation

Except as disclosed in Black Diamond's periodic filings with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, there are no demands, judgments, actions, suits, orders, decrees, arbitrations or proceedings pending or, to such Loan Party's knowledge, threatened against or affecting any of the Loan Parties in any court or before any governmental commission, board, or authority which, if adversely determined, would have a Material Adverse Effect.

5.7 Full and Accurate Disclosure

This Agreement, the financial statements referred to herein, any loan application submitted to Lender, and all other statements furnished by the Loan Parties to Lender under any of the Loan Documents or in connection herewith contain no untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained therein or herein not misleading in any material respect, as of the date such documents and statements were delivered or made. Each Loan Party has not failed to disclose in writing to Lender any fact that would have a Material Adverse Effect.

5.8 Compliance with ERISA

Each Loan Party is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the regulations and published interpretations thereunder. Neither a Reportable Event as set forth in Section 4043 of ERISA or the regulations thereunder ("Reportable Event") nor a prohibited transaction as set forth in Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, has occurred and is continuing with respect to any employee benefit plan (other than a multiemployer pension plan as defined under Sections 3(37) or 4001(a)(3) of ERISA or a "Taft Hartley" employee welfare benefit plan established, maintained, or to which contributions have been made by such Loan Party or any trade or business (whether or not incorporated) which together with such Loan Party would be treated as a single employer under Section 4001 of ERISA ("ERISA Affiliate") for its employees which is covered by Title I or Title IV of ERISA ("Plan"); no notice of intent to terminate a Plan has been filed nor has any Plan been terminated which is subject to Title IV of ERISA; no circumstances exist that constitute grounds under Section 4042 of ERISA entitling the Pension Benefit Guaranty Corporation ("PBGC") to institute proceedings to terminate, or appoint a trustee to administer a Plan, nor has the PBGC instituted any such proceedings; neither any Loan Party nor any ERISA Affiliate has completely or partially withdrawn under Section 4201 or 4204 of ERISA from any Plan described in Section 4001(a)(3) of ERISA which covers any employees of the Loan Parties or any ERISA Affiliate ("Multi-employer Plan"); each Loan Party and each ERISA Affiliate has met its minimum funding requirements under ERISA with respect to all of its Plans and the present fair market value of all Plan assets equals or exceeds the present value of all vested benefits under or all claims reasonably anticipated against each Plan, as determined on the most recent valuation date of the Plan and in accordance with the provisions of ERISA and the regulations thereunder and the applicable statements of the Financial Accounting Standards Board for calculating the potential liability of any Loan Party or any ERISA Affiliate under any Plan; neither any Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC (except payment of premiums, which is current) under ERISA.

Each Loan Party, each ERISA Affiliate and each group health plan (as defined in ERISA Section 733) sponsored by the Loan Parties and each ERISA Affiliate, or in which any Loan Party or any ERISA Affiliate is a participating employer, are in compliance with, have satisfied and continue to satisfy (to the extent applicable) all requirements for continuation of group health coverage under Section 4980B of the Internal Revenue Code and Sections 601 et seq. of ERISA, and are in compliance with, have satisfied and continue to satisfy Part 7 of ERISA and all corresponding and similar state laws relating to portability, access and renewability of group health benefits and other requirements included in Part 7.

5.9 Compliance with USA Patriot Act

No Loan Party is subject to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to the Loan Parties or from otherwise conducting business with the Loan Parties.

5.10 Compliance with All Other Applicable Law

Each Loan Party has complied in all material respects with all applicable Laws, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Black Diamond and its Subsidiaries and their respective officers and employees and to the knowledge of Black Diamond 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) Black Diamond, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of Black Diamond, any agent of Black Diamond 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 advance of Loan proceeds or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

5.11 Environmental Representations and Warranties

Except as set forth on Schedule 5.11, no Hazardous Materials are now located on, in, or under the Real Property, nor is there any Environmental Condition on, in, or under the Real Property and neither the Loan Parties nor, to the Loan Parties' knowledge, after due inquiry and investigation, any other Person has ever caused or permitted any Hazardous Materials to be placed, held, used, stored, released, generated, located or disposed of on, in or under the Real Property, or any part thereof, nor caused or allowed an Environmental Condition to exist on, in or under the Real Property, except, in each instance, in the ordinary course of the Loan Parties' businesses under conditions that are generally recognized to be appropriate and safe and that are in compliance with all applicable Environmental Health and Safety Laws. No investigation, administrative order, consent order and agreement, litigation or settlement with respect to Hazardous Materials and/or an Environmental Condition is proposed, threatened, anticipated or in existence with respect to the Real Property.

Except as set forth on Schedule 5.11, the Loan Parties have no knowledge of the existence of any report, document, or other evidence of any Hazardous Materials or Environmental Condition with respect to the Real Property.

5.12 Operation of Business

Except as set forth on Schedule 5.12, to their knowledge, each Loan Party possesses all material licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and to their knowledge, the Loan Parties are not in violation of any valid rights of others which would have a Material Adverse Effect on the Loan Parties with respect to any of the foregoing.

5.13 Payment of Taxes

Each Loan Party has filed all material tax returns (federal, state, and local) required to be filed and has paid all material taxes, assessments, and governmental charges and levies, including interest and penalties, on such Loan Party's assets, business and income, except such as are being contested in good faith by proper proceedings and as to which adequate reserves are maintained.

5.14 Solvency

Both before and immediately after the consummation of all transactions contemplated by the Loan Documents, and immediately after the making of each advance on the Loan thereafter, and after giving effect to the application of the proceeds of the Loan, (a) the fair value of the assets of each Loan Party will exceed its Debts, (b) the present fair saleable value of the assets of each Loan Party will be greater than the amount that will be required to pay the probable liability of its Debts, as such Debts can reasonably be expected to become absolute and matured, (c) each Loan Party will be able to pay its Debts as such Debts can reasonably be expected to become absolute and matured, and (d) each Loan Party will not have unreasonably small capital with which to conduct its business and its business as is proposed, contemplated or about to be conducted.

5.15 Employee Matters

Except as set forth on Schedule 5.15 hereto, (a) none of the Loan Parties are subject to any collective bargaining agreement, (b) no petition for certification or union election is pending with respect to the employees of the Loan Parties, and to the knowledge of the Loan Parties, no union or collective bargaining unit has sought such certificates or recognition with respect to the employees of any Loan Party and (c) there are no strikes, slowdowns, work stoppages or controversies pending or, to the knowledge of the Loan Parties, threatened between any Loan Party and their employees, other than employee grievances arising in the ordinary course of business which could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.16 Brokerage

There are no rights to or claims for broker's, finder's, due diligence, structuring, debt or equity placement fees, commissions, or similar compensation payable with respect to the consummation of the transactions contemplated in the Loan Documents.

5.17 Assets of Loan Parties

a . Real Property. (i) Schedule 5.17(a) hereto is a complete and accurate list of all Real Property owned or leased by the Loan Parties and each location where Collateral is stored or located, excluding locations where a non-material amount of Collateral may be located (and with an amount of less than $300,000 of Collateral in the aggregate for all such locations), Collateral in transit or located at a Loan Party's contractor for processing (in the ordinary course of business), (ii) complete and accurate copies of all leases of Real Property to which any Loan Party is a party have been provided to Lender, and (iii) to each Loan Party's respective knowledge, (A) all such leases are in full force and effect, are valid, binding and enforceable, and (B) no event of default or event which, with the passage of time or giving of notice, or both, would constitute an event of default, has occurred and is existing thereunder.

b . Intellectual Property. Each Loan Party owns, is licensed to use or otherwise has the right to use, all patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of its business as currently conducted that are material to the business of the Loan Parties (collectively, "Intellectual Property") and all such patents, trademarks, trade names, copyrights, applications therefor, and domain names identified on Schedule 5.17(b) hereto are duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances. Except as disclosed on Schedule 5.17(b) hereto, to each Loan Party's respective knowledge, the use of such Intellectual Property by the Loan Parties does not and has not been alleged by any Person to infringe on the rights of any Person. No Loan Party owes any royalties, honoraria or fees to any Person by reason of its use of the Intellectual Property.

c . Material Contracts. (i) Schedule 5.17(c) hereto is a complete and accurate list of all Material Contracts to which the Loan Parties are a party, (ii) complete and accurate copies of all such contracts have been provided to Lender, and (iii) to each Loan Party's respective knowledge, (A) all such contracts are in full force and effect, and are valid, binding and enforceable, and (B) no event of default or event which, with the passage of time or giving of notice, or both, would constitute an event of default, has occurred and is existing thereunder.

d. Deposit & Securities Accounts. Schedule 5.17(d) hereto lists all banks and other financial institutions at which the Loan Parties maintain deposit, securities and/or other accounts, and such Schedule correctly identifies the name, address and telephone number of each such bank or other financial institution, the name in which the account is held, a description of the purpose of the account, and the complete account number.

e . Equity Interests. Schedule 5.17(e) hereto is a complete and accurate list of all Equity Interests of other Persons owned, directly or indirectly, by each Loan Party.

f . Vehicles & Equipment. Schedule 5.17(f) attached hereto contains a complete and accurate list as of the Effective Date, as updated from time to time upon request by Lender, of all vehicles and equipment which are subject to certificate of title or similar statutes (as contemplated in Section 9-311 of the UCC) owned by the Loan Parties in connection with their operations as of the Effective Date or as updated from time to time upon request by Lender, which schedule indicates which vehicles are owned by which Loan Party, the lessor of any vehicles leased by such Loan Party, and the VIN or other identifying number and state of registration of each.

g . Title and Liens. The Loan Parties have good, sufficient, and legal title to all properties and assets reflected in its most recent balance sheet delivered to Lender, except for assets disposed of in the ordinary course of business or as otherwise permitted hereunder since the date of such balance sheet, subject to no Liens other than Permitted Liens.

5.18 Acquisition Documents

As of the Effective Date, the Loan Parties have delivered to Lender a complete and correct copy of the Acquisition Documents. The Acquisition Documents comply in all material respects with, and the Acquisition has been consummated in all material respects in accordance with, all applicable Laws. The Acquisition Documents are in full force and effect as of the Effective Date and have not been terminated, rescinded or withdrawn. All requisite approvals by governmental authorities having jurisdiction over Sellers under the Acquisition Documents, any Loan Party, or the other Persons referenced therein with respect to the transactions contemplated by the Acquisition Documents have been obtained, except where the failure to obtain same could not reasonably be expected to have a Material Adverse Effect, and no such approvals impose any conditions to the consummation of the transactions contemplated by the Acquisition Documents or to the conduct by any Loan Party of its business thereafter.

6. Covenants

The Loan Parties make the following agreements and covenants, which shall continue so long as this Agreement is in effect and so long as the Loan Parties are indebted to Lender for the Obligations.

6.1 Use of Proceeds

The Loan Parties shall use the proceeds of the Loan for general corporate purposes, including funds for working capital, capital expenditures, loans and/or investments in wholly-owned foreign Subsidiaries and the issuance of letters of credit.

The Loan Parties shall not, directly or indirectly, use any of the proceeds of the Loan for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock or for any purpose which violates, or is inconsistent with, Regulation X of said Board of Governors, or for any other purpose not permitted by Section 7 of the Securities Exchange Act of 1934, as amended, or by any of the rules and regulations respecting the extension of credit promulgated thereunder.

Borrowers will not request any advance of Loan proceeds or Letter of Credit, and Borrowers shall not use, and shall procure that their respective Subsidiaries and their or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan 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, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

6.2 Continued Compliance with ERISA

The Loan Parties covenant that, with respect to all Plans (as defined in Section 5.8 Compliance with ERISA) which the Loan Parties or any ERISA Affiliate currently maintains or to which the Loan Parties or any ERISA Affiliate is a sponsoring or participating employer, fiduciary, party in interest or disqualified person or which the Loan Parties or any ERISA Affiliate may hereafter adopt, the Loan Parties and each ERISA Affiliate shall continue to comply in all material respects with all applicable provisions of the Internal Revenue Code and ERISA and with all representations made in Section 5.8 Compliance with ERISA, including, without limitation, conformance with all notice and reporting requirements, funding standards, prohibited transaction rules, multi-employer plan rules, necessary reserve requirements, and health care continuation, coverage and portability requirements, except where the failure to so comply would not have a Material Adverse Effect on Black Diamond and its Subsidiaries, taken as a whole.

6.3 Continued Compliance with USA Patriot Act

The Loan Parties shall (a) not be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to the Loan Parties or from otherwise conducting business with the Loan Parties, and (b) provide documentary and other evidence of the Loan Parties' identity as may be requested by Lender at any time to enable Lender to verify the Loan Parties' identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

6.4 Continued Compliance with Applicable Law

Each Loan Party shall conduct its business in a lawful manner and in compliance with all applicable Laws, in each instance in all material respects; shall maintain in good standing all licenses and organizational or other qualifications reasonably necessary to its business and existence; and shall not engage in any business not authorized by and not in accordance with its Organizational Documents and other governing documents.

6.5 Prior Consent for Amendment or Change

Except as set forth in Schedule 6.5 or changes that would not have any material adverse effect on Lender, the Loan Parties shall not modify, amend, waive, or otherwise alter, or fail to enforce, their respective Organizational Documents or other governing documents, the Acquisition Documents, or any note or other instrument governing or evidencing the Intercompany Loans, in each case, in any manner without Lender's prior written consent.

6.6 Payment of Taxes and Obligations

The Loan Parties shall pay when due all material taxes, assessments, and governmental charges and levies on the Loan Parties' assets, business, and income, and all material obligations of the Loan Parties of whatever nature, except such as are being contested in good faith by proper proceedings and as to which adequate reserves are maintained.

6.7 Financial Statements and Reports

The Loan Parties shall provide Lender with the financial statements and reports described below. Audited financial statements and reports shall be prepared in accordance with Accounting Standards. Unaudited financial statements and reports shall fairly present in all material respects the Loan Parties' financial condition as of the date thereof and the results of the Loan Parties' operations for the period or periods covered thereby and shall be consistent in all material respects with other financial statements previously delivered to Lender in connection with this Loan.

Until requested otherwise by Lender, the Loan Parties shall provide the following financial statements and reports to Lender:

a. Annual audited Consolidated Financial Statements of Black Diamond for each Fiscal Year, to be delivered to Lender within 90 days after such Fiscal Year End. Borrowers shall also submit to Lender copies of any management letters or other reports submitted by independent certified public accountants in connection with the examination of the financial statements of Borrowers made by such accountants.

b. Quarterly Consolidated Financial Statements of Black Diamond for each fiscal quarter of Black Diamond, to be delivered to Lender within 45 days after the end of the fiscal quarter. The quarterly financial statements shall include a certification by a Responsible Officer of Black Diamond that the quarterly financial statements fairly present Borrowers' financial condition in all material respects as of the date thereof and the results of the operations of the period covered thereby and are consistent, except as disclosed in the footnotes thereto, in all material respects with other financial statements previously delivered to Lender.

c. Together with each of the annual and quarterly Consolidated Financial Statements required to be delivered to Lender pursuant to the provisions of paragraphs (a) and (b) above, Borrowers shall submit to Lender a Compliance Certificate certifying that Borrowers are in compliance with all terms and conditions of this Agreement, including compliance with the financial covenants provided in Section 6.14 Financial Covenants. Each Compliance Certificate shall include the data and calculations supporting all financial covenants, whether in compliance or not, and shall be signed by a Responsible Officer of Black Diamond.

d. Commencing September 1, 2017, within 20 days after the end of each calendar month (or more frequently as needed to support requests for advances under the Revolving Loan in excess of the Borrowing Base indicated in the most recently delivered Borrowing Base Certificate, which such Borrowing Base Certificate shall be delivered no later than five Banking Business Days prior to the requested advance date), a Borrowing Base Certificate certifying the amount of advances for which Borrowers are eligible under the Loan; provided, however, Borrowing Base Certificates shall only be required to be delivered under this subsection to the extent (a) an Event of Default has occurred and remains continuing or (b) if the outstanding balance under the Revolving Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) exceeds $30,000,000. The Borrowing Base Certificate shall include the data and calculations supporting the eligibility and shall be signed by a Responsible Officer of Black Diamond.

e. Financial forecasts for each Fiscal Year, with projections broken down by each fiscal quarter, to be delivered to Lender within 60 days after each Fiscal Year End.

f. Promptly after discovery thereof, the Loan Parties will notify Lender of any breach of any covenants contained in Section 6 Covenants and of the occurrence of any Default or Event of Default hereunder.

g. Promptly (but in any event within five Banking Business Days) provide written notice, with a reasonable description and the intended course of action of the Loan Parties with respect thereto, of the occurrence of a default by any Loan Party or by any other party to any Material Contract of which any Loan Party is aware which would reasonably be expected to result in a Material Adverse Effect.

h. The Loan Parties will furnish to Lender as soon as available copies of any other information pertinent to any provision of this Agreement or to the Loan Parties' business which Lender may reasonably request.

6.8 Insurance

The Loan Parties shall maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibility from coverage thereof. Lender shall be named as an additional insured (and, for the avoidance of doubt, with such insurance policy of the Loan Parties to be primary insurance and not in any way to be deemed or construed as contributory with Lender's own insurance policies) and as lender's loss payee on all property and casualty insurance policies, and all property and casualty insurance policies shall provide that the policies may not be cancelled without at least ten days prior written notice to Lender.

The Loan Parties shall annually provide Lender with (i) a certificate executed by an authorized officer of the Loan Parties certifying the existence of the property and casualty insurance program carried by the Loan Parties, and (ii) a written summary of said program identifying the name of each insurer, the number of each policy and expiration date of each policy, the amounts and types of each coverage, and a list of exclusions and deductibles for each policy.

Unless the Loan Parties provide Lender with evidence of the continuing insurance coverage required by this Agreement, Lender may purchase insurance at the Loan Parties' expense to protect Lender's interests in the Collateral. This insurance may, but need not, protect the interests of the Loan Parties and their Subsidiaries. The coverage that Lender purchases may, but need not, pay any claim that is made against any Loan Party in connection with the Collateral. The Loan Parties may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that the Loan Parties and their Subsidiaries have obtained the insurance coverage required by this Agreement. If Lender purchases insurance for the Collateral as set forth above, the Loan Parties will be responsible for the costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance, and the costs of the insurance shall constitute additional Obligations.

6.9 Inspection; Collateral Exam; Inventory, Equipment and Accounts Receivable

The Loan Parties shall at any reasonable time during normal business hours and from time to time permit Lender or any representative of Lender to examine and evaluate the Collateral, to audit the Collateral perfection procedures, and to conduct an appraisal of such Collateral, which appraisal shall be conducted by an appraiser acceptable to Lender, and to examine, inspect, audit and make copies of and abstracts from the records and books of account of, and visit and inspect the properties and assets of the Loan Parties and to discuss the affairs, finances, and accounts of the Loan Parties with any of the Loan Parties' officers and directors and with the Loan Parties' independent accountants, customers, vendors or suppliers or any other party reasonably deemed necessary by Lender (collectively, the "Collateral Exam"); provided, however, that Lender shall (i) take reasonable steps to ensure the confidentiality of any documents or information that may be disclosed pursuant to this Section, including maintaining the confidentiality thereof as required by laws, rules and regulations, including the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended; (ii) schedule each Collateral Exam at least ten (10) days in advance with the Loan Parties and not conduct more than one Collateral Exams in any consecutive 12 month period; and (iii) not conduct the Collateral Exam in a manner or at a time that unreasonably interferes with the business of the Loan Parties; provided, further, that clauses (ii) and (iii) immediately above shall not apply during the occurrence and continuation of an Event of Default. As long as there is no continuing Event of Default, the Loan Parties shall pay all reasonable costs and expenses of no more than one Collateral Exam in any twelve-month period; provided, that, the Loan Parties shall pay all reasonable costs and expenses of any Collateral Exams performed after the occurrence and during the continuation of an Event of Default.

If at any time (a) an Event of Default has occurred and remains continuing or (b) if the outstanding balance under the Revolving Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) exceeds $30,000,000, in each case, then the Loan Parties shall promptly (i) notify Lender in writing upon any Qualified Inventory, Qualified Equipment or Qualified Account ceasing to be or being determined to have been incorrectly identified as Qualified Inventory, Qualified Equipment or a Qualified Account and (ii) provide Lender with such reports and records concerning equipment, inventory, accounts receivable and accounts payable as Lender may reasonably request. Unless requested otherwise by Lender, the Loan Parties shall provide the following reports and records to Lender at any time (a) an Event of Default has occurred and remains continuing or (b) if the outstanding balance under the Revolving Loan (including amounts frozen for outstanding Letters of Credit issued thereunder) exceeds $30,000,000:

a. An accounts receivable aging report in a form acceptable to Lender, to be delivered to Lender together with each Borrowing Base Certificate (and each Loan Party hereby authorizes Lender to verify such Loan Party's accounts through written or verbal verification methods at the reasonable discretion of Lender).

b. An accounts payable aging report in a form acceptable to Lender, to be delivered to Lender together with each Borrowing Base Certificate.

c. An inventory reconciliation report, reconciling inventory to the Loan Parties' financial statements and the most recent Borrowing Base Certificate in a form acceptable to Lender, to be delivered to Lender together with each Borrowing Base Certificate.

d. An annual list of the names, addresses and phone numbers of all account debtors on each Loan Party's accounts, including reporting for its Subsidiaries, in a form acceptable to Lender to be delivered to Lender together with each Compliance Certificate delivered on the last quarter of each fiscal year.

e. An annual equipment report in a form reasonably acceptable to the Lender which includes the exact name, address and phone number of the customer with whom the equipment is located, the serial number and any other identifying information for the equipment, the acquisition date of the equipment, the acquisition value, the accumulated depreciation, the book value and the currency, to be delivered to Lender on each anniversary of the Effective Date.

6.10 Operation of Business

The Loan Parties shall maintain all material licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, that the Loan Parties reasonably determine are necessary in the operation of their business. The Loan Parties shall continue to engage in a Permitted Business.

6.11 Maintenance of Records and Properties

The Loan Parties shall keep adequate records and books of account in which complete entries will be made in accordance with Accounting Standards. The Loan Parties shall maintain, keep and preserve all of their material properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted. Notwithstanding anything in this Agreement to the contrary, the Loan Parties shall be free to close any of their respective offices or open any offices as they, in their reasonable business judgment, determine is appropriate.

6.12 Notice of Claims

The Loan Parties shall promptly notify Lender in writing of all actions, suits or proceedings filed against or affecting the Loan Parties in any court or before any governmental commission, board, or authority which, if adversely determined, would have a Material Adverse Effect.

6.13 Environmental Covenants

The Loan Parties covenant that they will:

a. Not permit the presence, use, disposal, storage or release of any Hazardous Materials on, in, or under the Real Property, except in the ordinary course of the Loan Parties' business under conditions that are generally recognized to be appropriate and safe and that are in compliance with all applicable Environmental Health and Safety Laws.

b. Not permit any substance, activity or Environmental Condition on, in, under or affecting the Real Property which is in violation of any Environmental Health and Safety Laws.

c. Comply in all material respects with the provisions of all Environmental Health and Safety Laws.

d. Notify Lender promptly of any material discharge of Hazardous Materials, Environmental Condition, or environmental complaint or notice received from any governmental agency or any other party.

e. Upon any material discharge of Hazardous Materials or upon the occurrence of any Environmental Condition, promptly comply with all Environmental Health and Safety Laws related thereto, promptly pay any fine or penalty assessed in connection therewith (unless being contested in good faith), and promptly notify Lender of such events.

f. Permit Lender to inspect in a non-invasive manner the Real Property for Hazardous Materials and Environmental Conditions, and to inspect all books, correspondence, and records pertaining thereto (except during the continuance of an Event of Default), and upon the occurrence and continuation of an Event of Default, to conduct tests thereon.

g. Provide a Phase 1 report (including all validated and unvalidated data generated for such reports) of a qualified independent environmental engineer reasonably acceptable to Lender, reasonably satisfactory to Lender in scope, form, and content, and provide to Lender such other and further assurances reasonably satisfactory to Lender, that the Loan Parties are in compliance with these covenants concerning Hazardous Materials and Environmental Conditions, and that any past violation thereof has been corrected in compliance with all applicable Environmental Health and Safety Laws. Lender shall be entitled to one report every two years at the Loan Parties' expense if Lender has a good faith reason to believe that there is an Environmental Condition affecting the Real Property. Upon the occurrence and during an Event of Default, Lender shall be entitled to a report from time to time upon request of Lender and at the Loan Parties' expense.

h. Immediately advise Lender of any additional, supplemental, new, or other material information concerning any Hazardous Materials or Environmental Conditions relating to the Real Property.

6.14 Financial Covenants

Except as otherwise provided herein, each of the accounting terms used in this Section 6.14 shall have the meanings used in accordance with Accounting Standards. Each of the financial covenants listed below shall be tested on a quarterly basis.

a. Minimum Fixed Charge Coverage Ratio. Black Diamond and its Subsidiaries, on a Consolidated basis and to be measured at each reporting period set forth in Section 6.7 Financial Statements and Reports, shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00.

b. Maximum Total Leverage Ratio. Black Diamond and its Subsidiaries, on a Consolidated basis and to be measured at each reporting period set forth in Section 6.7 Financial Statements and Reports, shall maintain a Total Leverage Ratio of not more than 3.25 to 1.00.

c. Net Worth. Black Diamond and its Subsidiaries, on a Consolidated basis, will maintain a Net Worth, measured at each reporting period set forth in Section 6.7 Financial Statements and Reports, of not less than $140,000,000 at the Fiscal Year End for 2016, plus an increase of $2,000,000 at each Fiscal Year End thereafter.

d. Asset Coverage. Black Diamond and its Subsidiaries, on a Consolidated basis, measured at each reporting period set forth in Section 6.7 Financial Statements and Reports, shall maintain a positive amount of Asset Coverage. Asset Coverage shall be adjusted on a pro forma basis for future Permitted Acquisitions, such calculations to be limited to pro forma statements filed with the Securities Exchange Commission, or if not filed with the Securities Exchange Commission, then subject to reasonable approval by Lender.

e. Maximum Capital Expenditures. Black Diamond and its Subsidiaries, on a Consolidated basis, will not make any Capital Expenditures if, after giving effect thereto, the aggregate of all Capital Expenditures made by Borrowers, on a Consolidated basis, would exceed $5,500,000 in any Fiscal Year; provided, however, that if during any Fiscal Year the amount of Capital Expenditures permitted for that year is not so utilized, such unutilized amount may be added to the maximum Capital Expenditures permitted under this Section 6.14(e) during the next succeeding Fiscal Year, but in no event shall the maximum Capital Expenditures during any Fiscal Year include unused amounts from any year prior to the immediately preceding Fiscal Year.

6.15 Negative Pledge

The Loan Parties will not, and will not allow any non-Loan Party Subsidiary to, create, incur, assume, or suffer to exist any mortgage, deed of trust, pledge, lien, security interest, hypothecation, assignment, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, other title retention agreement, or finance lease) of any nature, upon or with respect to any of its domestic or foreign properties or assets, now owned or hereafter acquired, or sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement under which any Loan Party appears as debtor, or sign any security agreement authorizing any secured party thereunder to file such financing statement, except (all of the following, collectively, "Permitted Liens"): (a) those contemplated by this Agreement; (b) liens arising in the ordinary course of business (such as liens of carriers, warehousemen, mechanics, repairmen, and materialmen) and other similar liens imposed by law for sums not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained in accordance with Accounting Standards; (c) easements, rights of way, restrictions, minor defects or irregularities in title or other similar liens which alone or in the aggregate do not interfere in any material way with the ordinary conduct of the business of the Loan Parties; (d) liens for taxes and assessments not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained in accordance with Accounting Standards; (e) Permitted Liens set forth on Schedule 6.15 hereto; (f) liens securing Debt not to exceed an aggregate outstanding amount of $2,000,000**,** except as authorized by prior written consent of Lender; (g) pledges or deposits in the ordinary course of business in connection with workers' compensation, employment and unemployment insurance and other social security legislation, other than any lien imposed by ERISA; (h) deposits to secure the performance of bids, trade contracts and leases (other than Debt), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, or arising as a result of process payments under government contracts to the extent required or imposed by applicable laws, all to the extent incurred in the ordinary course of business; and (i) liens granted by a Loan Party in favor of a licensor under any intellectual property license agreement entered into by such Loan Party, as licensee, in the ordinary course of such Loan Party's business; *provided*, that such liens do not encumber any property other than the intellectual property licensed by such Loan Party pursuant to the applicable license agreement and the property manufactured or sold by such Borrower utilizing such intellectual property.

The Loan Parties will not, and will not allow any non-Loan Party Subsidiary to, enter into any agreement with any third party (each a "Negative Pledge") whereby any Loan Party or such Subsidiary is prohibited from creating, incurring, assuming or suffering to exist any mortgage, deed of trust, pledge, lien, security interest, hypothecation, assignment, deposit arrangement, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, other title retention agreement, or finance lease) of any nature, upon or with respect to any of such Person's wholly-owned properties or assets (or such Person's partially owned property or assets to the extent any such property or asset is collectively wholly-owned by the Loan Parties and/or non-Loan Party Subsidiaries), now owned or hereafter acquired, or from signing or filing, under the Uniform Commercial Code of any jurisdiction, a financing statement under which the Loan Parties or any of their Subsidiaries appear as debtor, or signing any security agreement authorizing any secured party thereunder to file such financing statement, or enter into any agreement with any third party whereby the Loan Parties' or such non-Loan Party Subsidiary's rights to do any of the foregoing are limited or restricted in any way, other than standard and customary Negative Pledge provisions in property acquired with the proceeds of any capital lease or purchase money financing that extend and apply only to such acquired property.

6.16 Restriction on Debt

The Loan Parties will not, and will not allow any non-Loan Party Subsidiary to, create, incur, assume, or suffer to exist any Debt except as permitted by this Section 6.16.

Permitted exceptions to this covenant are: (a) the Loan; (b) Intercompany Loans; (c) obligations under Hedging Transaction Documents with Lender or its affiliates; (d) Debt, not to exceed an aggregate outstanding principal amount of $2,000,000**,** which amount includes secured debt as authorized under Sections 6.15(e) and (f) of this Agreement; (e) the Subordinated Debt; (f) any foreign currency or interest rate hedge in the ordinary course of business; (g) Existing Debt; and (h) contingent obligations of (A) the Loan Parties or any non-Loan Party Subsidiaries in respect of Debt otherwise permitted hereunder of the Loan Parties or any non-Loan Party Subsidiaries, and (B) the Loan Parties or any non-Loan Party Subsidiaries for customary and commercially reasonable indemnification obligations incurred in good faith in connection with any Permitted Acquisitions or otherwise in connection with contractual obligations entered into in the ordinary course of business.

6.17 Mergers, Consolidations, Acquisitions, Sale of Assets

None of the Loan Parties shall wind up, liquidate, or dissolve itself, reorganize, merge, or consolidate into, acquire, or convey, sell, assign, transfer, lease, or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person other than another Loan Party (and after providing Lender with no less than fifteen (15) days advance notice) except in connection with Permitted Acquisitions.

"Permitted Acquisitions" means mergers, consolidations or acquisitions meeting the following requirements:

a. At the time of completion of the Permitted Acquisition, no Default or Event of Default which has not been waived or timely cured, exists.

b. Prior to closing of the Permitted Acquisition, Borrowers shall present information concerning the business conducted by the potential Permitted Acquisition to Lender and Lender shall respond to the Loan Parties as to whether or not the potential Permitted Acquisition is deemed to be a Permitted Business within five Banking Business Days.

c. Prior to the closing of the Permitted Acquisition, the Loan Parties shall have provided Lender with a pro forma compliance certificate in the form provided in Section 6.7 Financial Statements and Reports, showing that upon completion of the Permitted Acquisition, the Loan Parties will be in compliance with the financial covenants provided in Section 6.14 Financial Covenants based off the most recent financial statements delivered to Lender. The method and information used in the calculation of the financial covenants for the pro forma compliance certificate shall be reasonably acceptable to Lender.

d. If the Permitted Acquisition is a merger or a consolidation, either (i) one of the Loan Parties will be the surviving entity, (ii) the acquired company will become a majority-owned Subsidiary of one of the Loan Parties, or (iii) the Loan Parties will comply with Section 6.17f.

e. If the Permitted Acquisition is an acquisition of ownership interests in a company, the acquired company will be a majority-owned Subsidiary of one of the Loan Parties.

f. If the Permitted Acquisition is an acquisition of a majority of the ownership interests in a company or is a merger where a Borrower is not the surviving company and the company is not a foreign Subsidiary, the Loan Parties must comply with Section 6.21 Subsidiaries.

g. The aggregate amount of consideration paid by the Loan Parties in (i) any individual transaction or series of related transactions does not exceed $10,000,000 or (ii) all such transactions does not exceed $40,000,000 in the aggregate.

h. Such Permitted Acquisition shall not be hostile and shall have been approved by the board of directors (or other similar body) and/or the stockholders or other equityholders of the Person to be acquired.

i. Borrowers shall have notified Lender of such proposed acquisition at least thirty (30) days prior to the consummation thereof and furnished to Lender copies of agreements, instruments and other documents as Lender reasonably shall request.

6.18 Joint Ventures and Investments

No Loan Party will make any capital contribution to or investment in, or purchase any stock or other Equity Interest of, any other Person, except in connection with Permitted Acquisitions, formation of Subsidiaries in compliance with Section 6.21, or any joint venture meeting the following requirements (the "Permitted Joint Ventures"):

a. At the time of completion of the proposed Permitted Joint Venture, no Default or Event of Default which has not been waived or timely cured, exists.

b. At no time shall the Loan Parties own less than 45% of the interests in the proposed Permitted Joint Venture. If at any time the Loan Parties own more than 50% of the interests in the proposed Permitted Joint Venture, such Permitted Joint Venture must comply with Section 6.21 Subsidiaries.

c. At all times the Loan Parties shall have control of the proposed Permitted Joint Venture. For purposes of this Section control means the Loan Parties have a "financial controlling interest" determined in accordance with Accounting Standards.

d. The aggregate amount of consideration paid by the Loan Parties for the proposed Permitted Joint Venture and all other Permitted Joint Ventures during the preceding three year period shall not exceed $3,000,000.

6.19 Change in Control

a. No Change of Control of Black Diamond shall occur.

"Change of Control" means (i) the acquisition by any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of 40% or more of the outstanding common stock of Black Diamond, other than a "person" or "group" that includes Warren B. Kanders; or (ii) during any 24-month period individuals who at the beginning of such period constituted the Board of Directors of Black Diamond (together with any new directors whose election by the Board of Directors or whose nomination for election by the shareholders of Black Diamond was approved by a vote of a majority of the directors who either were directors at the beginning of such period or whose election or nomination was previously so approved) ceasing for any reason to constitute a majority of the Board of Directors of Black Diamond.

b. Black Diamond shall own, either directly or indirectly, all of the equity interests of each of the other Loan Parties.

6.20 Loans and Distributions

The Loan Parties shall not (i) declare or pay any dividends, (ii) purchase, redeem, retire or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, (iii) make any distribution of assets to its stockholders, investors, or equity holders, whether in cash, assets, or in obligations of any Loan Party, (iv) allocate or otherwise set apart any sum for the payment of any dividend or distribution on, or for the purchase, redemption, or retirement of any shares of its Equity Interests, or (v) make any other distribution by reduction of capital or otherwise in respect of any shares of its Equity Interests; provided, however the Loan Parties may make (a) redemptions and repurchases pursuant to employee stock compensation plans entered into in the ordinary course of business and (b) dividends, redemptions, repurchases and distributions as described in the foregoing clauses (i) through (v) where such proceeds are payable exclusively to other Loan Parties.

The Loan Parties shall not make any loans or pay any advances of any nature whatsoever to any Person, except advances in the ordinary course of business to (i) vendors, suppliers, and contractors, (ii) employees, not to exceed $500,000 in the aggregate at any one time outstanding, and (iii) Intercompany Loans.

6.21 Subsidiaries

No Loan Party shall, directly or indirectly, (a) create, form or acquire any foreign Subsidiaries or (b) create, form or acquire any domestic Subsidiaries unless the Loan Parties and the other specified parties comply with the remainder of this Section. If any Loan Party, directly or indirectly, creates, forms or acquires any Subsidiary on or after the Effective Date, such Loan Party will, and will cause such Subsidiary to, contemporaneously with the creation, formation or acquisition of such new Subsidiary, (1) deliver to Lender, not less than 15 days prior to the consummation of the creation, formation or acquisition of such subsidiary, a summary providing a reasonably detailed description of such subsidiary and the current terms and conditions of the proposed creation, formation or acquisition of such subsidiary in writing, (2) grant to Lender a perfected security interest in and Lien on (A) all of the issued and outstanding Equity Interests of such Subsidiary or (B) to the extent such Subsidiary is a "controlled foreign corporation" under Section 957 of the Code, no more than 66% of the issued and outstanding voting Equity Interests and 100% of the issued and outstanding non-voting Equity Interests of such Subsidiary and (3) at Lender's option, cause any Subsidiary that is a domestic Subsidiary to (A) either guarantee the payment and performance of the Obligations or become a Borrower hereunder by executing the Joinder Agreement, (B) grant to Lender a first priority, perfected security interest in and lien on all of such Subsidiary's assets pursuant to a security agreement or a joinder agreement to the Collateral Documents, in either case in form and substance reasonably satisfactory to Lender and (C) deliver such other documentation and take such other actions as reasonably required by Lender.

6.22 Subordinated Debt

Payments of principal under the Subordinated Debt may be made only: (a) so long as the Loan Parties are in pro forma compliance with the financial covenants set forth in Section 6.14 Financial Covenants; (b) Borrowers do not draw on the Revolving Loan to repay such Subordinated Debt unless Black Diamond demonstrates to Lender to Lender's satisfaction (which determination shall be in Lender's sole discretion) that such use of the Revolving Loan will not impair Black Diamond's liquidity and availability under the Revolving Loan for funding Capital Expenditures, seasonal working capital and other corporate obligations and operational cash requirements; and (c) any such payment is not prohibited by the terms of such Subordinated Debt and any related subordination agreement.

6.23 Prior Consent for Name or Organizational Change

The Loan Parties shall not change their name or convert to a different form of legal entity without Lender's prior written consent, which such consent shall not be unreasonably withheld, delayed or conditioned.

6.24 Maintenance of Existence

Each Loan Party shall maintain and preserve (a) its existence and good standing in the jurisdiction of its organization, and (b) its qualification and good standing in each jurisdiction where the nature of its business makes such qualification necessary unless such failure under this clause (b) would not reasonably be expected to have a Material Adverse Effect.

6.25 Further Assurances

Each Loan Party shall take such actions as Lender may reasonably request from time to time to (a) obtain the full benefits of the Loan Documents, (b) protect, preserve, maintain, and enforce Lender's rights in (and the priority of Lenders' Lien on) the Collateral and (c) enable Lender to exercise all of any of the rights, remedies and powers granted herein of in any other Loan Documents including, without limitation, upon the occurrence of any Event of Default, the execution and delivery, as applicable, of any certificates representing Equity Interests owned by any Loan Party, any Collateral Documents of Intellectual Property owned by any Loan Party, and any Real Property Security Documents in respect of any Real Property owned by any Loan Party.

6.26 Intercompany Loans

Each Loan Party agrees that all Intercompany Loans are and shall remain unsecured and subordinated in right of payment to the prior payment in full of all Obligations (other than treasury management obligations and contingent indemnification obligations). Notwithstanding any provision in this Agreement to the contrary, so long as no Event of Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to Intercompany Loans to the extent not otherwise prohibited by this Agreement; provided, however, that in the event of and during the continuance of any Event of Default, no payment shall be made by or on behalf of any Loan Party on account of any Intercompany Loan. In the event that any Loan Party receives any payment of any Intercompany Loan at a time when such payment is prohibited by this Section, such payment shall be held by such Loan Party in trust for the benefit of, and shall be paid forthwith over and delivered to Lender.

6.27 Creation of Trusts; Transfers to Trusts

The Loan Parties shall not create as settlor any trust, or transfer any assets into any trust, without giving written notice to Lender at least ninety (90) days prior to such creation or transfer. Such notice shall describe in reasonable detail the trust to be created and/or the asset transfer to be made. Failure by any such settlor to provide that notice shall be an Event of Default under the Loan Documents.

The Loan Parties shall not create as settlor any actual or purported spendthrift trust, asset protection trust or any other trust intended by its terms or purpose (or having the effect) to protect assets from creditors or to limit the rights of existing or future creditors (an "Asset Protection Trust") without the prior written consent of Lender. Lender may withhold that consent in its sole discretion. Creation of any Asset Protection Trust, and each transfer of assets thereto, by any such settlor without Lender's prior written consent:

a. Shall be an Event of Default under the Loan Documents;

b. Shall have the effect of, and shall be deemed as a matter of law, regardless of that settlor's solvency, of having been made by that settlor with the actual intent of hindering and delaying and defrauding Lender as that settlor's creditor; and

c. Shall constitute a fraudulent transfer that is unenforceable and void (not merely voidable) as against Lender.

With respect to each such fraudulent transfer, Lender shall have all the rights and remedies provided by state fraudulent transfer laws, or otherwise provided at law or equity. Lender shall have the right to obtain an ex parte court order directing the trustee of the Asset Protection Trust to give Lender written notice a reasonable time (of not less than ten (10) Banking Business Days) prior to making any distribution from said trust. Nothing in this paragraph shall limit or affect any rights or remedies otherwise provided to Lender by law, equity or any contract.

6.28 Updated Schedules of Assets; Certificates of Title

The Loan Parties shall, at the time of delivery of the Compliance Certificate delivered pursuant to Section 6.7 Financial Statements and Reports, provide written updates (if any) to Lender of any change in the information provided in Schedules 5.3, 5.17(a), 5.17(b), 5.17(c), 5.17(d), 5.17(e), which updated schedule(s) must be certified by a Responsible Officer of Black Diamond. From time to time within 30 days following Lender's request therefor, the Loan Parties shall deliver to Lender the original certificates of title or similar title documents for all of each Loan Party's owned vehicles and equipment, with Lender's lien properly recorded thereon and free and clear of any other Liens.

6.29 Notice of Termination of Leases

Each Loan Party shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location or third party warehouse or manufacturing facility where any Collateral is or may be located. Each Loan Party agrees to give Lender prompt written notice upon knowledge of any officer of a Loan Party of any termination of or abandonment or surrender under any lease of Real Property and other similar agreements.

6.30 Material Contracts

Unless doing so would not result in a Material Adverse Effect, none of the Loan Parties shall (a) without the prior written consent of Lender, amend, modify or waive the performance of material obligations with respect to the Material Contracts; (b) without the prior written consent of Lender, request a waiver or consent from any party to any of the Material Contracts; (c) without the prior written consent of Lender, terminate or permit the early termination of any Material Contracts; or (d) cause any material default or any event of default under any Material Contract, as a result of which the counterparty thereto has the right to terminate such Material Contract.

6.31 Real Property

If requested by Lender upon the occurrence and during the continuance of an Event of Default, each Loan Party shall deliver the following to Lender in respect of Real Property owned by such Loan Party as requested by Lender in its sole discretion, in each case in form and substance satisfactory to Lender:

a . Real Property Security Documents. Fully executed Real Property Security Documents or amendment to existing Real Property Security Documents with respect to such Real Property.

b . Title Commitment. A Title Commitment with respect to such Real Property and evidence satisfactory to Lender that the Title Company has issued or irrevocably committed to issue the Title Insurance Policy or endorsements to an existing Title Insurance Policy reasonably required by Lender with respect to such Real Property to Lender.

c . Other Information. Such other agreements, instruments, documents, reports, studies, appraisals, maps, plats, surveys or other information with respect to such Real Property as may be reasonably requested by Lender.

6.32 Bank Accounts; Treasury Management; Control Agreements

As a factor in determining the interest rate charged by Lender on the Loan and to provide additional security for Lender, each Loan Party shall maintain its principal depository and substantially all of its payment accounts with Lender and shall use Lender for the Loan Parties' treasury management services (including, without limitation, controlled disbursements, automated clearinghouse transactions, interstate depository network services, credit cards, stored value cards and other cash management services), unless such Loan Party has obtained the prior written approval of Lender; provided, that the Loan Parties may collectively maintain (i) accounts residing in the United States containing up to $300,000 and (ii) accounts residing outside of the United States to collect foreign receivables and accounts in foreign currencies containing up to $10,000,000, in each case, in the aggregate at any one time without the prior written approval of Lender. If Lender grants such approval, such Loan Party agrees to enter into and cause the bank or other financial institution at which the account is to be maintained to enter into a Control Agreement simultaneously with the opening of such account.

6.33 Collateral Access Agreements

Except with the prior written consent of Lender, after the Effective Date and upon the occurrence and during the continuance of an Event of Default, no Loan Party shall enter into any new lease or agreement (whether oral or written) for Real Property (i) to change the location of the headquarters or the chief executive office of a Loan Party or (ii) where Collateral is stored or located within the United States unless and until, in each case, a Collateral Access Agreement shall first have been obtained with respect to such location or Lender has agreed in writing that no such Collateral Access Agreement shall be required.

6.36 Post-Closing Obligations. Within 30 days after the Effective Date, the Loan Parties shall have delivered or caused to be delivered to Lender, copies of the applicable endorsements of insurance reflecting Lender as additional insured and as lender loss payee on all insurance policies pursuant to Section 6.9 Inspection; Collateral Exam; Inventory, Equipment and Accounts Receivable.

7. Default

7.1 Events of Default

Time is of the essence of this Agreement. The occurrence of any of the following events shall constitute a default under this Agreement and under the Loan Documents and shall be termed an "Event of Default":

a. Default in the payment when due of any amount payable by the Loan Parties hereunder or under the Loan Documents.

b. Any representation, warranty, or financial statement made by or on behalf of any Loan Party in any of the Loan Documents, or any document contemplated by the Loan Documents, is materially false or materially misleading when made or deemed made.

c. Default in the performance or observance by any Loan Party of any term, covenant or agreement contained in this Agreement or any other Loan Document.

d. Any indebtedness of the Loan Parties or Subsidiaries in an aggregate amount in excess of one million five hundred thousand dollars ($1,500,000) under any note, indenture or any other debt instrument is accelerated, excluding this Loan.

e. Default or an event which, with the passage of time or the giving of notice or both, would constitute a default, by the Loan Parties or Subsidiaries, having an aggregate liability to the Loan Parties in excess of one million five hundred thousand dollars ($1,500,000), occurs on any note, indenture, contract, agreement or any other debt instrument.

f. Any Loan Party (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any bankruptcy proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing.

g. (i) Any involuntary bankruptcy proceeding is commenced or filed against any Loan Party, or any writ, judgment, warrant of attachment, warrant of execution or similar process is issued or levied against a substantial part of any Loan Party's properties, and such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, warrant of execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) any Loan Party admits the material allegations of a petition against it in any bankruptcy proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any bankruptcy proceeding; or (iii) any Loan Party acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business.

h. Any judgment or regulatory fine is entered against any Loan Party which could be reasonably expected to have a Material Adverse Effect.

i. The Collateral Documents shall cease to be in full force and effect; or any Loan Party, any officer, director or manager of any Loan Party, or the members or shareholders of any Loan Party or any person by, through or on behalf of any Loan Party or said officers, directors, managers, members or shareholders shall contest the validity or enforceability of any Collateral Document or any other Loan Document.

j. Any sale, assignment or transfer, in whole or in part, of the Real Property subject to the Real Property Security Documents.

k. Any of the preceding events occurs with respect to any Guarantor of any of the Obligations, any Guarantor revokes or disputes the validity of, or liability under, the Guarantee or any other guarantee of the Obligations.

l. Default occurs or any Loan Party fails to comply with any term in any Hedging Transaction Documents which would result in a Termination Event (as defined thereunder) or any other event in which the obligations thereunder are automatically accelerated or accelerated upon the election of Lender or any of Lender's Affiliates, as the case may be.

7.2 Cure Periods

Borrowers shall not be entitled to any notice of an Event of Default. Borrowers shall not have any right to cure any Event of Default under Sections 7.1(a), (f), (g), (h), (i), or (j). For any other Event of Default, Borrowers may cure such default within ten (10) Banking Business Days of the occurrence of the default, or if it is commercially unreasonable to cure such default within ten Banking Business Days and with Lender's consent, within such longer period of time as is reasonably necessary to accomplish the cure, provided (i) Borrowers promptly commence such cure, (ii) such cure period does not exceed 90 days under any circumstances, and (iii) Borrowers shall pay to Lender all of Lender's reasonable costs to confirm that the Event of Default has been cured. If an Event of Default is cured, provided Borrowers immediately pay all of Lender's reasonable enforcement costs, including attorneys' fees, incurred through the date Lender received notice of the cure, Lender shall cease its enforcement actions and remedies, including any acceleration remedy provided herein or elsewhere in the Loan Documents, and the parties shall proceed under the Loan Documents as if no default has occurred. Notwithstanding Lender's obligation to terminate its remedies upon a cure as set forth above, Lender shall have no obligation to suspend or delay its enforcement of its rights and remedies under the Loan Documents and at law during any applicable cure period after the expiration of the initial ten Banking Business Days. In no event shall Borrowers have the right to cure Events of Default more than three times during the term of this Agreement.

An Event of Default in respect of any default subject to cure shall not exist during any applicable cure period. If the cure period expires without Borrowers having cured the Event of Default and the Event of Default is not waived, the Event of Default shall be deemed to have occurred as of the date the event or omission giving rise to the Event of Default first occurred. Furthermore, if during the cure period any proceeding is commenced or petition filed under any bankruptcy or insolvency law by or against Borrowers, the cure period shall terminate upon such commencement or filing and the Event of Default shall be deemed to have occurred as of the date the event or omission giving rise to the Event of Default first occurred.

7.3 No Waiver of Event of Default

No course of dealing or delay or failure to assert any Event of Default shall constitute a waiver of that Event of Default or of any prior or subsequent Event of Default.

8. Remedies

8.1 Remedies upon Event of Default

Upon the occurrence of an Event of Default, and at any time thereafter, all or any portion of the Obligations due or to become due from the Loan Parties to Lender, whether arising under this Agreement, the Promissory Note, or otherwise, at the option of Lender and without notice to the Loan Parties of the exercise of such option (and automatically upon any Event of Default under Sections 7.1f or 7.1g), shall accelerate and become at once due and payable in full, and Lender shall have all rights and remedies created by or arising from the Loan Documents, and all other rights and remedies existing at law, in equity, or by statute.

Additionally, Lender shall have the right, immediately and without prior notice or demand, to set off against the Obligations, whether or not due, all money and other amounts owed by Lender in any capacity to the Loan Parties, including, without limitation, checking accounts, savings accounts, and other depository accounts, and Lender shall be deemed to have exercised such right of setoff and to have made a charge against any such money or amounts immediately upon occurrence of an Event of Default, even though such charge is entered on Lender's books subsequently thereto.

8.2 Rights and Remedies Cumulative

The rights and remedies conferred herein and in the other Loan Documents are cumulative and not exclusive of any other rights or remedies and shall be in addition to every other right, power, and remedy that Lender may have, whether specifically granted herein or hereafter existing at law, in equity, or by statute. Any and all such rights and remedies (subject to any applicable cure period to which the Loan Parties are entitled) may be exercised from time to time and as often and in such order as Lender may deem expedient, whether or not the Obligations shall be due and payable and whether or not Lender shall have instituted any suit for collection, foreclosure, or other action under or in connection with the Loan Documents.

8.3 No Waiver of Rights

No delay or omission in the exercise or pursuance by Lender of any right, power, or remedy shall impair any such right, power, or remedy or shall be construed to be a waiver thereof.

9. Reserved

10. General Provisions

10.1 Governing Agreement

Except with respect to any Hedging Transaction Documents, in the event of conflict or inconsistency between this Agreement and the other Loan Documents, the terms, provisions and intent of this Agreement shall govern.

10.2 Loan Parties' Obligations Cumulative

Every obligation, covenant, condition, provision, warranty, agreement, liability, and undertaking of the Loan Parties contained in the Loan Documents shall be deemed cumulative and not in derogation or substitution of any of the other obligations, covenants, conditions, provisions, warranties, agreements, liabilities, or undertakings of the Loan Parties contained herein or therein.

10.3 Co-Borrowers

All obligations of Borrowers under this Agreement and the Loan Documents shall be joint and several. Each reference to Borrowers in the Loan Documents shall be deemed to refer to each Borrower individually and collectively and each obligation to be performed by Borrowers hereunder shall be performed by each Borrower.

Each of the Borrowers hereby irrevocably appoints the other as its agent and attorney-in-fact for all purposes related to the Loan Documents, including, without limitation, making requests for advances, giving and receiving of notices and other communications, and the making of all certifications and reports required pursuant to the Loan Documents. The action of any of the Borrowers with respect to any advance and the requests, notices, reports and other materials submitted by any of the Borrowers shall bind each of the Borrowers.

Lender shall have no responsibility to inquire into the apportionment, allocation or disposition of any advances.

Each of the Borrowers hereby agrees to indemnify Lender and to hold Lender harmless, pursuant to Section 10.12 Indemnification, from and against any and all liabilities and damages (including contract, tort and equitable claims) which may be awarded against Lender, and for all reasonable attorneys fees, legal expenses and other expenses incurred in defending such claims, arising from or related in any manner to the joint nature of the borrowings hereunder or the status of Borrowers as co-borrowers.

Each of the Borrowers represents and warrants that each of the Borrowers is engaged in operations that require financing on such a joint basis with each other and that each of the Borrowers will derive benefit, directly or indirectly, from the advances made under this Agreement.

Each of the Borrowers shall be a direct, primary and independent obligor and shall not be a guarantor, accommodation party or other Person secondarily liable for the Loan, on the Promissory Note, or under any of the Loan Documents.

10.4 Payment of Expenses and Attorney's Fees

The Loan Parties shall pay all reasonable expenses of Lender relating to the negotiation, drafting of documents, documentation of the Loan, and administration and supervision of the Loan, including, without limitation, title insurance, recording fees, filing fees, and reasonable attorneys fees and legal expenses, whether incurred in making the Loan, in future amendments or modifications to the Loan Documents, or in ongoing administration and supervision of the Loan.

Upon occurrence of an Event of Default which has not been waived or timely cured, the Loan Parties agree to pay appraisal fees, environmental inspection fees and field examination expenses upon request of Lender, and all costs and expenses, including reasonable attorney fees and legal expenses, incurred by Lender in enforcing, or exercising any remedies under, the Loan Documents, and any other rights and remedies.

The Loan Parties agree to pay all expenses, including reasonable attorney fees and legal expenses, incurred by Lender in any bankruptcy proceedings of any type involving the Loan Parties, the Loan Documents, including, without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral or relating to any plan of reorganization.

10.5 Right to Perform for Borrowers

During the existence of an Event of Default, Lender may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax Liens, security interests, or any other Lien upon any property or asset of the Loan Parties, to pay any filing, recording, or other charges payable by the Loan Parties, or to perform any other obligation of the Loan Parties under this Agreement or under the other Loan Documents.

10.6 Assignability

No Loan Party may assign or transfer any of the Loan Documents and any such purported assignment or transfer is void. Lender may assign or transfer any of the Loan Documents with the consent of Borrowers, which consent shall not be unreasonably withheld or delayed; provided, however, that no consent of Borrowers shall be required (a) so long as an Event of Default has occurred and is continuing; (b) for Lender to pledge or assign a security interest in all or any portion of its rights under this Agreement, the Promissory Note or any other Loan Document to secure obligations of Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or Federal Home Loan Bank; or (c) for Lender to assign or transfer any of the Loan Documents to an Affiliate of Lender. Funding of the Loan may be provided by an Affiliate of Lender.

10.7 Third Party Beneficiaries

The Loan Documents are made for the sole and exclusive benefit of the Loan Parties and Lender and are not intended to benefit any other third party. No third party may claim any right or benefit or seek to enforce any term or provision of the Loan Documents.

10.8 Governing Law

The Loan Documents shall be governed by and construed in accordance with the laws of the State of Utah, excluding conflict of law provisions that would result in the application of any law other than the laws of the State of Utah, and except to the extent that any such document expressly provides otherwise.

10.9 Severability of Invalid Provisions

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Interpretation of Agreement

The article and section headings in this Agreement are inserted for convenience only and shall not be considered part of this Agreement nor be used in its interpretation.

All references in this Agreement to the singular shall be deemed to include the plural when the context so requires, and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

10.11 Survival and Binding Effect of Representations, Warranties, and Covenants

All agreements, representations, warranties, and covenants made herein by the Loan Parties shall survive the execution and delivery of this Agreement and shall continue in effect so long as any obligation to Lender contemplated by this Agreement is outstanding and unpaid, notwithstanding any termination of this Agreement. All agreements, representations, warranties, and covenants made herein by the Loan Parties shall survive any bankruptcy proceedings involving the Loan Parties. All agreements, representations, warranties, and covenants in this Agreement shall bind the party making the same, its successors and, in Lender's case, assigns, and all rights and remedies in this Agreement shall inure to the benefit of and be enforceable by each party for whom made, their respective successors and, in Lender's case, assigns.

10.12 Indemnification

Each Loan Party hereby agrees to indemnify Lender for all liabilities and damages (including contract, tort and equitable claims) which may be awarded to third parties against Lender, and for all reasonable attorneys fees, legal expenses and other expenses incurred in defending such claims, arising from or relating in any manner to the negotiation, execution or performance by Lender of the Loan Documents (including all reasonable attorneys fees, legal expenses and other expenses incurred in defending any such claims brought by the Loan Parties if the Loan Parties do not prevail in such actions), excluding only breach of contract, gross negligence, and willful misconduct by Lender. Lender shall have the sole and complete control of the defense of any such claims and is hereby authorized to settle or otherwise compromise any such claims as Lender in good faith determines shall be in the best interests of Lender.

10.13 Environmental Indemnification

Each Loan Party shall indemnify Lender for any and all claims and liabilities, and for damages which may be awarded or incurred by Lender, and for all reasonable attorney fees, legal expenses, and other out-of-pocket expenses arising from or related in any manner, directly or indirectly, to (i) Hazardous Materials located on, in, or under the Real Property; (ii) any Environmental Condition on, in, or under the Real Property; (iii) any material violation of or non compliance with any Environmental Health and Safety Law; (iv) any material breach or violation of Section 5.11 Environmental Representations and Warranties and/or Section 6.13 Environmental Covenants; and/or (v) any activity or omission, whether occurring on or off the Real Property, whether prior to or during the term of the loans secured hereby, and whether by the Loan Parties or any other Person, relating to Hazardous Materials or an Environmental Condition. The indemnification obligations of the Loan Parties under this Section shall survive any reconveyance, release, or foreclosure of the Real Property, any transfer in lieu of foreclosure, and satisfaction of the obligations secured hereby.

Lender shall have the sole and complete control of the defense of any such claims. Lender is hereby authorized to settle or otherwise compromise any such claims as Lender in good faith determines shall be in its best interests.

10.14 Interest on Expenses and Indemnification, Order of Application

All expenses, out-of-pocket costs, attorneys fees and legal expenses, amounts advanced in performance of obligations of the Loan Parties, and indemnification amounts owing by the Loan Parties to Lender under or pursuant to this Agreement and any other Loan Document shall be due and payable upon demand. If not paid upon demand, all such obligations shall bear interest at the Default Rate from the date of disbursement until paid to Lender, both before and after judgment. Lender is authorized to disburse funds under the Revolving Loan for payment of all such obligations.

All payments and recoveries shall be applied to payment of the foregoing obligations, the Promissory Note, and all other amounts owing to Lender by Borrowers in such order and priority as set forth in this Agreement.

10.15 Limitation of Consequential Damages

Lender and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to the Loan Parties for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with the negotiation, documentation, administration or collection of the Loan.

10.16 Waiver and Release of Claims

Each Loan Party hereby (i) represents that neither the Loan Parties nor any Affiliate or principal of the Loan Parties have any defenses to or setoffs against any obligations owing by the Loan Parties, or by the Loan Parties' Affiliates or principals, to Lender or Lender's Affiliates, nor any claims against Lender or Lender's Affiliates for any matter whatsoever, related or unrelated to the Loan Documents or any Obligations, and (ii) releases Lender and Lender's Affiliates, officers, directors, employees, representatives and agents from all claims, causes of action, and costs, in law or equity, known or unknown, whether or not matured or contingent, existing as of the date hereof that the Loan Parties have or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Loan, including the subject matter of the Loan Documents. The foregoing release does not apply, however, to claims for future performance of express contractual obligations that mature after the date hereof that are owing to the Loan Parties by Lender or Lender's Affiliates. The Loan Parties acknowledge that Lender has been induced to enter into or continue the obligations by, among other things, the waivers and releases in this Section.

10.17 Revival Clause

If the incurring of any debt by any Loan Party or the payment of any money or transfer of property to Lender by or on behalf of the Loan Parties should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Lender is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Lender's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of the Loan Parties, and each of them, shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

10.18 Jury Trial Waiver, Arbitration, and Class Action Waiver

This Section contains a jury waiver, arbitration clause, and a class action waiver. READ IT CAREFULLY.

a. Jury Trial Waiver. As permitted by applicable law, the Loan Parties and Lender each waive their respective rights to a trial before a jury in connection with any Dispute (as "Dispute" is hereinafter defined), and Disputes shall be resolved by a judge sitting without a jury. If a court determines that this provision is not enforceable for any reason and at any time prior to trial of the Dispute, but not later than 30 days after entry of the order determining this provision is unenforceable, any party shall be entitled to move the court for an order compelling arbitration and staying or dismissing such litigation pending arbitration ("Arbitration Order").

b. Arbitration. If a claim, dispute, or controversy arises between the Loan Parties and Lender with respect to the Loan Documents, or any other agreement or business relationship between the Loan Parties and Lender whether or not related to the subject matter of this Agreement (all of the foregoing, a "Dispute"), and only if a jury trial waiver is not permitted by applicable law or ruling by a court, any of the parties may require that the Dispute be resolved by binding arbitration before a single arbitrator at the request of any party. By agreeing to arbitrate a Dispute, the Loan Parties and Lender give up any right they may have to a jury trial, as well as other rights they would have in court that are not available or are more limited in arbitration, such as the rights to discovery and to appeal.

Arbitration shall be commenced by filing a petition with, and in accordance with the applicable arbitration rules of, JAMS or National Arbitration Forum ("Administrator") as selected by the initiating party. If the parties agree, arbitration may be commenced by appointment of a licensed attorney who is selected by the parties and who agrees to conduct the arbitration without an Administrator. Disputes include matters relating to a deposit account, application for or denial of credit, enforcement of any of the obligations the parties have to each other, compliance with applicable laws and/or regulations, performance or services provided under any agreement by any party, including but not limited to the validity, enforceability, meaning, or scope of this arbitration provision, and including a dispute based on or arising from an alleged tort or matters involving either the Loan Parties' or Lender's employees, agents, Affiliates, or assigns of a party. However, Disputes do not include the validity, enforceability, meaning, or scope of this arbitration provision and such matters may be determined only by a court. If a third party is a party to a Dispute, the Loan Parties and Lender each will consent to including the third party in the arbitration proceeding for resolving the Dispute with the third party. Venue for the arbitration proceeding shall be at a location determined by mutual agreement of the parties or, if there is no agreement, in Salt Lake City, Utah.

After entry of an Arbitration Order, the non-moving party shall commence arbitration. The moving party shall, at its discretion, also be entitled to commence arbitration but is under no obligation to do so, and the moving party shall not in any way be adversely prejudiced by electing not to commence arbitration. The arbitrator will (i) hear and rule on appropriate dispositive motions for judgment on the pleadings, for failure to state a claim, or for full or partial summary judgment, (ii) will render a decision and any award applying applicable law, (iii) give effect to any limitations period in determining any Dispute or defense, (iv) enforce the doctrines of compulsory counterclaim, res judicata, and collateral estoppel, if applicable, (v) with regard to motions and the arbitration hearing, apply rules of evidence governing civil cases, and (vi) apply the law of the state specified in the agreement giving rise to the Dispute. Filing of a petition for arbitration shall not prevent any party from (i) seeking and obtaining from a court of competent jurisdiction (notwithstanding ongoing arbitration) provisional or ancillary remedies including but not limited to injunctive relief, property preservation orders, foreclosure, eviction, attachment, replevin, garnishment, and/or the appointment of a receiver, (ii) pursuing non-judicial foreclosure, or (iii) availing itself of any self-help remedies such as setoff and repossession. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration.

Judgment upon an arbitration award may be entered in any court having jurisdiction except that, if the arbitration award exceeds $4,000,000, any party shall be entitled to a de novo appeal of the award before a panel of three arbitrators. To allow for such appeal, if the award (including Administrator, arbitrator, and attorney's fees and costs) exceeds $4,000,000, the arbitrator will issue a written, reasoned decision supporting the award, including a statement of authority and its application to the Dispute. A request for de novo appeal must be filed with the arbitrator within 30 days following the date of the arbitration award; if such a request is not made within that time period, the arbitration decision shall become final and binding. On appeal, the arbitrators shall review the award de novo, meaning that they shall reach their own findings of fact and conclusions of law rather than deferring in any manner to the original arbitrator. Appeal of an arbitration award shall be pursuant to the rules of the Administrator or, if Administrator has no such rules, then the JAMS arbitration appellate rules shall apply.

Arbitration under this provision concerns a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. The provisions of this arbitration provision shall survive any termination, amendment, or expiration of this Agreement. If the terms of this provision vary from the Administrator's rules, this arbitration provision shall control.

c . Class Action Waiver. The Loan Parties and Lender each waive the right to litigate in court or arbitrate any claim or Dispute as a class action, either as a member of a class or as a representative, or to act as a private attorney general.

d . Reliance. Each party (i) certifies that no one has represented to such party that the other party would not seek to enforce jury and class action waivers in the event of suit, and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, the mutual waivers, agreements, and certifications in this section.

10.19 Consent to Utah Jurisdiction and Exclusive Jurisdiction of Utah Courts

The Loan Parties and Lender each acknowledge that by execution and delivery of the Loan Documents the parties hereto have transacted business in the State of Utah and the parties hereto voluntarily submit to, consent to, and waive any defense to the jurisdiction of courts located in the State of Utah as to all matters relating to or arising from the Loan Documents and/or the transactions contemplated thereby. EXCEPT AS EXPRESSLY AGREED IN WRITING BY LENDER AND EXCEPT AS PROVIDED IN THE ARBITRATION PROVISIONS ABOVE, THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF UTAH SHALL HAVE SOLE AND EXCLUSIVE JURISDICTION OF ANY AND ALL CLAIMS, DISPUTES, AND CONTROVERSIES, ARISING UNDER OR RELATING TO THE LOAN DOCUMENTS AND/OR THE TRANSACTIONS CONTEMPLATED THEREBY. NO LAWSUIT, PROCEEDING, OR ANY OTHER ACTION RELATING TO OR ARISING UNDER THE LOAN DOCUMENTS AND/OR THE TRANSACTIONS CONTEMPLATED THEREBY MAY BE COMMENCED OR PROSECUTED IN ANY OTHER FORUM EXCEPT AS EXPRESSLY AGREED IN WRITING BY LENDER.

10.20 Joint and Several Liability

Each Loan Party shall be jointly and severally liable for all obligations and liabilities arising under the Loan Documents.

10.21 Savings Clause

In any action or proceeding involving any state corporate law or any state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Loan Party, or the validity and enforceability of any security interest, lien or other encumbrance, would otherwise be held or determined to be avoidable, invalid or unenforceable but for the application of this Section, then, notwithstanding any other provision of the Loan Documents to the contrary, without any further action by the Loan Parties or Lender, the amount of such obligations shall be automatically limited and reduced to the highest amount that would not cause such obligations to be voidable, invalid or unenforceable, and any such security interest, lien or encumbrance shall limited to the maximum extent not subject to being voidable, invalid or enforceable, and the Loan Documents shall be deemed automatically amended accordingly.

This Section is intended solely to preserve the rights of Lender to the maximum extent not subject to avoidance, invalidity or unenforceability, and no Loan Party or other Person shall have any right or claim under this Section.

10.22 No Partnership or Joint Venture

This Agreement is not intended to create and shall not be interpreted to create any partnership or joint ventures between or among Lender and the Loan Parties.

10.23 Notices

All notices or demands by any party to this Agreement shall, except as otherwise provided herein or in any Hedging Transaction Documents, be in writing and may be sent by certified mail, return receipt requested. Notices so mailed shall be deemed received when deposited in a United States post office box, postage prepaid, properly addressed to the party hereto at the mailing addresses stated herein or to such other addresses as any party hereto may from time to time specify in writing. Any notice so addressed and otherwise delivered shall be deemed to be given when actually received by the addressee. Notices concerning any Hedging Transaction Documents shall be provided as set forth therein.

Mailing addresses:

Lender:

Zions First National Bank
Corporate Banking Group
One South Main, Suite 300
Salt Lake City, Utah 84133
Attention: Michael R. Brough
Senior Vice President

With a copy to:

Holland & Hart LLP
222 South Main Street, Suite 2200
Salt Lake City, Utah 84101
Attention: Scott R. Irwin, Esq.

With respect to all Borrowers:

c/o Clarus Corporation
2084 East 3900 South
Salt Lake City, Utah 84124
Attention: Aaron J. Kuehne
Chief Financial Officer

With a copy to:

Kane Kessler, P.C.
666 Third Avenue, 23rd Floor
New York, New York 10017
Attention: Robert L. Lawrence, Esq.

10.24 Duplicate Originals; Counterpart Execution; Electronic Copies

Two or more duplicate originals of the Loan Documents may be signed by the parties, each duplicate of which shall be an original but all of which together shall constitute one and the same instrument. Any of the Loan Documents may be executed in several counterparts, without the requirement that all parties sign each counterpart. Each of such counterparts shall be an original, but all counterparts together shall constitute one and the same instrument. Receipt by Lender and the Loan Parties of an executed copy of this Agreement by facsimile or electronic mail shall constitute conclusive evidence of execution and delivery of this Agreement by the signatory thereto.

Furthermore, Lender shall be entitled, in its sole discretion, to image or make copies of all or any selection of the agreements, instruments, documents, and items and records governing, arising from or relating to the Loan, including, without limitation, this Agreement and the other Loan Documents, and Lender may destroy (other than any promissory note) or archive the paper originals. Each of the Borrowers hereto (i) waives any right to insist or require that Lender produce paper originals (other than in respect of any promissory note), (ii) agrees that such images shall be accorded the same force and effect as the paper originals (other than negotiability in respect of any promissory note), (iii) agrees that Lender is entitled to use such images in lieu of destroyed or archived originals for any purpose (other than negotiability in respect of any promissory note), including as admissible evidence in any demand, presentment or other proceedings, and (iv) further agrees that any executed facsimile (faxed), scanned, or other imaged copy of this Agreement or any other Loan Document shall be deemed to be of the same force and effect as the original manually executed document (other than negotiability in respect of any promissory note).

10.25 Disclosure of Financial and Other Information

The Loan Parties hereby consent to Lender disclosing to any other lender who may participate in the Loan any and all information, knowledge, reports, and records, including, without limitation, financial statements, relating in any manner whatsoever to the Loan and the Loan Parties; provided, however, that Lender shall take reasonable steps to ensure the confidentiality of any documents or information that may be disclosed pursuant to this Section 10.25, including maintaining the confidentiality thereof as required by laws, rules and regulations, including the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

10.26 Integrated Agreement and Subsequent Amendment

The Loan Documents constitute the entire agreement between Lender and the Loan Parties, and may not be altered or amended except by written agreement signed by Lender and the Loan Parties. PURSUANT TO UTAH CODE SECTION 25-5-4, THE LOAN PARTIES ARE NOTIFIED THAT THESE AGREEMENTS ARE A FINAL EXPRESSION OF THE AGREEMENT BETWEEN LENDER AND THE APPLICABLE LOAN PARTIES, AND THESE AGREEMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED ORAL AGREEMENT.

All prior and contemporaneous agreements, arrangements and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

This Agreement restates, replaces and supersedes in its entirety, but does not extinguish or novate, the Second A&R Loan Agreement.

[Signatures Pages Follow]

IN WITNESS WHEREOF, this Agreement has been executed and becomes effective as of the Effective Date.

Lender:

ZB, N.A. dba Zions First National Bank

By: */s/ Michael R. Brough*
Name: Michael R. Brough
Title: Senior Vice President

Borrowers:

Black Diamond Equipment, Ltd.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Black Diamond Retail, Inc.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Clarus Corporation

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Chief Administrative Officer

Everest/Sapphire Acquisition, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

BD North American Holdings, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Treasurer

BD European Holdings, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

PIEPS Service, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

Sierra Bullets, L.L.C.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary

Exhibit 10.3

FOURTH AMENDED AND RESTATED PROMISSORY NOTE
(Revolving Loan)

August 21, 2017

Borrowers: Clarus Corporation,
Black Diamond Equipment, Ltd.,
Black Diamond Retail, Inc.,
Everest/Sapphire Acquisition, LLC,
BD North American Holdings, LLC,
PIEPS Service, LLC,
BD European Holdings, LLC and
Sierra Bullets, L.L.C.

Lender: ZB, N.A. dba Zions First National Bank

Amount: $40,000,000

For value received, Borrowers promise to pay to the order of Lender on the Maturity Date (or such earlier date as prescribed by and in accordance with the Loan Agreement referenced below) at Corporate Banking Group, One South Main, Suite 300, Salt Lake City, Utah 84133, the sum of FORTY MILLION DOLLARS ($40,000,000.00) or such other principal balance as may be outstanding hereunder in lawful money of the United States with interest thereon calculated and payable as provided in this Fourth Amended and Restated Promissory Note (Revolving Loan) (this "Note") and in that certain Third Amended and Restated Loan Agreement dated August 21, 2017, by and among Borrowers, the other Loan Parties from time to time party thereto, and Lender, together with any exhibits, amendments, addenda, and modifications (as amended, supplemented, restated, amended and restated, or otherwise modified from time to time and together with any exhibits, schedules and addendums thereto, the "Loan Agreement").

Definitions

Terms used in the singular shall have the same meaning when used in the plural and vice versa. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan Agreement.

Interest

Interest shall accrue on the outstanding principal balance hereunder according to the terms of the Loan Agreement.

Payment Terms

Payments shall be made on the Loan in immediately available funds according to the terms of the Loan Agreement.

General

This Note is the Promissory Note referred to in the Loan Agreement and is entitled to the benefits thereof. This Note is made in accordance with, governed by, and subject to all terms and conditions of the Loan Agreement. This Note is secured by the Collateral in accordance with the Collateral Documents.

Upon an Event of Default, at the election of Lender, the Loan and all other Obligations shall bear interest at the Default Rate from the date when due until paid, both before and after judgment.

If an Event of Default occurs, time being the essence hereof, then the entire unpaid balance, with interest as aforesaid, shall, at the election of the holder hereof and without notice of such election, become immediately due and payable in full.

If an Event of Default occurs, Borrowers agree to pay to the holder hereof all collection costs, including reasonable attorney fees and legal expenses, in addition to all other sums due hereunder.

This Note shall be governed by and construed in accordance with the laws of the State of Utah.

Borrowers and all endorsers, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, protest, notice of protest and of non-payment and of dishonor, and consent to extensions of time, renewal, waivers or modifications without notice and further consent to the release of any collateral or any part thereof with or without substitution.

This Note amends, restates, replaces and supersedes in its entirety, but does not extinguish or novate, that certain Third Amended and Restated Promissory Note (Revolving Loan) dated March 3, 2017, executed by Borrowers in favor of Lender, and any previous renewals, modifications or amendments thereof (the "Prior Note"). All accrued but unpaid interest evidenced by the Prior Note shall continue to be due and payable until paid.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amended and Restated Promissory Note (Revolving Loan) and it becomes effective as of the day and year first set forth above.

Borrowers:

Black Diamond Equipment, Ltd.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Black Diamond Retail, Inc.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Clarus Corporation

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Chief Administrative Officer

Everest/Sapphire Acquisition, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

BD North American Holdings, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Treasurer

BD European Holdings, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

PIEPS Service, LLC

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary and Treasurer

Sierra Bullets, L.L.C.

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Secretary

Exhibit 99.1

Clarus Acquires Sierra Bullets for $79 Million

- Acquisition of Leading Sporting Bullet Manufacturer with 70+ Year History to be Immediately Accretive -

SALT LAKE CITY, Utah – August 22, 2017 – Clarus Corporation (NASDAQ: CLAR) ("Clarus" or the "Company"), a diversified holding company which seeks opportunities to acquire and grow businesses that can generate attractive shareholder returns, has completed the acquisition of Sierra Bullets, L.L.C. ("Sierra") for $79 million, subject to a post-closing working capital adjustment. The transaction is expected to be immediately accretive to Clarus' earnings per share.

Since 1947, Sierra has been dedicated to manufacturing the highest-quality, most accurate bullets in the world. From local and international shooting competitions to sport and hunting, Sierra offers best-in-class accuracy and precision that hunting and sport shooting enthusiasts have come to depend on. This performance is born from a proprietary manufacturing process that enables the achievement of the tightest tolerances in the industry.

Sierra's products have cultivated a significant consumer following recognized by its iconic "green box" packaging and include globally recognized brands such as Sierra MatchKing, Sierra GameKing, and Sierra BlitzKing.

In addition to a wide base of retailers, Sierra's customers include distributors, law enforcement agencies and industry OEMs. This diversification is further enhanced by an approximate 400 SKU offering, which has historically mitigated customer and product concentration risk. As a manufacturer of premium products targeting outdoor sportsmen, Sierra believes it has been relatively insulated from exogenous demand volatility. Its premium sales channels have also historically been less susceptible to discounting, driving higher margins for Sierra's retail and OEM customer base.

For the unaudited 12 months ended June 30, 2017, Sierra's total revenues were approximately $32 million with EBITDA of approximately $12.5 million, representing a purchase price multiple of approximately 6.3x EBITDA. Sierra has a strong cash flow profile, generating free cash flow conversion of approximately 95% with limited ongoing capex requirements.

"The team at Sierra has continued building on a 70-year legacy dedicated to the highest-level of precision in design, world-class manufacturing and quality control," said Warren B. Kanders, executive chairman of Clarus. "These attributes have cultivated a diverse customer base of enthusiasts and industry OEMs that drive high recurring revenue and strong cash flow, which we expect to maximize through the utilization of our net operating loss carryforwards."

Clarus expects to leverage its various strategic and financial resources to accelerate Sierra's growth. This includes investments to enhance marketing and digital capabilities, improve distribution, forge new customer accounts, and develop new products.

Sierra is led by a seasoned senior management team with decades of combined manufacturing and industry expertise that is dedicated to the long-term growth of the brand. All senior management are expected to remain with Sierra under Clarus' ownership.

Sierra's President Pat Daly commented: "Our team takes great pride in developing and manufacturing the most precise and accurate bullets in the world. This is supported by our deep institutional knowledge of highly-specialized manufacturing processes that have produced leading products and created a significant competitive advantage. As the only pure-play bullet brand, it was important for us to partner with a team that shares our values and commitment to excellence, and we are excited to join the Clarus family. I look forward to staying on to continue driving our brand growth."

In connection with the transaction, Clarus increased the size of its senior credit facility from $20.0 million to $40.0 million.

An updated financial outlook and further discussion on Sierra is expected to be provided during Clarus' third quarter 2017 earnings report.

Kanders concluded: "We remain committed to seeking to acquire additional companies in industries potentially unrelated to outdoor that satisfy our investment criteria as we found in Sierra. In addition, the minimal leverage incorporated in this transaction and Sierra's free cash flow dynamics are expected to provide capacity for future acquisitions utilizing our structure."

About Sierra Bullets

Founded in 1947 in California, Sierra Bullets is an American manufacturer of bullets intended for firearms. Based in Sedalia, Missouri since 1990, Sierra manufactures a wide range of bullets for both rifles and pistols. Sierra bullets are used for precision target shooting, hunting and defense purposes. For more information, please visit www.sierrabullets.com.

About Clarus Corporation

Clarus Corporation (NASDAQ: CLAR) is a holding company which seeks opportunities to acquire and grow businesses that can generate attractive shareholder returns. The Company has substantial net operating tax loss carryforwards which it is seeking to redeploy to maximize shareholder value in a diverse array of businesses. In addition to Sierra, Black Diamond Equipment, Ltd. and PIEPS GmbH are its other operating subsidiaries. Black Diamond Equipment is a manufacturer of active outdoor equipment and clothing for the climbing, skiing and mountain sports markets. PIEPS is a leading designer and marketer of avalanche beacons and snow safety products. For additional information, please visit www.claruscorp.com or the operating subsidiary websites at www.blackdiamondequipment.com or www.pieps.com.

Forward-Looking Statements

Please note that in this press release we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future,” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer spending on our products; general economic conditions and other factors affecting consumer confidence; disruption and volatility in the global capital and credit markets; the financial strength of the Company's customers; the Company's ability to implement its reformation and growth strategy, including its ability to organically grow each of its historical product lines, the ability of the Company to identify potential acquisition or investment opportunities as part of its redeployment and diversification strategy; the Company’s ability to successfully redeploy its capital into diversifying assets or that any such redeployment will result in the Company’s future profitability; the Company’s ability to successfully integrate Sierra Bullets, L.L.C.; the Company’s exposure to product liability or product warranty claims and other loss contingencies; stability of the Company's manufacturing facilities and foreign suppliers; the Company's ability to protect patents, trademarks and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this press release are based upon information available to the Company as of the date of this press release, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this press release.

Company Contact:

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